

How Students Miss Out on \$2.7 Billion in Free FAFSA College Aid

By Victoria Simons and Anna Helhoski

High school graduates missed out on as much as \$2.7 billion in free federal grant money in the past academic year, according to a new analysis from NerdWallet. This money went unclaimed mainly because of incomplete or unsubmitted Free Application for Federal Student Aid forms.

Our analysis shows that in 2014, a total of 1,445,732 high school graduates didn't fill out a [FAFSA application](#). Of those, we believe 747,579 of them would have been Pell eligible: Submitting the FAFSA could have earned them federal Pell Grant money. This figure includes all high school graduates, although some will choose not to attend college immediately or at all. Our calculations included the grads who don't go on to college to show the scope of students who would be eligible for federal aid if they did apply.

The average amount of money left on the table per eligible high school graduate who didn't apply was \$1,861. The two places with the most unclaimed funds were Mississippi at \$2,639 per grad and Washington, D.C., at \$2,513. High school graduates also left on the table an average of \$2,000 or more in Pell Grant money per grad in Alabama, Arizona, Arkansas, California, Florida, Idaho, Kentucky, New Mexico, New York, North Carolina, Tennessee and Texas.

New Hampshire had the lowest amount of Pell Grant money left on the table per eligible high school graduate with an average of \$890. In the 12 other states with the highest FAFSA completion rates, high school grads left, on average, less than \$1,500 on the table — Alaska, Colorado, Connecticut, Iowa, Maryland, Massachusetts, Minnesota, North Dakota, South Dakota, Vermont, Wisconsin and Wyoming.

The map below shows statistics by state. Click on a category to change the view.

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Via: NerdWallet

What is the FAFSA?

The FAFSA is the key to unlocking college aid, including federal direct loans and Pell Grants, the largest source of federal funds for college. Unlike a student loan, grant money doesn't have to be paid back. The maximum Pell amount for the 2015-2016 award year is expected to be \$5,775, according to the Department of Education. This free money is awarded to undergraduates based on a combination of financial need, college costs and enrollment status. Only students who are eligible for financial aid, as determined by the FAFSA, can be considered for a Pell Grant.

[Ready to fill out the FAFSA now? Use NerdWallet's [free FAFSA Guide](#) for step-by-step assistance and FAQs.]

Incompletion rates among high school students in the U.S. averaged 45% among all states and Washington, D.C. The lowest percentage of incomplete FAFSAs among U.S. high school graduates was 30% in Washington D.C. In 16 states, 50% or more of eligible high school graduates didn't complete a FAFSA. Alaska and Wyoming had the second- and third-highest percentages of grads who didn't complete the application — 59% and 58%, respectively.

In Utah, however, 70% of eligible high school graduates did not complete the FAFSA for 2014-2015, the highest among all states. Utah education authorities don't know exactly why that rate is so high, says Melanie Heath, director of communications at the Utah System of Higher Education. One potential factor, Heath says, is the Beehive State's higher-than-average number of Mormon students, many of whom graduate high school and then serve two-year religious missions before applying for college, which delays their submission of the FAFSA. Utah encourages these students to apply for college and defer enrollment, but that doesn't always happen. The Utah System of Higher Education is stepping up efforts to promote FAFSA awareness by hosting application workshops and open houses throughout the state.

Some types of aid are disbursed on a first-come, first-served basis, so graduating high school students are advised to fill out the FAFSA as soon as possible. FAFSA season began Jan. 1. If you're applying, keep track of all the [important deadlines](#) you need before the federal deadline on June 30, 2017. Also, the filing start date will change this

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year: Students will be able to [file the FAFSA for 2017-2018](#) starting Oct. 1, 2016, instead of in January, which has been the traditional start date for the following school year.

[Check out our free FAFSA guide](#)

Why is money being left on the table?

Students aren't applying. Some people think they're not eligible for assistance, but there's no income cutoff to apply for federal student aid, experts say. Families can use the [FAFSA4caster](#) to gauge how much federal financial aid they may receive based on an estimation of expected family contribution.

"A lot of parents feel they won't qualify," says Cora Manuel, assistant financial aid director at Saint Mary's College of California. "They want to know what that hard-and-fast income number is in order to qualify for financial aid, and there never is a hard-and-fast number because of the different variables that determine expected family contribution."

Without a FAFSA on file with the college you plan to attend, you may not be able to qualify for need-based aid. You also may not qualify for certain merit-based aid, which doesn't use finances as a determining factor. In addition, while undocumented students are not eligible for federal student aid, they could still qualify for financial assistance offered by states and colleges if they submit an application. The FAFSA needs to be completed each year you plan to attend college.

Even if you don't qualify for financial aid after you initially submit your FAFSA, you might qualify later that year if there is a change of income or if you have another special circumstance. "If you don't have anything on file, the college can't give you any aid," says Kevin Fudge, manager of government relations and community affairs for American Student Assistance, a nonprofit organization dedicated to empowering students to finance their own education.

They don't finish their applications. It's free and it takes 21 minutes, on average, to complete a FAFSA application, according to the Department of Education.

Have [all your information prepared](#) before you start the application, suggests Jim Kennedy, associate vice president for university services and systems at Indiana University. The FAFSA [site](#) lists the information that you'll need to complete the form.

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They're being rejected due to mistakes. Errors on your FAFSA application delay your financial aid determination and possibly qualify you for less aid than you deserve — or disqualify you altogether.

Find out some of the [top mistakes](#) students are making on their FAFSA applications, according to financial aid experts and the U.S. Department of Education.

No dramatic swings in completion rates

There were no dramatic changes year over year in FAFSA completion rates nationwide, according to Troy Miller, associate director for research and policy at the Florida College Access Network, one of the contributing data sources for this study. Nevada showed the most promising change in incomplete FAFSAs year over year, with a 7% decline.

California, Illinois and Michigan had a 4% decline in their FAFSA incompleteness rates.

Wyoming and New Mexico had the greatest increases in incomplete FAFSAs at 5% and 3%, respectively.

The states that do see a positive change in completion rates, Miller says, tend to have policies that promote the use of the FAFSA as a prerequisite for other state financial aid programs. Tennessee, for example, launched the innovative [Tennessee Promise](#) program, which provides two years of tuition-free attendance at a community or technical college in the state, Miller says, and the FAFSA is required to apply.

Other state governments are taking steps to promote FAFSA completion rates as well.

The FAFSA Collective Impact Initiative implemented in some states uses Colorado's [FAFSA Completion Project as a model](#) for a Web tool to track which individual students in each district and high school have completed their FAFSA forms. When Colorado launched its program in 2012, schools saw an uptick of 5% in completions, [according to the state](#). Other participants in the initiative include Minnesota, Nebraska, New Mexico, Utah, Arizona, Maine, Mississippi, Montana, North Carolina, Oregon, Washington and West Virginia.

Washington, D.C., also launched [its own online portal](#) based on the Colorado model this year. In addition, the Office of the State Superintendent of Education in the District of Columbia [says it's working](#) to create a campaign to encourage FAFSA completion and hosts a FAFSA college expo to promote the program.

Methodology

In each state, we looked at Pell Grant-eligible graduating high school seniors who didn't complete the FAFSA in the 2014-2015 application cycle and multiplied that number by the average amount of Pell aid disbursed to all students.

Here's the formula we used to calculate Pell Grant money left on the table:
Number of high school graduates not completing FAFSA = number of 2014 high school graduates — number of completed FAFSA applications by June 2014.

Number of Pell-eligible high school graduates not completing FAFSA = percentage of Pell-eligible applicants * number of high school graduates not completing FAFSA.

Pell Grant money left on table = number of Pell-eligible high school graduates not completing FAFSA * average Pell Grant award.

Why we focused on Pell Grants: As the largest source of federal funds for college, Pell Grants are free money and a major part of most financial aid award packages — before work-study funds and student loans are tacked on.

We used the [most recent data](#) from the Department of Education to find the average Pell Grant award across all colleges and universities in each state. The maximum amount awarded in the 2014-2015 cycle was \$5,645; for 2015-2016, it is expected to increase to \$5,775.

How we estimated the number of high school graduates who didn't complete the FAFSA: Using [federal data](#), we looked at how many high school students completed the form from January to June 2014, the final deadline for most colleges.

Then, using [projected graduation data](#) from the Western Interstate Commission for Higher Education, we took into account the total number of high school graduates in each state to estimate the number of graduating seniors who didn't complete a FAFSA.

How we assessed Pell eligibility for students who didn't complete the FAFSA: Using 2014-2015 Pell Grant-qualifying applicant data from the [Florida College Access Network](#), we estimated the number of graduating seniors who could have been eligible for a Pell Grant if they had filled out a FAFSA. Like the Florida College Access Network, we assumed the rate of Pell-eligible recipients is the same for students who didn't complete the FAFSA as for students who did.

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Don't miss out on free college aid. NerdWallet's [free FAFSA Guide](#) can help you through the process.

Pell Grant money left on the table: Full breakdown

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