



# Adopting Universal Free Application for Federal Student Aid in New York

Universal Free Application for Federal Student Aid (FAFSA) completion policies require that all high school seniors complete the application and receive support throughout the process, opening the door to postsecondary opportunities. Ideally, these policies also include opt-outs for students who are unable to complete the application but require that students be provided with information and support to complete other state aid forms when applicable. Many high schools in New York have worked hard for years to develop creative strategies to encourage students to complete the FAFSA, with many promising practices and innovative ideas to increase FAFSA completion rates year over year. Yet over 40% of high school seniors across the state did not complete the FAFSA by the end of June 2023, meaning millions of dollars in financial aid left behind that could make a college education accessible and affordable.



Under a new aid formula in the 2024-2025 school year, the U.S. Department of Education estimates that **an additional 75,000 students in the state of New York** will be eligible for the maximum Pell Grant, totaling more than \$550 million in awards.<sup>1</sup> The updated FAFSA, commonly known as Better FAFSA, was part of the FAFSA Simplification Act passed in 2020 and will make the process faster and simpler for many students applying for federal financial aid. By June 30, 2023, the end of the last FAFSA cycle, 62.6% of 12<sup>th</sup> graders in **New York public high schools had completed the application**. This is well above the national FAFSA completion rate for the same date, **53.4%**, but still means there were more than 68,000 New York public school students who could not access the critical federal financial aid needed to make a college education possible because they did not complete the FAFSA. With the improvements to the application and increased access to aid, it is concerning that so many high school students in New York, particularly students of color and from low-income backgrounds, may leave financial aid dollars, crucial to putting a college education within reach, on the table. It is estimated that the New York State graduating class of 2023 left \$226 million in Pell Grants unclaimed.

An equity gap exists in FAFSA completion rates, as they are higher in NY public high schools with the smallest shares of students from low-income backgrounds compared to schools with the largest shares of students from low-income backgrounds. In February 2023, five months into last year's application window, Ed Trust—NY found

<sup>1</sup> Using the maximum Pell Grant award for the 2024-2025 aid year.

**a 16-percentage point gap in the FAFSA completion rate** between schools that serve between 0-20% of students from low-income backgrounds, 58% completion, and schools that serve more than 80% of students from low-income backgrounds, 42% completion.



College enrollment is strongly correlated with FAFSA completion, but far too many students in New York are not completing the application in their final year of high school, potentially closing the door to a postsecondary pathway.

**Research by the National College Attainment Network** (NCAN) into the relationship between FAFSA completion and college enrollment found that among students from the graduating class of 2013, 91.5% of students who completed the FAFSA had a postsecondary enrollment in the fall of 2013, compared to 49.7% of students who did not complete the application. An analysis by socioeconomic background found that students from the lowest socioeconomic quintile who completed the FAFSA were 127% more likely to be enrolled in the fall following high school graduation than their peers without a FAFSA completion.

Seven states currently have Universal FAFSA policies in place. While New York remains in the top 10 states for FAFSA completion, its year-over-year growth in 2022-2023 (0.4%) has been relatively small when compared to other states, like California (11.1% increase in 2022-2023, its first year of implementation) that have adopted Universal FAFSA.

Universal FAFSA could help New York State ensure more high school students are accessing the critical funding needed to make a college education possible.

In light of expanded student aid, Better FAFSA, and the strong relationship between FAFSA completion and postsecondary enrollment, adopting Universal FAFSA legislation could support thousands more students in New York to complete the application, opening the doors to more postsecondary opportunities and pathways with a brighter future.

