

How have FAFSA submissions differed during COVID-19?

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Abstract: We examine changes in California's FAFSA applications during the COVID crisis. There was little change in applications for high school graduates due to an early deadline for state aid. After the deadline – from early March to mid-August – FAFSA applications of potential college freshmen declined 14%, relative to prior years. Although there were initial declines in applications among more experienced undergraduates and graduate students, these quickly rebounded and were 8% higher relative to prior years. FAFSA applications increased more in counties that had larger increases in Unemployment Insurance claims, but declined more in zip codes that were lower income or were more heavily Black and Hispanic.

## Introduction

The COVID virus has disrupted almost every aspect of society, plunging the U.S. into a recession with rates of unemployment not seen since the 1930s. Although the relationship between the economy and postsecondary enrollment is typically counter-cyclical, there is nothing in recent history that prepares us for how students will react to a pandemic, particularly one requiring online instruction and changing the relationship of students to campus and faculty (Fitzpatrick & Turner, 2007). In contrast to prior recessions, initial surveys predicted a decline in postsecondary enrollment due to changes in work and family responsibilities (California Student Aid Commission, 2020). An early examination of federal FAFSA data showed that applications initially declined 4% year over year before rebounding slightly in June, but it was unclear if this decline in FAFSA submissions implied that students are less interested in returning to school next year, or changing circumstances just temporarily prevented students from allocating time to complete this task (DeBaun, 2020). Updated data has shown that immediate college enrollment has dropped significantly, with the largest declines concentrated in community colleges (National Student Clearinghouse, 2020).

This paper uses California's FAFSA submissions through mid-August 2020 to examine potential changes in college enrollment and the corresponding equity implications. Examining FAFSA submissions can serve two purposes. First, they are a strong proxy for enrollment, so states can use these to anticipate likely changes well in advance of the Fall semester. Second, prior research has found that large administrative burdens to completing the FAFSA can cause eligible students to miss out on financial aid, decreasing the likelihood they persist or complete (Denning, Marx, & Turner, 2019; Dynarski & Scott-Clayton, 2006). Research shows that significant numbers of eligible students fail to complete the FAFSA; results vary as to which students are most likely to forgo FAFSA completion, though they tend to identify lower-income students as a higher risk category (Bahr, Sparks, & Hoyer, 2018; Kofoed, 2017). COVID-related disruptions may have prevented timely FAFSA completions among college enrollees, which could delay receipt of federal grants and loans or prevent them from accessing state aid programs. This is particularly concerning as Pell Grants are most important when macroeconomic conditions decline, and short-term decisions to stop out of college can have long-term negative impacts on degree completion or employment outcomes (Charles, Hurst, & Notowidigdo, 2018; Clelan & Kofoed, 2017).

By examining the total volume and characteristics of 2020 FAFSA submissions, we find declines in freshmen submissions – students who identify as a first year undergraduate that may or may not have prior postsecondary experience – but increases among Sophomores or more advanced students. We also find larger declines in submissions from neighborhoods that are lower-income or have more Black and Hispanic individuals.

## **Data and Methods**

Our data includes individual-level records from the population of FAFSA submissions from California's legal residents up through August 13, 2020. We include the current 2020-21 application cycle and the three prior cycles. We observe background characteristics such as income and educational level, and link each applicant's residential zip code to 5-year American Community Survey (ACS) data to identify neighborhood characteristics (median household income, ethnic composition). Most California high school students submit by March 2, which is the deadline for the state aid program, and continuing students must also resubmit by that date to renew their aid.

We compare trends in 2020-21 FAFSA applications after the March deadline, relative to prior years. In general, simple year to year comparisons are a flawed method for detecting differences between groups, as many factors vary across years that can drive differences in applications. We rely on three features that suggest this design can identify important COVID-driven changes: (1) the intense "shock" that appears in mid-March, as seen by school closures, declining mobility, and increases in UI applications; (2) California's FAFSA application patterns up to mid-March, which includes the period before and through the first ten days after the state aid deadline, appear similar to prior years, and (3) there are few differences in post-March patterns in the three years prior to COVID, indicating a period of relatively stability. Together, these features lend credence to observed changes being primarily driven by COVID related issues, though the combination of direct and indirect effects of the pandemic makes it impossible for us to determine the exact cause of any changes or control for other factors that may be occurring concurrently with the pandemic.

## **Results**

### *Differences by education levels*

There was a dramatic decline in FAFSA submissions beginning mid-March, just as COVID led to school and work closures, but submissions rebounded and attained normal levels by early June and stabilized through the end of the summer. These overall results are presented in Appendix Figure 1, but hide substantial changes in submissions by student education level. We disaggregate submissions based on responses to the question "What will your college grade level be when you begin the 2020-2021 school year?" Figure 1 shows large declines in total applications among students who self-identify as "freshmen" or "first-year undergraduates", which includes students with no prior college experience (21% decline in submissions) and those with prior experience (7% decline).

In contrast, Figure 2 shows that for all other educational groups the number of total applications dipped only slightly before rising. The increases were directly correlated with grade level, being the smallest for sophomores (a 1.9% increase), and rising for juniors (6.9%), seniors (11.8%), fifth-

year undergraduates (17.8%) and first-year graduate programs (34.1%). Specific application numbers are in Appendix Table 1.

Given California's March 2nd deadline for state aid, most traditional high school students completed their applications prior to the onset of school closures or stay-at-home orders that might have reduced their ability to submit or altered their anticipated postsecondary plans.<sup>1</sup> Appendix Figure 2 shows total applications from October up to March 2 for 2017 through 2020, and suggests little variation in year-to-year application rates; descriptive statistics (not shown) also point to little differences across cohorts.<sup>2</sup>

### *Differences by background characteristics*

We examine differences in FAFSA submissions by individual- and neighborhood-level characteristics. Figure 3 divides submissions into terciles based on the percentage of Black and Hispanic individuals residing in California zip codes, and then compares the ratio of cumulative FAFSA submissions in 2020 relative to the average of the three prior years. We find that regardless of neighborhood there were large drops in FAFSA submissions concurrent with the beginning of COVID that rebound over time. Yet FAFSA submissions in heavily Black and Hispanic neighborhoods never fully recovers, with the highest tercile declining 5% over prior years. In contrast, neighborhoods with fewer Black and Hispanic individuals rose 4% in the middle tercile and 10% in the lowest tercile. We find similar results with year-over-year declines in low-income zip codes and increases in high-income zip codes (Appendix Figure 3), and results based on individual-level income are identical.

Appendix Table 2 presents similar results using a linear regression model. The estimates are from a linear regression where the outcome variable is a binary indicator of whether the FAFSA was in 2020; as we can only observe submitted FAFSAs, this analysis describes the distribution of applications in 2020 relative to prior years but does not give us information about absolute gains or losses in applications for specific groups. These regressions point to 2020 applications coming from students who are, on average: female, dependents, higher income, living in higher income neighborhoods, and less likely to have submitted a FAFSA the prior year. Although we find statistically significant differences by the ethnic composition of the zip code, similar to above, these estimates are small, likely in part due to the strong correlation between individual income, zip code income, and zip code ethnicity.

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<sup>1</sup> FAFSA shows ten states have early deadlines that would have encouraged submission prior to COVID onset: CA, CT, ID, MD, MI, MO, MT, OR, TN, and TX.

<sup>2</sup> California issued a state of emergency on March 4 and a stay-at-home order on March 19. Google community mobility reports find reduced mobility beginning around March 8, K-12 school closures began March 16, and unemployment claims spiked on March 22. There are minor differences in the levels of pre-March FAFSA submissions in prior years, but the general pattern does not indicate any changes in the trajectory of applications as in Figure 1.

## *Differences by regions*

We find that worsening economic conditions predict higher FAFSA submissions, with a larger rise in county-level Unemployment Insurance claims being associated with a larger increase in applications (Figure 4,  $r = 0.30$ ).<sup>3</sup> When we divide by terciles we find counties with the lowest relative rise in UI claims saw a 9% reduction in applications, those in the middle tercile saw a 5% reduction, and those in the highest saw a 5% increase.

## **Conclusion**

Using California's FAFSA applications through mid-August, we find a decline in freshmen applications and a rise in applications among more advanced undergraduate and graduate students. Although our data cannot determine whether these declines resulted in decreased enrollment versus equal enrollment but with fewer resources, recently released data from the National Student Clearinghouse, based on half of eligible institutions, show that undergraduate enrollment is down 4.0% year-over-year and graduate enrollment up 2.7%, with similar results in California (see October 15 results at <https://nscresearchcenter.org/stay-informed/>). This decline in undergraduate enrollment is driven by first-time students, exactly as we find in our FAFSA submissions. Although we do not know the enrollment choices of the students in our data, in prior years students submitting in March through August predominately attended community colleges, and the NSC data also show the largest enrollment drops in community college enrollment.

We also find declines in submissions among students from zip codes that are low-income or have higher numbers of Black and Hispanic individuals, suggesting these declines are likely to exacerbate enrollment gaps by income and ethnicity. Although recessions typically increase enrollment, a survey of California's community college students highlights that the conditions of this pandemic create substantial barriers to entry, with many respondents reporting lack of reliable computer usage or internet, and greater financial need than normal (Cooper et al., 2020). An additional concern is that even successful FAFSA submissions rely on pre-COVID finances and are likely to understate true need, which may drive additional differences in needed aid and total loan amounts for Black and Hispanic students, particularly given higher unemployment rates among this population (Baker, 2020).

Our results paint a bleak portrait, suggesting that without active policy changes traditionally underrepresented groups will be less likely to attend college and more likely to accumulate debt in the near future, potentially harming their educational and labor force prospects for years to come. We do not anticipate easy fixes as the current recession, combined with declining attendance even

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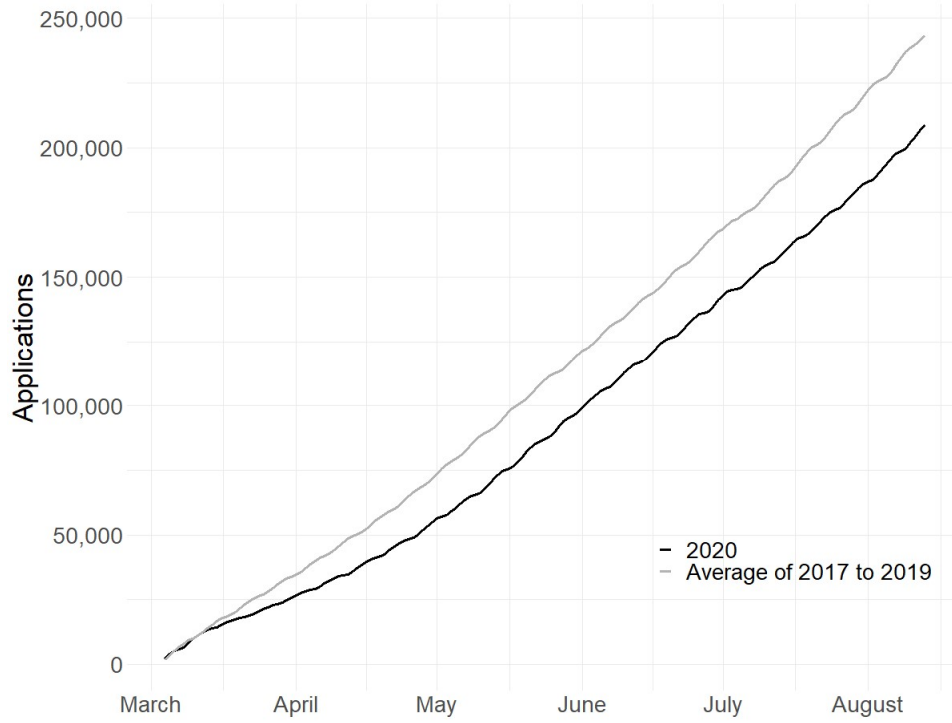
<sup>3</sup> UI claims from [https://www.edd.ca.gov/About\\_EDD/Quick\\_Statistics\\_Information\\_by\\_County.htm](https://www.edd.ca.gov/About_EDD/Quick_Statistics_Information_by_County.htm). We exclude Alpine county which averaged fewer than 20 annual FAFSA applications. We calculate the ratio of initial UI claims in June 2020 relative to January 2020. In a prior version of this report we found that the correlation between FAFSA submissions through mid-June and changes in initial claims from January to April 2020 was slightly higher, at 0.42.

prior to the pandemic, are likely to negatively impact both state appropriations and college budgets, which may lead to tuition hikes that could additionally harm low-income students. States could increase FAFSA submissions by improving their early outreach to students. An example would be to contact all high school seniors and continuing college students to provide reminders and information about FAFSA submissions (e.g., Castleman and Page (2016)). One way states could do this is better usage of Student Aid Internet Gateway agreements to increase data access among various stakeholders, flagging students who had not submitted by a specified date. Outreach could potentially be done by current students as part of Federal Work Study or similar on-campus employment initiatives. Another short-term measure would be to lengthen FAFSA submission or college application deadlines to facilitate greater access, especially the first-come, first-served aid policies that tend to favor those who are already most prepared and likely to succeed. The federal government could also improve the FAFSA process by erring on the side of relaxing some of its traditional policies in the short-term. Simplifying the FAFSA is one solution, but the Department of Education could also consider reduced verification rates or propose a simplified FAFSA appeals process, to recognize that many families who reported high taxable income the prior year may still be suffering from job loss during this recession. Finally, providing additional funding to community colleges, which are experiencing the largest downturns in enrollment and already receive lower per student funding than other institutions, may be necessary to promote the kinds of programs and resources needed to ensure more of these missing students are successful over the coming years, should they choose to return (Evans, Kearney, Perry, & Sullivan, 2020; Weiss, Ratledge, Sommo, & Gupta, 2019).

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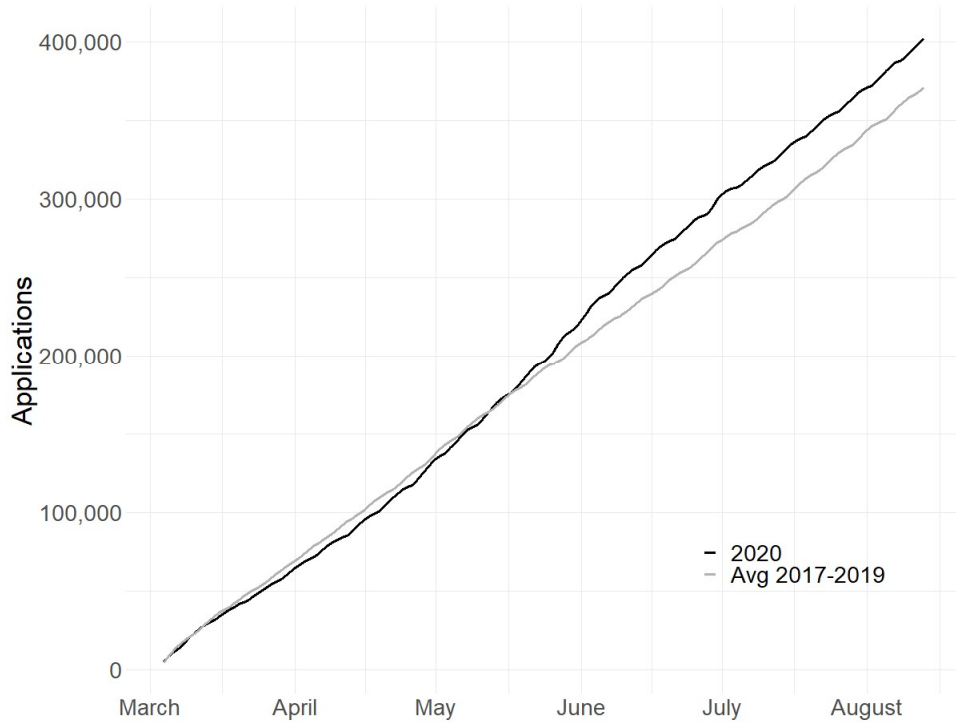
Figure 1. Total FAFSA submissions after state aid application deadline, self-reported freshmen



Notes. Figure includes all FAFSA submissions from March 4 of the given application year by students with legal residence in California.

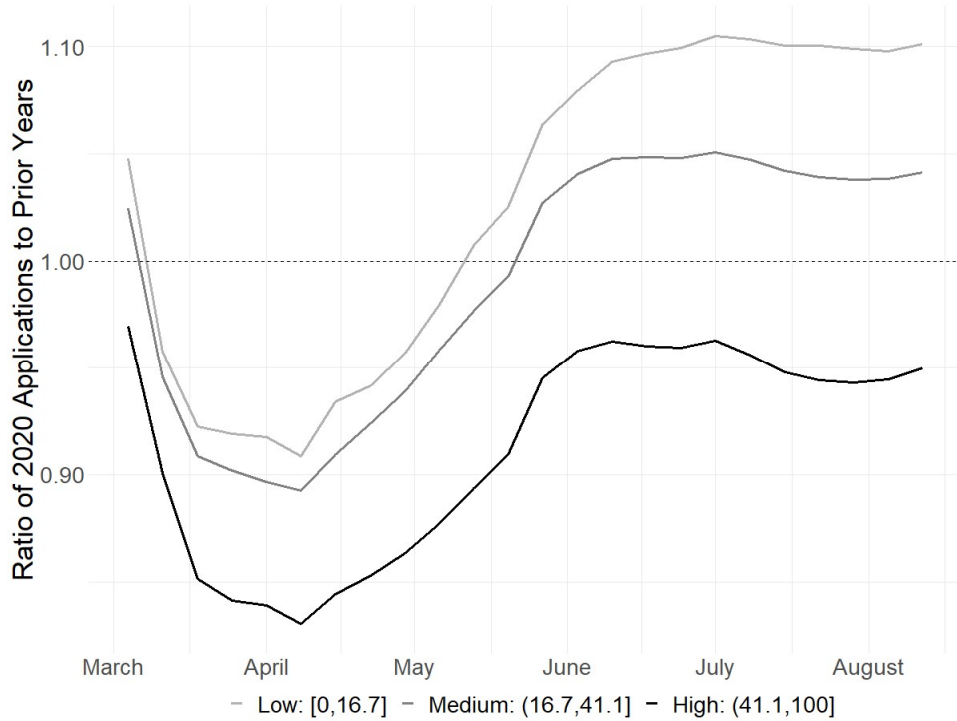


Figure 2. Total FAFSA submissions after state aid application deadline, self-reported non-freshmen



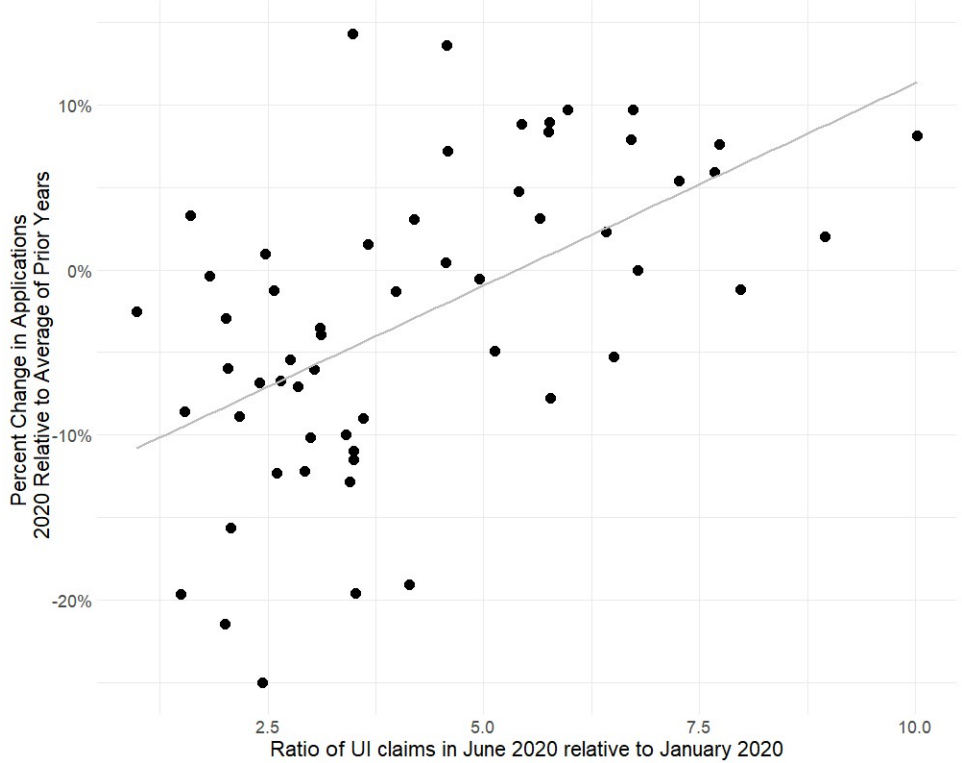
Notes. Figure includes all FAFSA submissions from March 4 of the given application year by students with legal residence in California.

Figure 3. Ratio of cumulative FAFSA submissions in 2020 relative to prior years, by zip code level percentage of Black and Hispanic individuals



Notes. Figure shows the ratio of all 2020 FAFSA submissions by students with legal residence in California from March 4 onward, compared to the average submissions of the three prior years. Applications are divided into terciles based on total percentage of Black and Hispanic individuals living within a zip code.

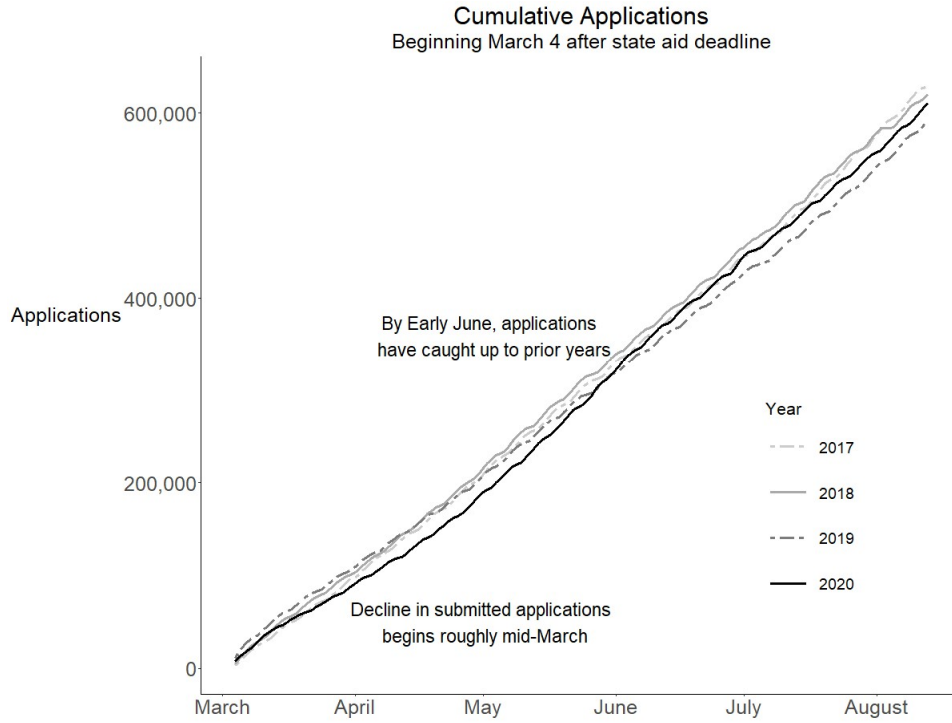
Figure 4. Relationship between change in county-level Unemployment Insurance (UI) claims and change in FAFSA submissions



Notes: This chart uses data from 57 counties and identifies a correlation coefficient of 0.30. We removed Alpine County due to few FAFSA applications.

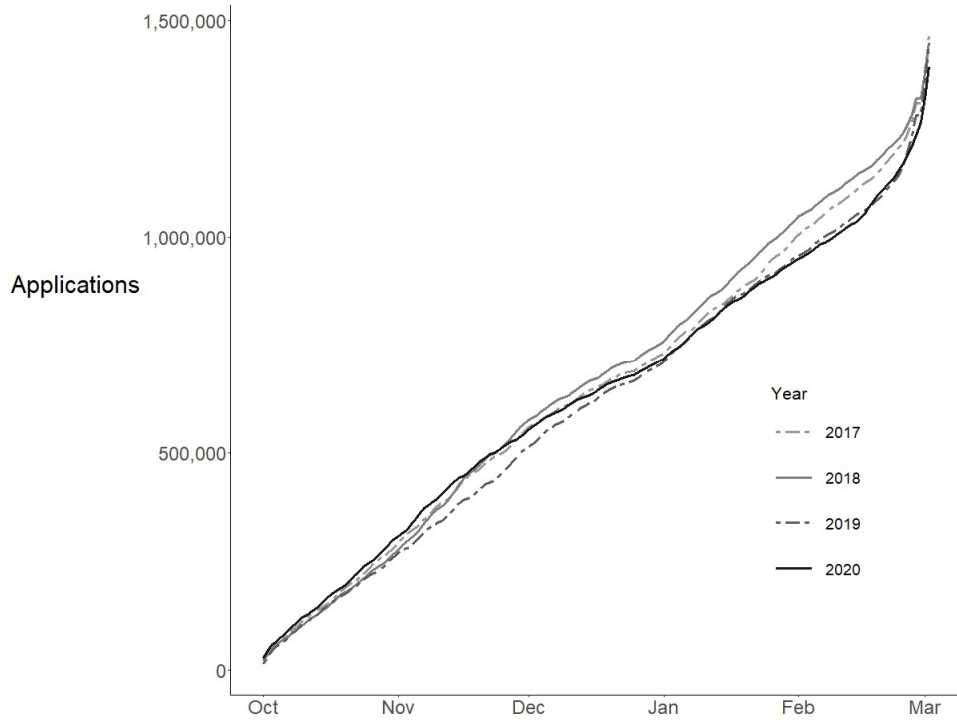
## APPENDICES

Appendix Figure 1. Total FAFSA submissions after state aid application deadline, all students



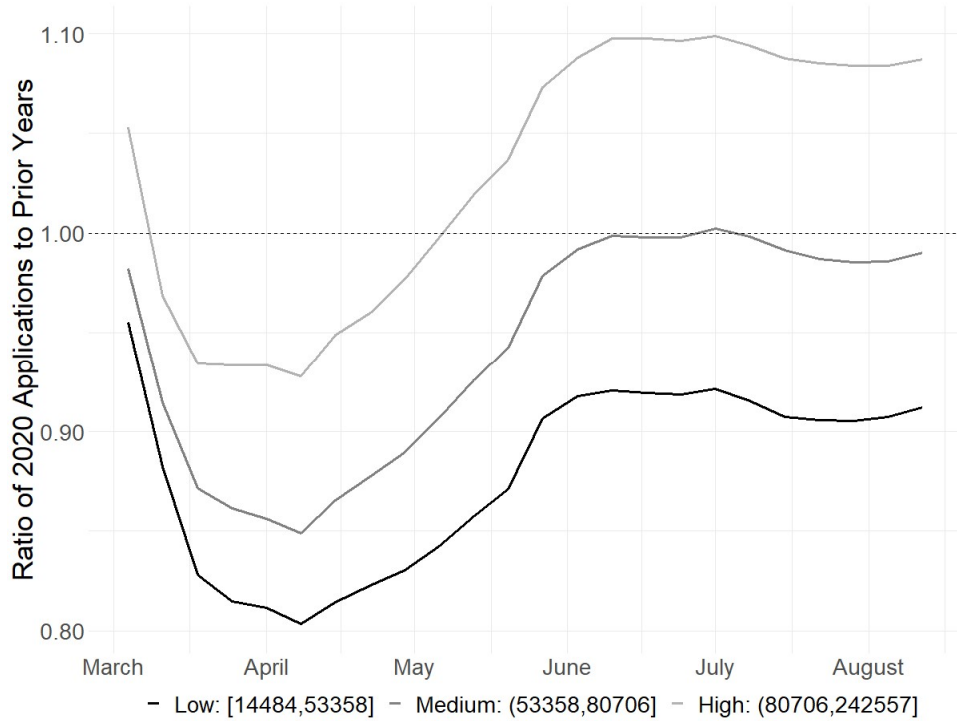
Notes. Figure includes all FAFSA submissions from March 4 of the given application year by students with legal residence in California.

Appendix Figure 2. Total FAFSA submissions before state aid application deadline, all students



Notes. Figure includes all FAFSA submissions from October 1 through March 3 of the given application year by students with legal residence in California.

Appendix Figure 3. Ratio of cumulative FAFSA submissions in 2020 relative to prior years, by zip code level median household income



Notes. Figure shows the ratio of all 2020 FAFSA submissions by students with legal residence in California from March 4 onward, compared to the average submissions of the three prior years. Applications are divided into terciles based on median household income of within a zip code.

Appendix Table 1. Change in FAFSA applications from March 4 through August 13, by education level

Student Education Level	2020 FAFSA applications	Average applications per year (2017 to 2019)	Difference	Percent Change
Never attended college and 1st year undergraduate	95,094	120,481	-25,387	-21.1%
Attended college before and 1st year undergraduate	113,773	122,866	-9,093	-7.4%
2nd year undergraduate/sophomore	106,840	104,896	1,944	1.9%
3rd year undergraduate/junior	94,249	88,153	6,096	6.9%
4th year undergraduate/senior	53,199	47,574	5,625	11.8%
5th year/other undergraduate	39,240	33,309	5,931	17.8%
1st year college graduate/professional (MBA, MD, PhD, etc.)	46,107	34,374	11,733	34.1%
Continuing graduate/professional or beyond (MBA, MD, PhD, etc.)	62,416	62,381	35	0.1%

Appendix Table 2. Regression estimates showing associations between characteristics of FAFSA submissions in 2020, relative to prior years

	Average value in 2018 and 2019 cohorts	All students 1,551,411	Freshmen 561,722	Non- freshmen 989,689
Zip-code median income (log)	11.10	0.018** (0.001)	0.030** (0.003)	0.012** (0.002)
Individual income (log)	8.79	0.006** (0.000)	0.008** (0.000)	0.006** (0.000)
Freshmen	0.40	-0.046** (-0.001)		
Female	0.60	0.022** (0.001)	0.032** (0.002)	0.016** (0.001)
Age	27.37	0.001** (0.000)	0.001** (0.000)	0.0001 (-0.0001)
Neighborhood: % white	35.53	-0.0001** (0.0000)	-0.0002** (-0.0001)	-0.0002** (0.0000)
Neighborhood: % Hispanic	41.46	-0.0002** (0.0000)	-0.0002** (-0.0001)	-0.0002** (0.0000)
Independent	0.66	-0.018** (0.001)	0.008 (0.002)	-0.035** (0.002)
Submitted FAFSA prior year	0.62	-0.034** (0.001)	-0.056** (0.002)	-0.024 (0.001)

*Note:* \*p<0.05; \*\*p<0.01. Results from a linear regression using 2018 through 2020 FAFSAs submitted between March 4 and August 13, where the outcome variable is a binary indicator if the application was submitted in 2020. Predictors including zip-code level median household income, percent white, and percent Hispanic, and individual-level log income, age, family size, and indicators for freshmen status, female, dependency status, whether they submitted the FAFSA the prior year, and being married. Column 1 shows results for the full sample, and columns 2 and 3 disaggregate by freshmen and non-freshmen as defined in the paper, respectively.