

\$3.75 BILLION IN PELL GRANTS GOES UNCLAIMED FOR HIGH SCHOOL CLASS OF 2021

Financial aid makes education after high school more affordable – but first, students have to apply for this funding. And for a variety of reasons, that doesn't always happen.

The high school class of 2021 left an estimated \$3.75 billion in Pell Grants on the table by not completing the Free Application for Federal Student Aid (FAFSA), according to a new National College Attainment Network (NCAN) analysis.

"The Pell Grant is one of our best, and best targeted, tools to close the equity gap in postsecondary attainment," said NCAN CEO Kim Cook. "This stunning increase in financial aid dollars 'left on the table' comes as we are battling historic declines in college enrollment. As a country, we need to work to address this disconnect systemically."

The federal government uses information provided on the FAFSA to determine whether students are eligible for, among other types of aid, the Pell Grant – a need-based award that does not need to be repaid.

Since its creation in 1972, the Pell Grant program has been the cornerstone of financial aid for students from low-income backgrounds. A crucial engine for postsecondary access and affordability, the Pell Grant program supports roughly 7 million undergraduates annually.

Congress determines the maximum Pell Grant each year, but not all students receive the full amount. The size of a student's Pell Grant is based on [many factors](#).

NCAN's research into how many federal Pell Grant dollars went unclaimed by students in 2021 updates an analysis conducted by NerdWallet in 2017. In that analysis, [NerdWallet](#) estimated that students left behind \$2.3 billion in Pell Grant funding in the 2017-18 academic year.

This means the estimated amount of unclaimed Pell Grant dollars increased 60% between the classes of 2017 and 2021. We hypothesize that two things drove this sizable jump.

First, the maximum Pell Grant increased from [\\$5,920 in 2017](#) to [\\$6,345 in 2021](#). So, every Pell Grant-eligible senior in the class of 2021 who did not complete a FAFSA left more money on the table than their peers did back in 2017.

Second, the class of 2021 had a low FAFSA completion rate. In 2017, 61% of high school graduates completed the FAFSA, according to [NCAN's data](#). In contrast, [an estimated 53% of class of 2021 graduates completed the FAFSA](#) by about June 30. NCAN suggests the decreases in students' FAFSA completion rates across the country were largely driven by the COVID-19 pandemic.

In the 2020-21 academic year, more than 1.7 million high school graduates nationally did not fill out the FAFSA. Just under half of those graduates – approximately 813,000 students – were Pell Grant-eligible, according to data from the Office of Federal Student Aid. But no FAFSA means no aid.

The total amount of Pell Grant dollars these students left on the table was \$3,749,568,893. The average amount of money that would have been awarded to each student was \$4,477 nationally.

States with the largest sums of Pell dollars left on the table were, unsurprisingly, states with large populations. They include:

- California: \$561,300,185.
- Texas: \$495,973,418.
- Florida: \$304,321,657.
- New York: \$205,135,415.

States with the top FAFSA completion rates for high school graduates in the 2020-21 academic year were Tennessee (71%), Louisiana (68%), Washington, D.C. (67%), Illinois (66%), and Rhode Island (63%). Conversely, states with the lowest FAFSA completion rates in that academic year included Arizona (45%), New Mexico (45%), Oklahoma (41%), Arkansas (37%), and Utah (37%).

Why This Matters

Education after high school is associated with all manner of positive outcomes, including [financial](#), [health](#), and [civic](#), among others. Postsecondary enrollment immediately following high school graduation increases the likelihood of eventual attainment, while gap periods between high school graduation [decrease the likelihood of completing](#).

We can put postsecondary education within reach for more students by helping them access the Pell Grant dollars for which they are eligible. This is particularly true for students who face historical and structural inequities, including students of color and students experiencing poverty.

Without sufficient financial aid, students take out more loans to afford the cost of college. This burden falls most heavily on Black students, who for a variety of reasons (such as the racial wealth gap) borrow at higher rates than their peers. Student borrowers with exorbitant debt are more likely to [struggle financially and have lower credit scores, lower net worth, and limited purchasing power](#).

The Pell Grant can provide Black and other racially minoritized students with an opportunity to rely less on loans to fund their education.

In addition, studies have revealed that many students from [low-income backgrounds stop out or withdraw from their studies because of financial](#) hardships. Pell Grant dollars can help alleviate some of the stress associated with paying for college for these students.

What States Can Do

To remedy this issue, states should actively find ways to raise their FAFSA completion rates. The good news: They do not have to start from scratch. A number of states are already making strong efforts to help more students apply for financial aid.

“NCAN urges policymakers at the federal and state levels to explore strategies like universal FAFSA, FAFSA simplification through verification relief, and building postsecondary advising capacity using ESSER funds, to address college affordability, increase Pell Grant usage, and expand students’ postsecondary options,” said NCAN’s Cook.

FAFSA Challenges

One effective way to boost FAFSA completion is through statewide challenges that incentivize schools and districts to increase the number of their seniors who submit the FAFSA. Statewide FAFSA challenges build necessary P-20 partnerships between local school districts, families, students, and states.

Through FAFSA completion challenges, school counselors and college advisers receive funding and resources to be trained effectively in financial aid counseling and the FAFSA application process. Schools host FAFSA completion events and disseminate FAFSA completion and college readiness-related resources to families, students, and practitioners with the state's support.

Some states have made thoughtful, concerted efforts to drive FAFSA completion. Although more and more states are engaging in these activities, some exemplars include:

- [Connecticut](#)
- [Michigan](#)
- [North Carolina](#)
- [Oregon](#)
- [Louisiana](#)
- [Mississippi](#)
- [Georgia](#)

FAFSA Data Sharing

Another approach states can employ to increase FAFSA completion rates is to [provide student-level data to high schools and districts](#). State agencies can work with local schools and communities to establish data-sharing practices that allow high school counselors and local college access partners to access information on which students have and have not completed the FAFSA. Through this practice, students who have not successfully submitted the FAFSA will receive the support they need to do so and ultimately receive the financial aid that is rightfully theirs.

This approach can improve school participation in FAFSA completion challenges, enhance college-going advising practices, and ensure that students obtain financial aid. Examples of states with exemplary FAFSA data-sharing procedures include Delaware, Illinois, and Mississippi.

Universal FAFSA Policies

NCAN also sees promise in states adopting ["universal" FAFSA completion](#) policies that make the federal financial aid form a requirement for high school graduation. States considering such a policy must ensure that adequate supports are provided to all involved in the process. This includes building, providing, and improving robust training for school counselors and college access advisers so that students who take this step in the postsecondary process are well-supported. An effective universal FAFSA policy must also include an opt-out system for students with special circumstances.

Several states have adopted a universal FAFSA policy in recent years, and the early evidence points to clear results. In just the past year, more states have adopted this type of policy, and others continue to consider a universal FAFSA effort, especially given the pandemic's effect on college access.

Encourage the Use of ESSER Funding for College and Career Readiness

In response to the COVID-19 pandemic, Congress appropriated more than \$190 billion in aid (under the heading of the Elementary and Secondary School Emergency Relief [ESSER] funds) to K-12 education to provide relief, promote recovery, and prevent learning loss. Given that the federal government spends about \$80 billion annually on elementary and secondary education, these funds represent a massive investment and commitment to students and schools.

They also represent a tremendous opportunity to provide students with support that can keep them on the pathway to postsecondary education. K-12 districts and schools are permitted to use these funds broadly, and NCAN's strong desire and sincere hope is that many of these local education agencies will invest these funds in college and career readiness activities.

Now is the time for districts and schools and college access programs to come together to fill in service gaps for students.

There are many allowable activities under the ESSER funds that would be inclusive of college and career readiness activities.

NCAN believes partnering with an external organization makes sense for districts and schools for a few reasons:

- College access organizations have the content (and technical) knowledge to quickly assist students and families with their most pressing milestones, and many college access organizations have been delivering these services virtually during the pandemic.
- Working with a college access organization means that a district or school does not have to hire (or train) more specialized staff of its own to deliver services. District and school administrators who are worried about the sustainability of recovery-related staffing can put that worry aside by working through a partnership.

- Time is of the essence. Students are making decisions now that will affect their potential fall matriculation. Immediate enrollment following high school graduation is associated with eventual completion. Students who fall off a postsecondary pathway now are at significant risk for never rejoining one.

What the Federal Government Can Do

In the past two years, Congress has passed two crucial new laws to improve the process of applying for federal student aid: the [FUTURE Act](#) and the [FAFSA Simplification Act](#).

These laws, set to be implemented together for the 2024-25 academic year, achieve FAFSA simplification goals for which NCAN has long advocated. First, there will be a significant reduction in the number of questions on the FAFSA, and nearly all filers will be eligible to have their data transferred directly to the FAFSA from the IRS. Second, a new measure for Pell Grant eligibility will allow younger high school students to more easily learn whether they will qualify for need-based financial aid in the future.

Given these major changes to the FAFSA process, it is imperative that the U.S. Department of Education and Federal Student Aid work diligently to ensure a smooth and timely implementation of the laws.

Conclusion

The high school class of 2021 graduated in a time of tremendous uncertainty both for individuals and our nation. This has led to FAFSA completion and postsecondary enrollment declines that may have long-lasting reverberations through the American society and workforce.

We observe one of the initial rumbles of students' FAFSA non-completion as the Pell Grant dollars that were not claimed by eligible high school seniors. These unclaimed dollars, and the changes to college-going behavior they likely precede, need not become the norm.

Policymakers, district and school personnel, community partners, parents, and students themselves can all provide college and career readiness supports, including and especially FAFSA completion assistance to students. Those supports will likely see more eligible students claim their Pell Grant, pursue a postsecondary pathway, and, for the benefit of both individuals and the nation at large, attain a postsecondary degree or credential.

Methodology

To calculate the amount of Pell Grant dollars “left on the table” by high school class of 2021 graduates who did not complete the FAFSA, we first need to determine how many class of 2021 Pell Grant-eligible FAFSA non-applicants there were. To do that, we determine a FAFSA completion percentage for high school seniors using FAFSA completion data from [Federal Student Aid](#) and [high school graduate projections from WICHE](#).

Once we have the FAFSA completion rate, its complement subtracting from 100 is the FAFSA non-completion rate. We multiply this non-completion rate by the number of high school graduates to determine the number of non-applicant graduates there were. We then multiply this figure by the percentage of Pell Grant-eligible FAFSA applicants there were in the class of 2021 through the first 9 months of the cycle to get the number of Pell Grant-eligible non-FAFSA applicant graduates. Finally, we multiply the number of Pell Grant-eligible non-FAFSA applicant graduates by the state's average Pell Grant for high school seniors in the 2020-21 award year.

The biggest assumption made in this analysis, and it's one that NerdWallet also made in their 2017 analysis, is that the rate of Pell Grant-eligible recipients is the same for students who didn't complete the FAFSA as for students who did.

Additional Resources

- [NCAN's Universal FAFSA Policy Recommendations](#)
- Blog post: [5 Key Components of State FAFSA Challenges](#)
- List: [Student-Level FAFSA Data Policies by State](#)
- List: [Resources and events to help high school students and their families learn about financial aid and find FAFSA completion workshops](#)

Examples From Across the Country

- [Lessons from 4 States About Sharing Student-Level FAFSA Data](#)
- [North Carolina Model Offers Promising Statewide Approach to Driving FAFSA Completion](#)
- [Idaho Models a Statewide Approach to College Attainment](#)
- [How Arizona Has Increased Its FAFSA Completion Capacity](#)
- [LOSFA Embraces the Opportunity to Provide Virtual FAFSA Completion Assistance](#)
- [Alabama Possible Leverages Partnerships to Support FAFSA Completion](#)
- [MCAN Spearheads Collective FAFSA Completion Efforts in Michigan](#)
- [How Iowa College Aid Provides Student-Specific FAFSA Completion Data to Schools](#)