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Barriers to Need-Based Financial Aid: Predictors of Timely FAFSA Completion Among Low-Income Students

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Access to financial aid is dependent on a variety of factors, including the time of application; the earlier students apply for financial aid, the greater their access to institutional and often state resources. We use the Illinois Monetary Award Program (MAP) as a case for investigating the economic, social, and academic factors that affect application timeliness, and in turn, access to need-based financial aid. We analyze a stratified sample of 4,000 low-income students who completed the 2003-04 Free Application for Federal Student Aid (FAFSA) and assess the relationships between Expected Family Contribution (EFC), first-generation status, and academic performance in order to understand the likelihood that low-income students will complete the FAFSA in time to qualify for need-based financial aid. The findings indicate that there are significant differences in the timeliness of FAFSA completion among low-income students that could qualify for MAP grant; students with a slightly higher EFC are more likely to complete the FAFSA in time to qualify for need-based aid. Additionally, students who had at least one parent who attended college and who had higher academic performance in high school are significantly more likely to complete the FAFSA before critical deadlines and qualify for need-based financial aid. We conclude with a discussion of the implications of these findings.

Key Words: *FAFSA, need-based aid, financial literacy*

Recent research in the Chicago Public Schools shows a strong positive relationship between completing the Federal Free Application for Student Aid (FAFSA) and college attendance (Roderick, Nagoka, Coca, & Moeller, 2008). This relationship seems obvious, given that completing the FAFSA is essential to securing access to federal and state financial aid programs and many university financial aid packages. Unfortunately, each year thousands of high school and college students do not complete the FAFSA, or complete it too late to qualify for aid (Romano & Millard, 2006; King, 2004). Completion of the FAFSA requires that students understand the importance of completing the form and take concrete actions to attend college months before high school matriculation. Research indicates that low-income students and first-generation college students are the least likely to complete the FAFSA, even though they are the most in need of financial aid (King, 2004). The

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fact that many of those most in need of aid fail to apply is a major concern for researchers, policy-makers, and practitioners seeking to remove financial barriers to college.

Steps to help alleviate student and parent concerns about paying for college are particularly important for ensuring that low-income and first-generation college students consider attending college (St. John, 2007). St. John argues that unless concern about financing a college degree is addressed early, many students may not enroll in college preparatory classes in high school or strive to attain good grades; concern about costs is directly related to academic preparation. Research has shown that low- and middle-income parents are particularly sensitive to published tuition and fee rates, often called the "sticker price", which may keep students from applying to colleges even if available financial aid would make more "expensive" colleges affordable (St. John et al., 2004; St. John, 2007). First-generation college students in particular are less likely to decide to attend college, and when they do make this decision, it is often later than students whose parents have attended college. Delayed decisions to attend college and thus delayed completion of the FAFSA means first-generation college students are less likely to receive need- based aid or financial support that is typically allocated on a first-come, first-serve basis.

Research shows that low-income students face significant barriers to college including weak academic preparation, less access to social capital and knowledgeable adults with information about college going, fewer peers who are preparing to go to college, and less financial support for college (Adelman, 1999; Astin, 2005; Astin & Osguera, 2005; Rosenbaum, 2004; St. John et al., 2004). Need-based financial aid programs aim to address one of these barriers, financial support, by offering financial aid regardless of academic merit. Unfortunately, little is known about the ways in which need-based aid is distributed among low-income students. This research uses the Illinois Monetary Award Program (MAP), a state-grant program for Illinois residents who attend approved Illinois post-secondary institutions and demonstrate need based on information submitted to the FAFSA, as a case for investigating the economic, social, and academic factors that shape access to need-based financial aid.

Specifically, we examine the relationship between economic, social, and academic factors and timely FAFSA completion. In the following section we outline the importance of timely FAFSA completion. Second, we provide a brief summary of the Illinois MAP grant. Third, we discuss the literature and introduce our hypotheses. Fourth, we describe the data. We then present the analysis and conclude with a discussion of the results and policy implications.

FAFSA

The FAFSA is the required application for accessing federal financial aid, which is also used by most states and post-secondary institutions to determine state and institutional financial aid. It asks an assortment of questions about a student's family's income and assets and is verified by the federal government, cross referencing financial information with the Internal Revenue Service (IRS), the Selective Service, the Immigration and

Naturalization Service, the Social Security Administration, and others. Student and family information from the FAFSA is used to calculate each student's Expected Family Contribution (EFC). The EFC is used to determine the amount of financial aid a student is eligible for from federal, state, and many university financial aid programs.

Completing the FAFSA requires a considerable amount of effort and social capital, personal networks that students can draw upon to gain information and resources. Students and their parents often find the process of applying for financial aid extremely confusing (Advisory Committee on Student Financial Assistance [ACSFA] 2005, 2008; Cochrane, LaManque, Szabo-Kubitz, Irons, & Asher, 2010). Research indicates that completing the FAFSA is more challenging for first-generation students whose parents are unfamiliar with the college application and financial aid system (ACSFA, 2005). Students and families with strong social networks can rely on others for information, but many first-generation college students are unable to rely on their immediate family members for help completing the application. Students completing the FAFSA face several barriers in applying for aid including: 1) confusing forms that ask too many questions, 2) questions about family financial status that the student may be ill-equipped to answer, 3) assumptions of parental support, 4) a general lack of knowledge about available aid, and 5) deceptive and hard to meet deadlines. Below, we discuss these barriers in more detail.

The first problem is that the FAFSA demands far too much information from students (ACSFA 2008). In fact, researchers note that the FAFSA is longer and more confusing than the average tax return (Dynarski & Scott-Clayton, 2006). Moreover, students and parents appear to be confused by the form. For example, over 90% of low-income students who are allowed to skip most questions on the FAFSA complete the questions anyway, suggesting they are confused or do not understand that these questions need not be answered (Dynarski & Scott-Clayton, 2006). This confusion can lead to errors or not completing the form altogether.

Additionally, the need for detailed parental information ignores the fact that for some students it is very difficult to obtain the financial information demanded by the FAFSA (ACSFA, 2005). Similarly, students with an absent parent, a parent in jail, students from a non-traditional family, or who are emancipated or independent encounter additional problems reporting the family's income and assets. The FAFSA assumes parental support, which unfortunately is not always the case for students seeking financial aid.

Fourth, the FAFSA assumes that parents can and will support their college-bound student and that the parents' financial status is stable. The federal government assumes that parents will help cover the cost of college (ACSFA, 2005). Students whose parents do not help pay the cost of higher education can try to declare themselves independent; which is an arduous, and frequently impossible, task. Moreover, because students must prove to each college they are financially independent, it is difficult for students to apply to multiple colleges or transfer to different colleges. Additionally, the current financial aid system does not easily adjust to changes in a student's

financial circumstances. While the U.S. Department of Education allows students and parents to adjust their income reporting, the grueling and intimidating process of revising your FAFSA application likely prevents many students from doing so (ACSFA, 2005).

Fifth, among low-income and first-generation students there is a general lack of knowledge about how financial aid works. While there is general confusion about the cost of obtaining a college degree, researchers have found that low-income and minority parents are the most likely to overestimate the cost of college attendance, and believe that a lack of financial aid information is part of a plan to keep their children from attending college (Ikenberry & Hartle, 1998). Surprisingly, even many academically strong low-income and first-generation college students struggle with completing the FAFSA and lack a basic understanding of how financial aid works (Roderick, Nagaoka, Coca, & Moeller, 2009). Other research suggests that low-income students often do not realize that financial aid is available (De La Rosa, 2006). Indeed, interviews with first-generation students confirm that many students are unaware of aid in high school. Research by Byrd and MacDonald (2005) revealed that several older first-generation students "reported not being aware of financial aid resources when they had began college, and some had delayed starting college for financial reasons or had paid and later discovered financial aid was available" (p. 31). Even though information about the "sticker price" is widely available, information about cost of attendance, the EFC, average net price, and how grants and work-study affect net price may not be presented in a manner that first-generation students and their families can use (Perna, 2006). Research by Avery and Kane (2004) finds that students tend to over-estimate the cost of college attendance, suggesting that low-income students are more concerned about the cost of college attendance (De La Rosa, 2006; Mundel & Coles, 2004). As a result, many students who are likely to succeed in college based on their academic potential fail to enroll in college or enroll in patterns that make success unlikely, such as attending college part-time or less-than part-time.

The importance of completing the FAFSA is about more than simply accessing federal aid however. As mentioned earlier, states and most colleges and universities use the FAFSA to determine how to distribute their sources of financial aid as well. Thus, completing the FAFSA triggers the release of information about aid eligibility above and beyond the federal programs, further assisting students and families in making a decision about whether to attend college and where. At many colleges and universities, an accurate financial aid award letter is not sent unless a FAFSA is completed. For students who are concerned about paying for college, receiving timely and accurate information on the *real* cost of attending particular colleges is critical to making sound decisions. Students who do not complete a FAFSA, or who complete the application late, are denying themselves reliable knowledge with which to make decisions about college attendance. Because many selective 4-year institutions have decision deadlines in the late spring, failure to complete the FAFSA means that many students could make the decision to attend a college without knowing the true cost of attendance.[1]

Finally, the FAFSA has a confusing completion deadline. Many states and colleges have financial aid deadlines that are months ahead of the deadline for submitting a FAFSA form to the U.S. Department of Education (Roderick et al., 2008). This mismatch in deadlines or missing a single college deadline can lead students to believe that they have missed the opportunity to apply for aid altogether. Conversely, the later FAFSA deadline may lead students to believe they have more time to complete the FAFSA and qualify for state and institutional aid, when in fact if they wait too long they will miss out on limited state funds, as is the case with the Illinois MAP grant.

The deadline for completing the FAFSA is increasingly important for accessing student financial assistance. Illinois is joined by Kentucky, North Carolina, South Carolina, Tennessee and Vermont in making financial awards until funds are depleted; thus making it increasingly important to complete forms as early as possible. It is hard to imagine the difficulty families face in estimating when state aid programs will run out of money. For example, in Illinois, the MAP deadline, when funds are depleted and no new grants can be made, moved from August 3 in 2003 to March 20 in 2012. The lack of a predictable deadline, when coupled with the fact that IRS tax information needs to be provided to fully complete the FAFSA, makes timely FAFSA completion difficult. For example, in the 2012-2013 academic year, 17 states have set FAFSA completion deadlines before April 17, the final date for submitting the tax information that is referenced on the FAFSA.

It is not only state financial aid providers that have early deadlines, many colleges and universities also have application deadlines, and many also have "priority" filing deadlines. While missing an application deadline or priority application deadline has varying repercussions depending on the institution, in general students filing after these dates are eligible for less financial assistance from the university. Colleges and universities often adopt these deadlines to make financial aid awards from a finite pool of financial resources, and students who miss the deadlines may have little to no eligibility for financial aid through institutional need-based assistance programs.

In addition to state and institutional aid, certain federally funded campus-based programs like the Federal Supplemental Education Opportunity Grant (FSEOG) and work-study positions frequently lack funding to provide for all eligible students. As a result, institutions of higher education often distribute this money to students filing by financial aid deadlines at their colleges and universities. Peterson's *Paying for College* (2008) provides this guidance on completing the FAFSA: "Although the FAFSA indicates a deadline of June 30 of the following year for federal aid, schools usually set much earlier priority filing dates by which you must submit the FAFSA for full consideration of institutional funds." The book goes on to advise parents and students that while some federal programs (like the Pell Grant and Stafford Loan program) are always available to students no matter when they complete their FAFSA "This is not the case with the federal campus-based programs or institutional aid for which funding is quite limited."

In Illinois, one hundred institutions of higher education have instituted financial aid filing deadlines, and several have both priority deadlines and later general deadlines for institutional and federally funded campus-based aid. Of the one hundred and thirty three institutions authorized to receive MAP grant assistance in Illinois, 61 colleges and universities have deadlines or priority filing deadlines before taxes need to be filed (April 17), and 38 institutions have deadlines on or before March 15.[2] The proliferation of financial aid deadlines, and the great variation in FAFSA filing deadlines, creates confusion for parents and students.

In summary, completing the FAFSA is critical to receiving most types of financial aid (e.g., grants, scholarships, merit-aid, need-based aid), but the process of completing the FAFSA is a daunting task for many college-bound students and their families. In particular, the combination of barriers including reporting extensive amounts of financial information, completing complicated forms, and ensuring that all the paperwork is completed in the face of a complex deadline system makes it particularly hard for low-income and first-generation students. The barriers to completing the FAFSA and the importance of early FAFSA completion affect aid distribution and are particularly important in the case of the Illinois MAP, which targets low- income, college bound students, as well as other need based aid programs like FSEOG and work- study. Because receipt of a MAP grant requires FAFSA completion and MAP funding runs out before all qualified students receive grants, there is a race to secure MAP funding; those who complete the FAFSA first receive MAP funding.

Illinois Monetary Award Program

The Illinois Monetary Award Program (MAP) is Illinois's largest need-based financial aid program. MAP allocates funding to college-bound residents of Illinois based on financial need, which is assessed using the EFC calculation of the FAFSA and the cost of attendance at the college or university where a student plans to enroll. The maximum award is $4,968 (Illinois Student Assistance Commission [ISAC], 2009). The criterion for receiving the MAP grant are fairly simple, students must be an Illinois resident, attend a certificate or degree granting institution in Illinois, and not have previously earned a Bachelor's Degree. Students with an EFC under $9,000 are eligible to receive MAP grants.

Like all need-based aid programs, MAP attempts to equalize access for low- income students by providing financial assistance. However, MAP is not an entitlement program, but is funded by appropriation; funds for MAP are provided on a first-come, first-serve basis. In order to receive MAP funds, students must complete the FAFSA in a timely manner. Each year the ISAC, the organization charged with administering MAP, determines how much money is available for grants and then determines a cut-off date when applications will no longer be accepted due to a lack of funds. Students that complete the FAFSA after this date, even if they may be the neediest, do not receive MAP grants.

ISAC is aware of the increasing competition for MAP funding and has developed a complex formula for allocating aid, which takes into account tuition prices. In order to maximize the *number* of MAP grants the agency

can make in the face of increased demand and flat to declining funding levels, ISAC has used historic tuition levels rather than current tuition prices to set MAP award amounts. This decision was made to increase the number of MAP grants that can be awarded and to distribute aid over as many months as possible, ensuring that need-based aid is distributed to more students, including MAP-eligible students who complete the FAFSA later in the year.

Students in Illinois do not need to complete a unique application for the MAP grant; completion of the FAFSA automatically qualifies students for receipt of the MAP grant. In 2003, ISAC paid MAP grants to 132,025 low-income students (ISAC, 2009). Unfortunately, due to the limits of the appropriation, 69,555 students who qualified for a MAP grant did not receive funding. This is a trend that has continued with earlier cut-off dates for receiving MAP grants. In 2009 there were 115,103 MAP qualified students who were denied a MAP grant due to limited funding (ISAC, 2009). As a result, it is becoming increasingly important to file early in order to qualify for a MAP grant. In an effort to raise awareness about the importance of completing the FAFSA in a timely manner, ISAC issues press releases in the spring of each year encouraging students to complete the FAFSA and informing students that funding is provided on a first-come, first-serve basis. However, it is unclear how many high school seniors realize that they must complete the FAFSA early in order to be eligible for a MAP grant.

As MAP cut-off dates continue to move up each year, it becomes more important for ISAC to understand if there are differing rates of MAP distribution among low-income students. As noted earlier, many MAP-eligible students are not awarded funding, making it important for ISAC to determine what causes variation in FAFSA completion among low-income students in Illinois. Specifically, what are the factors related to timely FAFSA completion and MAP grant receipt? Are certain types of low-income students less likely to receive a MAP award? In the following section, we outline our hypotheses about the relationships between economic, social, and academic factors and the receipt of need-based financial aid among low-income students in Illinois. We conclude the section by introducing a model for understanding the factors that are related to FAFSA completion and MAP receipt.

Economic Factors. Research indicates that there is a strong relationship between family income level and college attendance. Compared to medium and higher income students, low- income students are less likely to make plans to attend college, complete the FAFSA, apply to college, and enroll in college (King, 2004; Roderick et al., 2008; Schoenfeldt, 1968; Smalley, Lichtenberger, Brown & Sullivan, 2010). Researchers have found that many low-income students do not actively make plans to attend college until late in the senior year (Roderick et al., 2008), have lower expectations and aspirations about college attendance (Hanson, 1994), and are more likely to attend less selective institutions, regardless of academic ability (Hearn, 1991). Moreover, many low-income students do not apply for aid because they do not believe they can afford to attend college even if they received financial aid (Grodsky & Jones, 2007; King, 2004). Additionally, research

indicates that FAFSA forms are particularly confusing for low-income students. Dynarski and Scott-Clayton (2006) found that many low-income students indicate they are confused by the procedures or instructions. It is reasonable to conclude that some low-income students may not complete the FAFSA because they have difficulty understanding and completing the form or do not believe they are college eligible.

Even when low-income students plan to attend college and complete the FAFSA, they do so later than their wealthier counterparts. King (2004) found that the timeliness of student aid application completion was closely related to income, with wealthier students filing their FAFSA form earlier than middle- and low-income students. As noted earlier, completion of the FAFSA is critical for receiving all forms of financial aid. In the case of Illinois's MAP, the FAFSA is the only application requirement, since it is used to determine the student's EFC, which is used by ISAC to allocate MAP funds. Because the EFC combines income, financial assets such as stocks, cash, savings, and businesses, as well as information on government benefits, and takes into account the number of dependents in a household and the number of family members attending college or university, it is assumed to be a reasonable calculation of the means a student has to pay for college.[3]

While we know that low income students are less likely than middle- and higher-income students to complete the FAFSA in a timely manner, there is no research investigating FAFSA completion among low-income students alone. We expect that even among low-income students, there will be variation in FAFSA completion by income, with MAP-eligible students with an EFC above zero being more likely to complete the FAFSA on time than those with an EFC of zero – the very lowest-income students.

Hypothesis 1: Comparatively "wealthier" MAP-eligible, low-income students will be more likely to complete the FAFSA early, and thus qualify for MAP funding.

Social Factors. Research indicates that students who have access to an adult who understands the college application process are significantly more likely to successfully complete the FAFSA, apply to college, and enroll in college (Engle, Bermeo, O'Brien, & Pell Institute for the Student of Opportunity in Higher Education, 2006). This "knowledgeable adult" can come in many forms including a parent who attended college, a high school guidance counselor, another trusted family member who attended college, a minister or priest, a neighbor, or someone offering college-going services through a neighborhood association or other nonprofit organization. Unfortunately, research shows that although many students have little difficulty finding general information on college, adult guidance is frequently lacking for low-socio-economic (SES) students (Roderick et al., 2008). For example, one of the best predictors of college application, attendance, and FAFSA completion is the education level of the parent (Hossler and Stage, 1992). While most of the research in college access has investigated the relationship between parental education and college application, college application and FAFSA completion are closely linked (Roderick, Nagaoka, & Allensworth, 2006; Roderick et al., 2009). Thus, it follows that FAFSA completion will also be related to parental education.

Given the complexity of filling out and completing the FAFSA, as discussed earlier, the burden of completing the FAFSA is mitigated through access to social capital (e.g., a knowledgeable person who knows the importance of completing the FAFSA and can offer assistance). Moreover, because the FAFSA requires substantial family financial information, it is critically important that parents assist students with compiling the information necessary to complete the form. Given the importance of parents in completing the FAFSA, we expect that among low-income students having at least one parent who attended college will increase the likelihood of completing the FAFSA in a timely manner.

Hypothesis 2: We expect that college students who are first-generation will file their FAFSA application later than students with a parent who attended college.

Academic Factors. Demonstrated academic ability has consistently been shown to be one of the greatest indicators of college attendance and college persistence (Adelman, 1999, 2004; Rosenbaum, 2004). Academic performance remains the best indicator of whether students will go to college, as compared to race, SES, and parents' education level (Adelman, 1999). Students who are high achieving in high school are likely more prepared for college and are thus more aware of deadlines and the importance of college and the financial aid application. In addition, students who perform well academically are more likely to receive extra attention from teachers, parents, and counselors and as a result will take steps to apply for college earlier than the average student. Moreover, we expect that students who are doing well in high school are more likely to be engaged in the types of activities that encourage going to college, including honors or advanced placement courses and extracurricular activities and also have friends that are more likely to be going to college. Given the overwhelming evidence that academic performance is the number one predictor of college going, we expect that among low-income students, those who demonstrate higher academic achievement in high school will be more likely to complete the FAFSA earlier.

Hypothesis 3: Students who have demonstrated high academic achievement through high school GPA and college entrance exam score (ACT) will complete their FAFSA earlier.

In sum, we expect that the factors of income, social capital, and academic achievement are related to receipt of MAP award. Because completion of the FAFSA is required for receipt of a MAP grant, FAFSA acts as a mediator between economic, academic, and social factors and receipt of a MAP award. We expect to find significant variation among low-income, MAP qualified students based on these factors and timely FAFSA completion.

Data and Models

The data for this analysis come from an ongoing research project sponsored by the ISAC. The goal of this project is to understand the relationships between need-based financial aid and college enrollment and outcomes. The data are drawn from three sources: Individual Student Information Report (ISIR), the MAP, and the State Scholar Program. The

ISIR data includes information from students' FAFSA applications, as well as additional information from the National Student Loan Data System (NSLDS) and verification checks conducted by a wide variety of agencies. For the purposes of this research, ISAC provided information on all ISIRs received for the 2003-2004 academic year, a total of 1,288,682 records. After removing duplicate records we were left with 725,024 records for individual students. We then matched the ISIR data with ISAC's database of EFC, which is calculated by taking into account the student's family's income and assets (e.g., properties, savings, college savings, pre-paid tuition plans). Because only Illinois residents are MAP-eligible, we eliminated all non-Illinois residents from the ISIR 2003-04 records, for a remaining 545,958. Of those records, 287,010 were first-generation college students, 226,578 were first-time college students (e.g., freshmen), 275,000 were financially independent, and 66,934 had an automatic EFC of zero dollars.

Because the literature indicates that low-income students and first-generation college students are the least likely to attend and persist in college (Adelman, 1999; Astin, 2005; Astin & Osguera, 2005; Rosenbaum, 2004), the sampling strategy focused on first-generation college students. This study is limited to Illinois residents who completed the 2003-04 FAFSA application, are MAP qualified, and who indicated they were freshmen students in the 2003-04 academic year (N=169,279**)**. From the sample, 48.7% reported that neither of their parents had attended college (e.g., first-generation students) and 39.5% reported that at least one parent had attended college (Table 1). We drew a stratified random sample of 2,500 MAP-eligible students, with an additional 1,500 first-generation students for a total sample size of 4,000. Each case was weighted by the inverse of the probability of selection (dividing the proportion of each category in the population by the corresponding proportion of the sample).

Using our sample of 4,000 from the ISIR data, we matched the individuals to MAP data. The MAP is the primary need-based financial assistance program for Illinois college students. Students are limited to a total of 135 MAP paid credit hours, which is roughly equal to nine full-time semesters of college attendance. ISAC provided information on grant amounts paid to individual students for each semester between the fall of 2003 and the fall of 2009 as well as the number of MAP-eligible credits used. Due to the fact that multiple transactions can occur in each semester, some individuals report multiple records for the same semester. Multiple transactions can

Table 1. Sample Descriptive Statistics and Weights

	% Sample	% Sample	Weight
First-Generation College Student	0.487	0.633	0.770
Parent Attended College	0.395	0.239	1.652
Unknown	0.118	0.129	0.920

Note: Weighting factor equals % in population divided by % in sample

occur because a student or financial aid administrator at a college can make updates and changes to a student's FAFSA form. Changes can range from simple, such as changing a student's address to substantial, such as changing a student's financial picture that requires a financial aid administrator to use their professional judgment. Multiple transactions can also occur when a student completes the FAFSA using estimates from a previous year's taxes and then updating the application when a family completes the current year's taxes. We restricted our sample to the "last" transaction under the assumption that information presented in the final FAFSA record would be the most accurate. The resulting MAP data for 4,000 individuals over a possible 21 semesters included 8,406 records.

The third data source is ISAC's State Scholar program. ISAC uses a combination of class rank and ACT, PSAE, or SAT to rank students and then awards the State Scholar certificate to approximately the top ten percent of all students (State Scholar Program, 2008). If a student scores at or above the 95th percentile on the ACT or SAT, the student will also be awarded the State Scholar award because some students may not have a high class rank but a very high standardized test score. "In any academic year, the number of State Scholars is approximately equal to ten percent of the estimated total number of Illinois high school graduates. ISAC annually establishes a minimum Weighted Selection Score to Yield this result" (State Scholar Program, 2008).

We checked 1,618 students against ISAC's State Scholar database to determine which students in our sample were State Scholars. It is important to note that only "recent"[4] high school graduates were checked against the State Scholars database. Of those who were checked, 72 were confirmed as being State Scholars. At first it may appear that our students were disproportionately less likely to be State Scholars than average students in the state, 4.5 percent versus approximately 10 percent statewide. However, our sample consists entirely of students eligible for the need-based MAP program and contains an oversampling of first-generation students. Since low-income and first-generation students tend to have lower grades and test scores than middle- and upper-income students and students who have parents who have attended college, we would expect our sample to have a lower percentage of State Scholars than the state average.

Dependent Variable. The dependent variable of interest is the *FAFSA Completion Date*. Timely FAFSA completion is particularly important for need-based financial aid programs that allocate aid based on financial condition - those who complete the FAFSA late may qualify for need-based aid, but will not be able to access funds. In the case of Illinois's MAP, there are two important benchmarks of FAFSA completion: (1) the priority filing date and (2) the MAP cut-off date. The priority deadline refers to the date that universities set for financial aid consideration. Because priority FAFSA completion deadlines vary by university, we look at a relatively common deadline of March 15, 2003. In order to qualify for MAP funding, students must file the FAFSA application by the MAP cut-off date, which was August 2, in 2003. The variable, *FAFSA Completion Date*, is a categorical variable coded as follows: 1=completed by priority deadline of March 15 (43% of sample); 2=FAFSA completed by MAP cut-

off deadline (22% of sample); 3=FAFSA completed at a later date (35% of sample).

Independent Variables: We use the variable *EFC* as a proxy for income. EFC is a standard measure for capturing a student's full economic status because it provides a much richer picture of a household's financial position and ability to finance college than family income alone. EFC ranges from $0 to $8,977 with a mean value of $1,445 and a standard deviation of $2,313. Because EFC is highly skewed, with more than half of respondents (54.7%) having an EFC of zero, we recoded EFC into three categories based on the distribution of the variables: 0 = EFC of zero (55% of sample); 1 = EFC between $1 to $2000 (19% of sample); 2 = EFC greater than $2,000 (26% of sample). We capture social support using a measure of parental education**.** *First-Generation* is a binary variable which is coded one if the college student is first-generation and zero if at least one of the student's parents attended college. Fifty-nine percent of college students in the sample are first-generation. *State Scholar* is a binary variable coded one if the student is a State Scholar, zero if not. *Female* is coded one if the student is a woman, zero if not. *Citizen* is coded one if the respondent is a U.S. citizen (93% of sample), zero if not (7% of sample). *Age* is a continuous variable that ranges from 19 to 70, with a mean of 24.97 and a standard deviation of 8.13.

Analysis

In order to test our hypotheses about FAFSA completion among low-income students, we ran cross tabulations and a multinomial logistic regression. We first present the results from the crosstabs. The results presented in Table 2 indicate statistically significant relationships between EFC, parents' education, and being a State Scholar and completing the FAFSA for the priority and MAP cut-off deadlines. First, EFC is significantly related to completing the FAFSA in a timely manner ($\chi^2(4, N=4000)$ 94.285, $p = .000$). Among low-income students our results show that 72.4% of MAP-eligible students with an EFC greater than $2,000 completed the FAFSA by the March 15 or August 2 dates compared to 60% of MAP-eligible students with an EFC of zero. Forty percent of MAP-eligible students with an EFC of zero do not file the FAFSA by the MAP cut-off deadline, leaving them ineligible for the MAP grant, while only 30.5% of students with an EFC from $1-2,000 and 27.6% of those with an EFC above $2,000 are ineligible due to filing the FAFSA late.

Second, there is significant variation in FAFSA completion and parental education ($\chi^2(4, N=3759) = 44.929$, $p =.000$). Around 42% of first-generation and non-first-generation college students complete the FAFSA by the March 15 priority deadline. However, differences appear in completion of the FAFSA by the August 2 MAP cut-off deadline, with only an additional 19.4% of first-generation college students completing the FAFSA in time to qualify for a MAP grant. Overall, low-income students who have a parent who attended college complete the FAFSA in a more timely fashion than their first-generation counterparts.

Third, there is a significant difference in FAFSA completion rates among State Scholars ($\chi^2(4, N=4000) = 330.824$, $p = .000$). More than three

Table 2. Cross Tabulation: EFC, First Generation Status, State Scholars and FAFSA Priority and MAP Cut-off Deadlines

	Priority Deadline Filed by March 15	MAP Cut-off Filed by August 2	Later Date Filed after August 2
EFC[1]			
Zero	42.4%	17.6%	40.0%
$1-$2000	44.8%	24.7%	30.5%
More than $2000	41.5%	30.9%	27.6%
Total	42.6%	22.5%	34.9%
First-Generation Status[2]			
Parent Attended College	42.8%	27.4%	29.8%
First-Generation	42.2%	19.4%	38.4%
Total	42.5%	22.7%	34.8%
State Scholars[3]			
Not State Scholar	43.3%	13.1%	43.5%
State Scholar	41.6%	35.5%	22.9%
Total	42.6%	22.5%	34.9%

Notes:
[1] Pearson $\chi^2(4, N=4000)$ 94.285, p = .000).
[2] Pearson $\chi^2(4, N=3759)$ = 44.929, p =.000).
[3] Pearson $\chi^2(4, N=4000)$ = 330.824, p = .000).

quarters of students who are State Scholars complete the FAFSA in time to qualify for a MAP grant, compared to 56.5% of students who are not State Scholars.

To further investigate these relationships, we ran a multinomial logit model predicting the relationships between EFC, generational status, and being a State Scholar and the dependent variable: *FAFSA Completion Date*. The model results and model fit statistics are presented in Table 3. We find strong support for the first hypothesis, comparatively "wealthier" MAP-eligible, low-income students are more likely to complete the FAFSA early, and thus qualify for MAP funding. Specifically, Table 3 indicates that students with an EFC of zero are significantly less likely than those with an EFC of $2,000 or more, to complete the FAFSA by the priority deadline and the MAP cut-off date. In order to receive a MAP grant, students must file their FAFSA before the MAP cut-off date. While this date changes from year to year depending on funding and the number of applications, the earlier a student files the FAFSA the more likely they are to receive a MAP grant. These results point to an important distinction among low-income students in Illinois. Although all students in the sample are MAP-qualified, this study indicates low-income students with a higher EFC are more likely to complete the FAFSA in a timely manner and qualifying to receive MAP awards.

Table 3. Multinomial Logit Model, Predicting FAFSA Completion Date

	β	Standard Error	Exp (β)	Interval for Exp (β) Lower Bound	Upper Bound
Priority deadline (March 15) relative to after August 2					
Intercept	.817	.151		.983	
Age	-.006	.006	.994	.647	1.006
EFC=0	-.244	.098	.784 **	.828	.950
EFC=1<$2000	.049	.121	1.050	.726	1.331
First-Generation	-.160	.082	.852 +	.474	1.001
Not a State Scholar	-.543	.104	.581 ***	.993	.713
Female	.155	.082	1.167 +	.983	1.372
Non-Citizen	.149	.161	1.161	.846	1.593
MAP cut-off deadline (August 2) relative to after August 2					
Intercept	.451	.185			
Age	.018	.008	1.018 *	1.002	1.034
EFC=0	-.590	.115	.555 ***	.443	.695
EFC=1<2000	-.109	.138	.897	.684	1.177
First-Generation	-.345	.099	.708 ***	.583	.860
Not a State Scholar	-1.714	.135	.180 ***	.138	.235
Female	.199	.100	1.220 *	1.002	1.485
Non-Citizen	.255	.188	1.290	.893	1.864

Number of observations = 3657.28
Cox and Snell Pseudo R2 = .097
Nagelkerke Pseudo R2 = .110

McFadden Pseudo R2 = .048
-2 Log Likelihood = 2385
LR chi2(14) = 374
Prob > chi2 = .000

Notes:
Dependent Variable Comparison Group: FAFSA submission after August 2
EFC Reference Category: EFC more than $2,000
***p<.001; **p<.01; *p<.05; +p<.10

The model also indicates strong support for the second hypothesis, which predicts that first-generation college students file their FAFSA applications later than students who have a parent who attended college. Specifically, being a first-generation college student, as compared to having a parent who attended college, decreases the likelihood of completing the FAFSA by the priority deadline (March 15) by a factor of .852, meaning if two students are completing the FAFSA, the one who is a first-generation

college student is less likely to complete it by the priority deadline. Additionally, being a first-generation college student decreases the likelihood of completing the FAFSA by the MAP cut-off deadline by a factor of .708, holding all else constant. Students with a parent who attended college likely have the benefit of a family member who has experienced the process of applying to college and for financial aid. This constitutes a powerful form of social support for students. We suspect that low-income students with a parent who went to college have access to knowledge about college going and FAFSA completion which is not readily available to their first-generation counterparts.

Finally, we confirm the third hypothesis; students with a strong academic performance, as indicated by being a State Scholar, are significantly more likely to complete the FAFSA early and qualify for a MAP grant compared to those who are not State Scholars. State Scholars are students who rank in the top ten percent of all Illinois high school graduates. State Scholars are selected based on a Weighted Selection Score that uses a combination of class rank and ACT, PSAE, or SAT to rank Illinois students (State Scholar Program 2008). Additionally, if a student scores at or above the 95th percentile on the ACT or SAT the student will be awarded the State Scholar award (this captures students who a high standardized test score, but a lower class rank).

In addition to confirming our hypotheses, we found significant relationships between a few of the control variables and FAFSA completion. First, there is no significant relationship between age and completing FAFSA by the priority deadline (March), but there is a positive, significant relationship between age and completing the FAFSA by the MAP cut-off deadline (August). The models also indicate that female students are significantly more likely to complete the FAFSA early as compared to male students. For females relative to males, the likelihood of completing the FAFSA by the priority deadline as compared to after August 2 are expected to increase by a factor of 1.167, given the other variables in the model are held constant; the likelihood of completing the FAFSA by the MAP cut-off deadline are expected to increase by a factor of 1.220. There is no significant relationship between citizenship and timely FAFSA completion.

In sum, we find strong support for the three hypotheses. First, EFC is a strong predictor of completing the FAFSA in a timely manner. Among low-income students who complete the FAFSA, those who have an EFC of zero are significantly less likely to file the FAFSA by the March 15 priority deadline or the August 2 MAP cut-off deadline. Second, we find that having a parent who attended college is positively related to completing the FAFSA early or on time to qualify for MAP funding. Third, students who have demonstrated high academic achievement through recognition by the State Scholars program are significantly more likely to file the FAFSA by both March 15 and the MAP cut-off date.

Limitations

It is important to note the data limitations. First, this is a case study investigating the relationships between economic, social, and academic factors and timely completion of the FAFSA. The findings are limited to a

stratified random sample of MAP qualified (e.g., low-income, Illinois residents), first-year students (e.g., freshmen) who completed the 2003-04 FAFSA form. The results of this analysis cannot be generalized to students who completed the FAFSA in other years. Moreover, we do not account for low-income students who never completed the FAFSA, thus the effect of income and generational status may be underestimated in this data set.

Also, the study focuses on MAP-qualified students, excluding students with higher EFCs. Finally, the sample is limited to Illinois students; findings cannot be generalized to need-based aid programs in other states. It is possible that students in other states exhibit different FAFSA filing patterns, particularly if FAFSA completion outreach varies by state. That said, although these findings apply to a sample of Illinois residents that qualified for MAP based on 2003-04 FAFSA applications, they contribute to the discussion of how timeliness FAFSA submission could determine access to aid for low-income, first-generation college students.

Policy Implications and Conclusions

There are numerous efforts across the U.S. to increase college access for low-income students. Programs seek to promote college-going among low-income students by providing assistance with completing complicated forms (FAFSA and college applications) and alleviating the financial burden of going to college with scholarships, grants, and loans. Research shows that all forms of financial aid are positively related to college enrollment and college success (Adelman, 1999; St. John et al. 2004). As discussed earlier, need-based financial aid aims to provide a more level playing field for low-income students. Unfortunately, the leveling of that playing field does not address the issue of FAFSA completion.

Need-based financial aid programs offer limited funding that is allocated on a first-come, first-serve basis. However, distributing need-based aid requires the completion of the FAFSA. Thus, while states and universities are offering need-based aid to level the playing field for low-income students, they have little to no ability to ensure that low-income students who qualify for need-based aid have equal access to that aid. Our analysis shows that, in the case of the Illinois Monetary Award Program, among low-income students, those with a relatively higher income, those with a parent who attended college, and those who are more academically prepared (State Scholars) are more likely to complete the FAFSA in a timely manner and be awarded a MAP grant. In other words, low-income students with the most financial need and those that are first-generation college students are less likely to complete the FAFSA on time and subsequently less likely to access important financial aid. This research finds that there are strong, significant differences in the timely completion of FAFSA among MAP-qualified, low-income students. Even among those students who completed the FAFSA on time, there are significant factors that ensure *earlier* FAFSA completion.

This research suggests that if states, like Illinois, are interested in distributing need based aid to low-income students, they need to provide more assistance for students and families completing the FAFSA application. The eligible students with the most financial need should be targeted for

FAFSA assistance early to receive all possible financial aid. Additionally, financial aid administrators must understand that earlier FAFSA completion deadlines for financial aid disproportionately effects those students who are most in need of assistance. If these students are to receive aid in proportion to those students with lower levels of financial need, states and universities might consider earmarking some financial assistance for students with the very lowest EFC.

Nexus: Connecting Research to Practice

- State need-based financial aid programs are critically important for increasing college access among low-income students, but evidence from the MAP program, Illinois' need-based grant program, indicates that disparities exist among low-income students who quality for this aid – primarily because of FAFSA completion's timing.
- Among MAP-eligible students, those with slightly higher Expected Family Contributions are more likely to complete the FAFSA early to qualify for and receive the aid.
- Among MAP-eligible students, those with a parent who went to college are more likely to complete the FAFSA early to qualify for and receive the aid.
- Among MAP-eligible students, those with higher academic performance in high school are more likely to complete the FAFSA early to qualify for and receive the aid.

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Endnotes

[1] Perhaps more detrimental to increasing access, low-income students who would be eligible for considerable financial aid may believe that cannot afford college because, without the FAFSA being completed, most college and university award letters would assume students would be paying the list tuition price.

[2] Financial aid application deadlines were determined using information provided to The College Board by colleges and universities, and available on The College Board's college search website: https://bigfuture.collegeboard.org/find-colleges

[3] Despite its name, the EFC is not an accurate estimate of what a family will actually need to pay for a student to attend college. Congress designed the EFC as a way to ration expenditures on student aid, rather than as a way to accurately determine a *reasonable* EFC (Choy 2000). The perverse effect of the EFC is that for the poorest students (EFC of less than $1,000), the amount of borrowing and work required to attend an average public four- year institution was over $8,000 dollars in the mid to late 1990s (ACSFA, 2002).

[4] To determine if they would have been recent graduates of high school only students who were 17, 18, 19 or 20 years old when they filed the FAFSA were checked against the State Scholars database. The number of students checked totaled 1,618 students.