

## Introduction

According to Georgetown University's Center on Education and Workforce analysis of occupation data and workforce trends, 51 percent of Louisiana's jobs will require postsecondary education by 2018.<sup>1</sup> This means that over the next four years, Louisiana will need to fill more than 634,000 vacancies when job creation, worker retirement and other factors are taken into account. Louisiana students will be called upon to fill many of these vacancies. Fortunately, many forms of financial aid are available to our students as they pursue postsecondary education and training.

This report will provide an overview of Louisiana's completion rate for the Free Application for Federal Student Aid (FAFSA), the amount and types of financial aid Louisiana students are failing to leverage to continue their postsecondary academic pursuits and/or technical training by not completing a FAFSA, and the average composite ACT scores by district relative to FAFSA completion rates. This report will show that Louisiana's FAFSA completion rate is 44 percent, which is below the national average of 55 percent. By not completing the FAFSA, Louisiana students forego roughly \$54 million each year in federal grants, state opportunities, and other funding for postsecondary education. Finally, this report will illustrate a worrisome trend that while 84 percent of Louisiana districts achieve an average composite ACT score that exceeds the Taylor Opportunity Program for Students (TOPS) Tech Award minimum ACT requirement of 17, those same students have FAFSA completion rates of less than 50 percent. Ultimately, the research will suggest that by increasing its FAFSA completion rate, Louisiana can take a positive step towards developing a more competitive and diverse workforce by reducing the financial and opportunity costs of pursuing postsecondary education and technical training.

## FAFSA: Overview

The Free Application for Federal Student Aid (FAFSA) is the application for all forms of federal financial aid, including Pell grants, work study programs, and federal student loans, for attending a postsecondary educational institution. Postsecondary education includes all forms of education beyond high school, so all twelfth graders with their sights on four-year universities, a Community/Technical college, or a cosmetology school should complete the FAFSA so their school can determine what types and how much financial aid they are eligible to receive. Louisiana students who do not qualify for Federal grant aid must complete the FAFSA, or the online alternative to the FAFSA, in order to be considered for the Taylor Opportunity Program for Students (TOPS) scholarship, a merit-based scholarship program for post-secondary education in which qualifying students receive financial assistance for undergraduate tuition to Louisiana's two- and four-year colleges and universities.<sup>2</sup> There are four levels of TOPS, including the TOPS Tech Award, which is available to students pursuing skill, occupational or technical training at eligible community and technical colleges, universities, and/or private training providers that offer a technical education certificate or diploma program or a non-academic undergraduate degree. A variety of Exit-level designations exist for these programs, such as:

- TCA = Technical Competency Area Certificate: An applied course, or series of courses (1-12 hours) which provides a student with a specific technical competency area.
- CTS = Certificate of Technical Studies: An applied technical program (21-33 hours) usually formed by combining multiple TCAs.

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<sup>1</sup> Georgetown University Center on Education and the Workforce. 2010. *Help Wanted: Projections of Jobs and Education Requirements through 2018*. <http://cew.georgetown.edu/jobs2018>.

<sup>2</sup> Louisiana students who are not eligible for federal financial aid may use an alternate online application for TOPS.

- TD = Technical Diploma: An applied technical degree program (45-60 hours) formed by combining multiple CTSs and/or TCAs.
- AAS = Associate of Applied Science Degree: An applied/academic degree program (60-72 hours), primarily designed to prepare students for immediate employment or career entry.
- AS=Associate of Science Degree: An academic degree program (60-72 hours) with a significant general education core (27 hours), designed primarily to serve as preparatory for transfer to a related baccalaureate program.

Most students are eligible to receive some form of financial aid. In fact, Tulane University’s Cowen Institute estimates that during the SY2011-2012, over 90 percent of the most economically disadvantaged students – i.e., those students from families with annual incomes of less than \$40,000 – that also filed a completed FAFSA received some form of financial aid.<sup>3</sup> Despite the economic benefits of completing a FAFSA, research suggests that the FAFSA completion rate for all Louisiana seniors is only about 50 percent and that number drops to about 44 percent for public school seniors. This figure is further reduced when high school dropouts are taken into account, as these students often do not complete a FAFSA prior to exiting the school system. Unfortunately, the financial impact of Louisiana’s FAFSA completion rate is sizeable, as its students are leaving tens of millions in financial aid funds on the table by not completing the FAFSA, and thus not applying for financial aid.

**FAFSA: Process**

*Types of State and Federal Financial Aid*

Students pursuing post-secondary education are required to complete and file a FAFSA in order to be considered for federal, state-sponsored, and/or college-sponsored financial aid.<sup>4</sup> Table 1 highlights the most common forms of federal and state financial aid available to Louisiana seniors.

Financial Aid Sources	Type of Financial Aid Requiring FAFSA	Description
Federal	Pell Grant	Grant of up to \$5,730 for students with low Expected Family Contributions (EFC). <sup>5</sup>
	Subsidized Stafford Loan	Federally-funded student loans for higher education that are awarded based on financial need. Students are not charged interest (which is currently fixed at 4.66 percent) before beginning repayment or during periods of deferment, as the federal government pays the interest during these times.
	Federal Perkins Loan	Similar to the Subsidized Stafford Loan, but offered only by schools that are participating in the Federal Perkins Loan Program. Interest rate is fixed at five (5) percent.

<sup>3</sup> Tulane University Cowen Institute For Public Education Initiatives. 2014. *Road Map to Success: FAFSA Completion in New Orleans, LA and the Nation*.

<sup>4</sup> Federal Student Aid, an Office of the United States Department of Education (<http://www.fafsa.ed.gov>).

<sup>5</sup> The EFC is a formula that approximates the amount of financial support the student’s family could be reasonably expected to contribute towards the student’s post-secondary education. Factors considered in determining the EFC include household size, income, number of students from household in college, and assets.

	Federal Work-Study Program	Program that provides students with a part-time job, up to a certain amount per academic year. The student's wages are usually paid equally by the federal government and the student's institution.
State	Taylor Opportunity Program for Students (TOPS) <sup>6</sup>	TOPS is a program of state scholarships for Louisiana residents who attend one of the Louisiana Public Colleges and Universities, schools that are a part of the Louisiana Community and Technical College System (LCTCS), Louisiana-approved Proprietary Schools, which include cosmetology, or institutions that are part of the Louisiana Association of Independent Colleges and Universities (LAICU). If a student pursues skill or occupational training at a college within the LAICU or one within the Louisiana Public Colleges and Universities that offer baccalaureate degrees, the award amount will be the average award paid to students attending public institutions that do not offer a baccalaureate degree. <sup>7</sup>
	Louisiana Go Grant Program	Provides a need-based component to the state's financial aid plan to support non-traditional and low- to moderate-income students who need additional aid to afford the cost of attending college. The minimum and maximum annual award amounts for the 2014-2015 Academic Year were \$300 and \$3,000, respectively.

Table 1: Federal and State financial aid sources requiring FAFSA completion and filing

### Filing Requirements and Deadlines

The FAFSA contains questions regarding assets, income, and dependency of the prospective student and his/her family, which is used to determine the amount of the prospective student's EFC. Most students who file a completed FAFSA will qualify for some type of federal financial aid.

Prospective students may file their FAFSA online on the FAFSA website,<sup>8</sup> via paper copy, via phone, via third-party, or by appointment with a financial aid administrator at the student's chosen higher education institution. Students are encouraged to file online using the FAFSA website. Students should never have to pay to file a FAFSA, hence the name Free Application for Federal Student Aid. Regardless of filing method, students are encouraged to file their FAFSA as soon as possible. The earliest time at which a student may file his FAFSA is on the January 1<sup>st</sup> preceding the academic year the student is requesting federal financial aid.<sup>9</sup> Further, there is an eighteen (18) month window for students to file their FAFSA for each academic year. This window opens six (6) months before the academic year on January 1<sup>st</sup>, and closes when the academic year ends on June 30<sup>th</sup>.<sup>10 11</sup> Prospective students may need to reference the following documents and/or information in order to complete and file his/her FAFSA:

- Parent's Federal Income Tax Return for the previous year, if the student is a dependent of the parent

<sup>6</sup> Louisiana Office of Student Financial Aid, Taylor Opportunity Program for Students (TOPS) Index Page (<http://www.osfa.la.gov/schgrt6.htm>).

<sup>7</sup> There are currently no LAICU schools that have technical programs.

<sup>8</sup> Federal Student Aid, an Office of the United States Department of Education (<https://fafsa.ed.gov/>).

<sup>9</sup> An academic year is the 12 months from July 1<sup>st</sup> to June 30<sup>th</sup>.

<sup>10</sup> Therefore, a FAFSA may be filed for the 2014-2015 academic year any time between January 1, 2014 and June 30, 2015.

<sup>11</sup> The deadline for Louisiana students to apply for state-sponsored aid, such as TOPS or TOPS Tech, for the 2014-2015 academic year is June 30, 2015, which is the latest explicitly-stated state aid filing deadline in the country. However, students are encouraged to file the FAFSA before July 1 of the year they graduate from high school.

- Social Security Number
- State-issued driver's license
- W-2 forms for the previous year or other records of money earned (if applicable)
- Student Federal Income Tax Return(s) for the previous year (if applicable)
- Spouse's Federal Income Tax Return(s) for the previous year (if applicable)
- Untaxed income records for the previous year (if applicable)
- Current bank statements and investment records (if applicable)

### Louisiana: FAFSA Completion Statistics At-A-Glance

During SY2012-2013, the United States Department of Education (USDOE) began releasing high school-level FAFSA completion data, which includes the number of students that have completed FAFSA applications for each school in the country.<sup>12</sup> Over that time period, most states had FAFSA completion rates ranging from 40 – 60 percent for an overall national average completion rate of only roughly 55 percent, despite students having an 18-month window to complete and file the FAFSA.<sup>13</sup> Louisiana's SY2012-2013 FAFSA completion rate was 50 percent.<sup>14</sup> When non-public schools were removed from the calculation, Louisiana's FAFSA completion rate fell to about 44 percent.

Many factors may be contributing to Louisiana's completion rates. For instance, many students and parents may assume their household income, and thus their EFC, is too high to qualify for financial aid. However, a student's financial aid eligibility is determined by a mathematical formula, of which parental income is but one factor. Other factors, such as the size of the student's family and age of his/her older parent, are taken into consideration when the EFC is calculated. Furthermore, Louisiana ranked 44<sup>th</sup> in the nation for median household income in 2013 and 49<sup>th</sup> in the nation for percentage of residents living below the poverty line in 2012; this suggests that a larger percentage of Louisiana students would likely be eligible for financial aid than students in more affluent states like Maryland, New Jersey, or Connecticut.<sup>15</sup> <sup>16</sup> Many students may also be deterred from completing a FAFSA because they do not have exemplary grades and/or do not plan to pursue postsecondary education at a four-year institution. However, most federal student aid programs do not base eligibility determinations on a student's academic record to the extent the student maintains a satisfactory grade point average in his/her major or program of study. Also, financial aid is not reserved solely for students pursuing a degree from a four-year institution. Finally, many students and parents have indicated that the FAFSA application form, which consists of approximately 130 questions, is cumbersome and time consuming, which may also be contributing to low FAFSA completion rates.

Louisiana's completion rate is especially troubling when one considers the impact such a rate has on the economic flexibility of Louisiana's young people. According to statistics obtained from the National Center for Education Statistics (NCES), the average grant and work study award received by a FAFSA applicant – which are monies that do not have to be repaid by the student – is \$12,340. Therefore, if Louisiana's FAFSA completion rate for public school students had been equal to that of the national average (55 percent) in SY2012-2013, Louisiana would have had an additional 4,361 students receiving federal financial aid. This would have corresponded to an additional \$53.9MM in

<sup>12</sup> In calculating FAFSA completion rates, the USDOE included the FAFSA completion statistics of both the state's public and non-public schools.

<sup>13</sup> Phillips, Owen. "States Vary on FAFSA Completion Rates." New American EdCentral. March 7, 2014.

<sup>14</sup> Federal Student Aid, an Office of the United States Department of Education (<https://studentaid.ed.gov/about/data-center/student/application-volume/afsa-completion-high-school>).

<sup>15</sup> Noss, Amanda. "Household Income: 2013 - American Community Survey Briefs." United States Census Bureau, September 2014.

(<http://www.census.gov/content/dam/Census/library/publications/2014/acs/acsbr13-02.pdf>).

<sup>16</sup> The percentage of Americans living below the poverty line was 15.9 percent in 2012; Louisiana had 19.9 percent of its residents living below the poverty line.

Bishaw, Alemayehu. "Poverty: 2000 to 2012 - American Community Survey Briefs." United States Census Bureau, September 2013.

(<http://www.census.gov/prod/2013pubs/acsbr12-01.pdf>).

grant and work study aid, which, again, do not have to be paid back by the student, as well as other forms of financial aid (i.e., scholarships such as TOPS and TOPS Tech, Federal Perkins loans, Federal Direct Subsidized Stafford loans, Parent PLUS loans, etc.). Table 2 illustrates the marginal increase in total grant and work study awards that could be realized if the state’s FAFSA completion percentage rate were to rise;<sup>17</sup> or, put differently, the table illustrates the amount of free federal aid that Louisiana students are not accessing by virtue of having a below average FAFSA completion rate.

Percentage of Students Completing FAFSA (public only)	Total Students Completing FAFSA (Actual) <sup>18</sup>	Average Grant and Work Study Award <sup>19</sup>	Total Grant and Work Study Awards Received <sup>20</sup>	Marginal Increase Relative to LA’s Current Completion Rate (in \$)
<b>44%</b>	<b>17,823</b>	<b>\$12,340</b>	<b>\$219.9MM</b>	-
<b>55%</b>	<b>22,184</b>	<b>\$12,340</b>	<b>\$273.8MM</b>	<b>\$53.9MM</b>
60%	24,200	\$12,340	\$298.6MM	\$78.7MM
70%	28,234	\$12,340	\$348.4MM	\$128.5MM
80%	32,267	\$12,340	\$398.1MM	\$178.2MM
90%	36,300	\$12,340	\$447.9MM	\$228.0MM
100%	40,334	\$12,340	\$497.7MM	\$277.8MM

Table 2: Marginal increase in federal funding at varying FAFSA completion rates

Though Louisiana has a FAFSA completion rate of less than 45 percent for students attending public schools, many districts and individual schools in the state are experiencing great success as it relates to FAFSA completion rates. Charts 1 and 2 highlight the districts and schools with the highest FAFSA completion rates in Louisiana.

<sup>17</sup> Assumes the total number of Louisiana 12<sup>th</sup> graders in public schools remains relatively constant year over year.

<sup>18</sup> Federal Student Aid, an Office of the United States Department of Education (<https://studentaid.ed.gov/about/data-center/student/application-volume/fafsa-completion-high-school>; retrieved June 2, 2014).

<sup>19</sup> NCES: Digest of Education Statistics, Table 389 – Average amount of financial aid awarded to full-time, full-year undergraduates, by type and source of aid and selected student characteristics (2012).

<sup>20</sup> The figures in this column are derived by multiplying the total number of students completing FAFSA by the average grant and work study award received by FAFSA applicants.

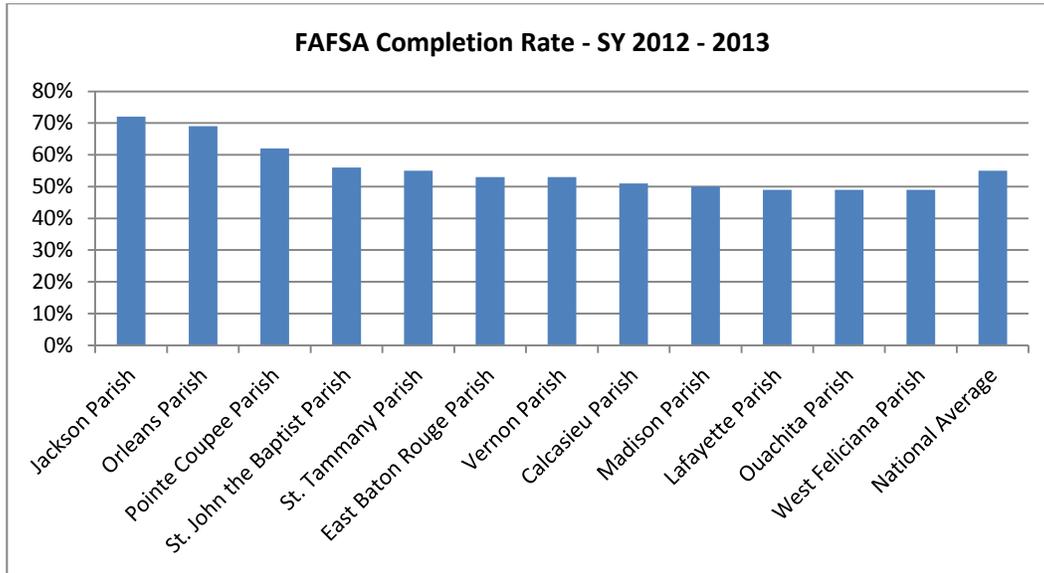


Chart 1: Districts with the highest FAFSA completion rates for SY2012 – 2013

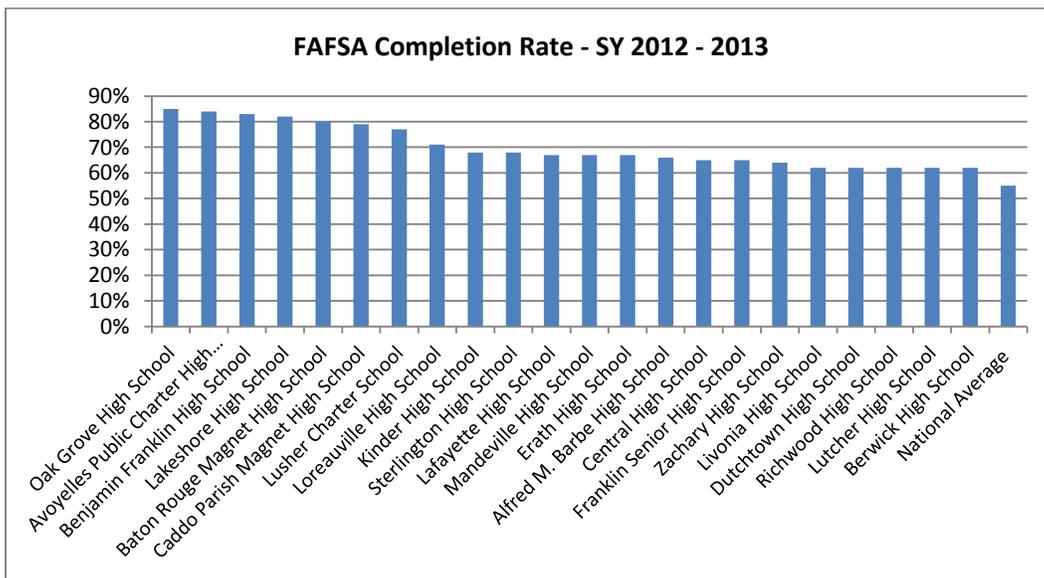


Chart 2: Schools with the highest FAFSA completion rates for SY2012 – 2013<sup>21</sup>

Despite the relative success these districts and individual schools have experienced in encouraging its students to complete the FAFSA, the reality is that thousands of Louisiana students, by not completing a FAFSA, are eliminating themselves from consideration for potentially tens of millions of state and federal financial aid available for postsecondary education and training. This is highlighted by the fact that of the six (6) districts having average ACT composite scores exceeding the TOPS Opportunity ACT requirement of 20, only three (3) of those districts – St. Tammany Parish School System, Central Community School System, and Zachary Community School District – had at least 50% of their students completing the FAFSA (Table 3).<sup>22</sup>

<sup>21</sup> The FAFSA completion rate was calculated by dividing the total number of completed FAFSA applications at each respective public school (as of June 30<sup>th</sup> of the student's high school graduation year) by the total number of graduates at the school.

<sup>22</sup> Additionally, fifty-nine (59) districts have average ACT composite scores which exceed the TOPS Tech ACT requirement of 17.

District	Average Composite ACT Score	FAFSA Completion Rate
St. Tammany Parish	21.1	55%
Central Community School District	20.3	65%
Zachary Community School District	20.2	64%

*Table 3: FAFSA completion rates of districts with average composite ACT scores of at least 20*

There are concerted efforts amongst Louisiana’s state agencies – Board of Elementary and Secondary Education (BESE), Board of Regents (BoR), Louisiana Community and Technical College System (LCTCS), Louisiana Office of Student Financial Assistance (LOSFA), Louisiana Workforce Commission (LWC), and Louisiana Economic Development (LED) – aimed at increasing accessibility to postsecondary education. However, if the state is to ever fill the over 600,000 job vacancies requiring some postsecondary education by 2018, then it is imperative that the state, districts, and schools make access to postsecondary education and training less financially onerous for Louisiana students by prioritizing the FAFSA completion process and/or making it mandatory.