CUNY students receive Pell grants at around twice the national rate.¹ Given their greater financial need, it is especially important for prospective and current students to complete the Free Application for Federal Student Aid (FAFSA).

First-year FAFSA application rates are high at CUNY, the rejection rate is low, and the reasons for rejection easily addressed. However, the rate at which students who receive aid in their first year reapply for it in their second year is much lower than initial application rates, and the majority of students who do not reapply drop out before their second year of college. Although the direction of causation is unclear – students who plan to drop out may not reapply for aid, but a failure to reapply may lead to dropping out -- the implications for policy are clear: For students who received aid in year one, failure to reapply for year two is an early warning signal that a student may drop out of college.

College affordability is essential for student success

The cost of attendance net of financial aid exerts a strong influence not only on the initial decision to enter college but also on the student’s ability to remain in college until graduation.² This is especially true of CUNY students, given their low average household incomes and the time they spend working at jobs for pay. Twenty-nine percent of CUNY students come from households that earn less than $15,000; 73 percent come from households with an annual income under $50,000.³ Twenty-four percent of students at CUNY work 20 hours a week or more to support themselves and their families while they are in school.⁴ FAFSA submission is no guarantee that students will receive aid, but without it, a student is ineligible for the largest federal and state aid programs, like Pell grants. After a student submits a FAFSA, the application is reviewed by a federal processor at the U.S. Department of Education to determine the “expected family contribution” (EFC) for the applicant. If information is incomplete or inconsistent on the FAFSA application or, in the case of a dependent student, if the application is missing a parent’s signature, it is rejected.

¹ Twenty-five percent of students in public 4-year institutions nationwide receive Pell grants compared to 44% at CUNY’s senior colleges in 2007-08, the most recent year for which national data are available. Twenty-one percent of students in 2-year institutions nationwide receive Pell grants compared to 52 percent at CUNY’s community colleges. Source: National Center for Education Statistics, Table 1.1 in "Trends in the Receipt of Pell Grants: Selected Years, 1995-96 to 2007-08". Retrieved from http://nces.ed.gov/pubs2011/2011155.pdf.
Nearly 90% of CUNY freshmen complete a FAFSA at entry

It appears that most CUNY freshmen who might qualify for financial aid do in fact apply for it. In academic years 2007-08 and 2008-09 (N=67,355) 86.2 percent of associate students and 88.0 percent of baccalaureate students completed a FAFSA. Rejection rates are low. Less than 3 percent of CUNY freshman applications were rejected. This compares to an estimated one-fifth of FAFSA applications rejected nationwide. However, the majority of these rejections might easily be prevented. For example the most common reason for rejection is a missing parental signature (see Figure 1). Problems related to social security numbers are the second most common reason (17%). The remaining rejections are due to missing or unexpected income values, missing student signatures and errors related to reported marital status or family size.

Rejection of the initial FAFSA application is associated with lower rates of financial aid receipt, even though students have the option of reapplying or correcting the mistakes in their initial FAFSA application. Ninety-three percent of baccalaureate students and 90 percent of associate students whose initial FAFSA applications were accepted received aid, while only 65 percent of baccalaureate students and 12 percent of associate students who were initially rejected re-applied and received aid.

Year two FAFSA reapplication rates are much lower than initial rates

Although incoming CUNY freshmen have high rates of FAFSA completion, only 61 percent of associate students and 77 percent of baccalaureate students who reapplied received aid. Year two FAFSA reaplication rates are much lower than initial rates.

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4 Ibid.

percent of baccalaureate students who received aid in their first year reapplied in their second year of attendance (see Figure 2). And only about one-half of baccalaureate students and less than one-third of associate students who did not reapply for aid returned for a second year of college (see Figure 3). Students who did not submit FAFSA applications for the second year of college are much more likely to drop out. Associate degree-seeking students who fail to resubmit for financial aid are 65.2 percent less likely to persist into the next academic year, even when student characteristics commonly associated with retention, such as race/ethnicity, family income, educational background, and academic progress are taken into account. Baccalaureate students who did not submit a second-year FAFSA application are 45.4 percent less likely to return, after controlling for these same student characteristics.

Students whose first-year applications were rejected were much less likely to apply for financial aid for the second year of college: 36 percent of rejected baccalaureate students compared to 75 percent who were not rejected (22% and 57%, respectively, for associate students).

**Conclusion**

High rates of initial FAFSA completion suggest that CUNY students are being given effective support by their high schools and the CUNY admission office. Although the FAFSA rejection rate is low, rejection is an obstacle from which
students do not seem to recover easily.

Second-year application rates of students who received aid in their first year are much lower than initial application rates. Failure to reapply for financial aid has implications for student persistence. The majority of attention has been placed on getting students to complete their FAFSA upon entry to college; those efforts have clearly paid off, but perhaps at the expense of efforts to convince students to re-apply for aid in their second year. The failure of students who received aid in their first year to complete FAFSA in their second year is an early warning signal that the student is at risk for dropping out. This information should be used as a signal for special attention from counselors, and incorporated into Hobson’s Retain or other student communication systems intended to catch students before they drop out.

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