

## NAICU Post-Enrollment FAFSA Survey Findings

*Survey of 251 private, nonprofit colleges and universities conducted Sept. 18-Oct. 4*

### Impact of the Delayed FAFSA Release

- **3/4 of institutions (74%) responded that issues related to FAFSA availability and processing changed the composition of their incoming class.**
  - About half (49%) noted that their incoming class was more difficult to fill.
  - 44% reported a smaller incoming class.
  - 1 in 5 (22%) logged fewer financial aid recipients in their incoming class.
  - 1 in 10 (11%) mentioned a less racially/ethnically diverse incoming class.
- **58% of institutions responded that issues related to FAFSA availability and processing affected the amount of institutional aid they distributed.**
  - 1/3 of institutions (37%) reported an increase in the amount of institutional aid distributed; 1 in 6 (16%) reported a decrease.
- **4 out of 5 institutions (82%) responded that issues related to FAFSA availability and processing affected other institutional processes.**
- **87% of institutions said they continue to see unresolved problems related to the new FAFSA.**
- Issues related to FAFSA availability and processing affected a large portion of incoming classes, many of which were harder to fill and smaller in size. School feedback from open-ended survey responses noted fewer FAFSA filings and more delayed decisions, particularly among high-need and first-generation students. Some institutions pointed out that private, nonprofit colleges emphasize net price early in admissions, so less time and more pressure to make decisions – even when schools estimated aid packages – led to lower incoming enrollment. Several respondents mentioned students deferring or skipping the semester. Almost all schools noted a ripple effect on financial aid, housing, registration, billing, and/or administration (planning).
- Most survey results in the fall were consistent with those from the summer, with a similar share of schools reporting impacts on their incoming classes and adjustments to institutional aid. Of schools noting an aid adjustment this fall, twice as many schools reported an increase versus a decrease, citing the use of their own funds to offset reductions in federal aid.
- There was a decrease in the percentage of colleges reporting fewer financial aid recipients (from 27% to 22%) and less racial/ethnic diversity (from 18% to 11%). As noted by school comments, these changes may be attributable to more administrative and financial support provided over the summer, particularly to high-need groups.

## Changes to the Need Analysis Formulas

- 4 out of 5 institutions (80%) reported that changes to the need analysis formulas affected aid eligibility on their campus. Specifically:
  - Two-thirds (67%) cited the number of family members in college.
  - 3 in 5 (60%) mentioned the expansion of Pell Grant income levels.
  - About 1/3 (30%) noted the small business exclusion.
  - About 1/4 (24%) referenced the family farm inclusion.
- Changes to need analysis formulas markedly affected aid eligibility for most institutions. Feedback from institutions suggested the removal of the “number in college” factor reduced eligibility for federal, state, and need-based aid for many families: *“The removal of family members in college resulted in some continuing students losing eligibility for need-based aid programs, negatively impacting affordability”*, and *“The number of family members in college had the most negative impact of the new changes.”*
- Additionally, the notable share of institutions affected by changes regarding small businesses and family farms – which speaks to the diversity of the private, nonprofit sector – was a significant blow to rural areas: *“...being from a rural area the inclusion of the family farm and small business made an impact on eligibility”* and *“...being a rural college the family farm was somewhat hard to some of our parents to wrap their fingers around.”*
- Respondents also noted, however, that the expansion of Pell Grant income thresholds led to a significant increase in recipients, with some institutions seeing an increase of over 50% in students qualifying. Some schools expressed concerns that Pell Grant eligibility allowed higher-income families to qualify. Overall, the new formulas appear to have shifted aid distribution, benefiting some while reducing support for others.

## Pell Grant Recipients in the Incoming Class

- 4 in 5 (81%) institutions responded that the percentage of Pell Grant recipients in their incoming class changed from last year.
  - Roughly two-thirds of institutions (64%) reported an increase in Pell Grant recipients in their incoming class, whereas 1 in 7 (14%) reported a decrease.
- A large share of institutions observed a change in the percentage of Pell Grant recipients in this year’s fall class compared to the previous year, mainly attributing the shift to delays in FAFSA processing and changes in need analysis formulas. Varied responses from schools suggest that while some institutions saw an increase in students qualifying for Pell Grants, even those with higher Student Aid Indexes (SAIs), the FAFSA delay resulted in fewer applications and general uncertainty about financial aid for others.

- The increase in results from summer to fall likely reflects initial underestimations, with institutions recognizing the impact after admissions and aid processing was further along: *“Pell eligibility hit later in awarding...”* and *“Some chose late after receiving late offers.”*

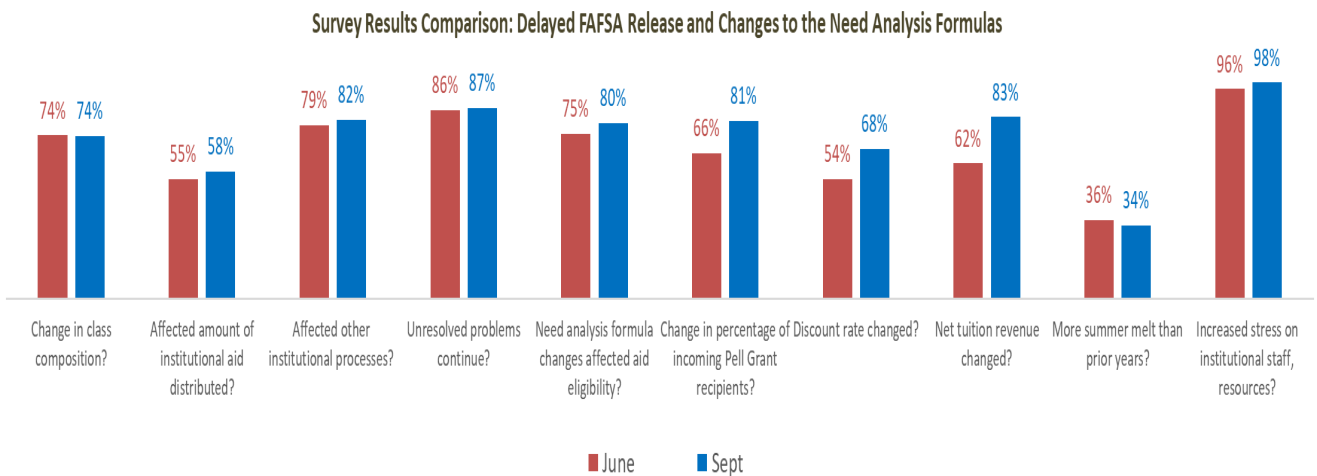
## About Institutions

- Two-thirds of institutions (68%) reported a change in their discount rate. Of those, 71% reported an increase and 29% reported a decrease.
  - Roughly half of all respondents (48%) reported an increase in their discount rate, whereas 1 in 5 (20%) reported a decrease.
- 83% of institutions reported a change in their net tuition revenue. Of those, 58% reported an increase and 42% reported a decrease.
  - Just under half of all respondents (45%) reported an increase in their net tuition revenue, whereas 1 in 3 (32%) reported a decrease.
- 1 in 3 institutions (34%) noted more summer melt – or, students who indicated they would enroll but subsequently changed their plans – than in prior years.
- 98% of institutions reported increased levels of stress on institutional staff and/or resources.
- Most institutions reported changes in their discount rates and net tuition revenue. Feedback suggests that uncertainty around federal aid led many colleges to adjust their financial aid strategies, such as providing more upfront institutional aid. For example, some colleges noted changes in financial assessments created larger need gaps, which institutions addressed with grants from their own resources, resulting in higher discount rates. Others offered more aid to attract and retain students, but often overestimated their needs due to a lack of FAFSA data. Plus, some students who lost Pell Grant eligibility required additional institutional support.
- Feedback also suggested that the FAFSA delay led to decreased enrollment, especially among students with greater financial needs, contributing to a drop in net tuition revenue for some schools. However, other institutions saw increased grant eligibility and a reduced number of high-need students, which either balanced costs or increased revenue.
- Almost universally, respondents noted that the FAFSA delay compressed months of work into a short timeframe, causing overtime, burnout, and increased risks of errors among financial aid professionals. The surge in student inquiries, manual tasks, and new regulations created a stressful environment, reducing morale, and prompting some professionals to leave, or consider leaving, the field.

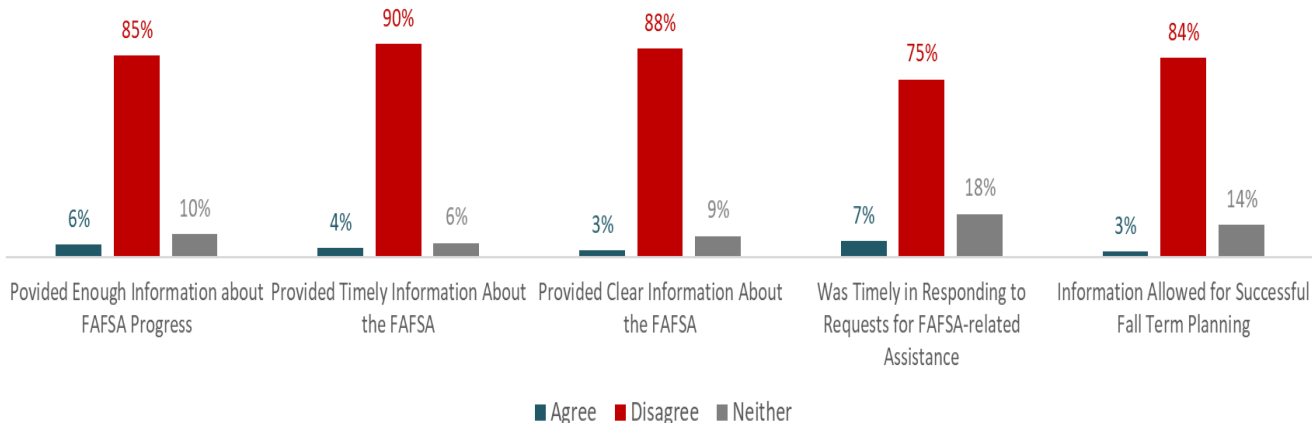
## About the Department of Education

- 85% of institutions felt ED did not provide enough information about progress being made on the FAFSA.
- A large share of respondents felt ED did not provide timely (90%) or clear (88%) information about the FAFSA.
- 3 out of 4 institutions (75%) felt ED was not timely in responding to requests for FAFSA-related assistance.
- 84% of institutions felt information received from ED did not allow them to successfully plan for the fall term.
- Most institutions felt the Department of Education (ED) failed to provide enough timely or clear information about the FAFSA and did not respond promptly to inquiries, making it difficult for them to plan effectively. Responses intimated a loss of trust between financial aid administrators and ED. Although there have been some improvements, distrust remains, with schools worried about ongoing challenges and the misconception that the issues were their fault.

## Pre- and Post-Enrollment Survey Summary At-a-Glance



### Follow-up Survey Results: Department of Education



### Survey Notes

- 251 private, nonprofit colleges and universities responded to the online survey, which was in the field from September 18-October 4.
- This survey is a [follow-up](#) to a similar survey NAICU conducted in June.
- The survey sample size of 251 suggests margins of 4-5 points, typically, whereas the June survey group of 384 suggested margins of 3-4 points. Many differences between the summer and fall survey results fall within these margins.
- The data timeframe (summer estimates v. fall actuals) likely explains the larger differences, especially for financial metrics that were harder to calculate earlier, such as discount rates and net tuition. There is a chance that respondent groups differed, but similar results across most responses suggest survey timing as the likely explanation.

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NAICU serves as the unified voice for the 1,700 private, nonprofit colleges and universities in our nation. Founded in 1976, NAICU is the only national membership organization solely focused on representing private, nonprofit higher education on public policy issues in Washington, DC. NAICU’s membership reflects the diversity of private, nonprofit higher education in the U.S. Our member institutions include major research universities, faith-based colleges, Historically Black Colleges and Universities, Hispanic-Serving Institutions and other Minority-Serving Institutions, art and design colleges, conservatories of music, traditional liberal arts and science institutions, women’s colleges, work colleges, two-year colleges and schools of law, medicine, engineering, business and other professions.