Untapped Opportunities: Boosting Financial Aid Uptake for Californians of All Ages

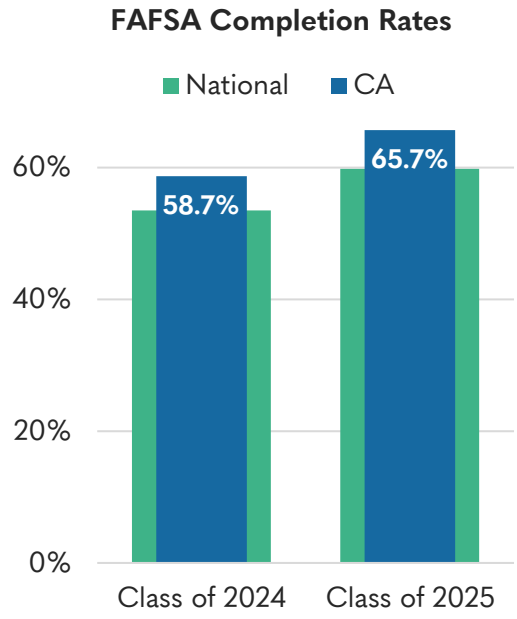
November 2025

Financial aid is a keystone of higher education success. **While California has made strides in supporting financial aid application submission, too many students are not applying for and receiving critical dollars for which they qualify, such as the federal Pell Grant that provides up to $7,395 in academic year (AY) 2025-26.**[1] This is particularly true for community college students, many of whom are older and have limited financial resources but apply for the Free Application for Federal Student Aid (FAFSA) at lower rates than their peers at public universities.[2] In 2020, more than half of California Community College (CCC) students who completed a FAFSA had an adjusted gross income of $40,000 or less, yet the majority of CCC students received no federal or state grant aid.[3,4]

Research has shown that several barriers impact students' application for financial aid, including lack of awareness of aid eligibility, absence of support systems, and the complexity of the application process.[5] While California has, commendably, implemented policies to strengthen financial aid application and uptake rates, there are additional steps it can take to support more Californians' college affordability, especially among students who are older and who attend a community college. In particular, an infusion of federal Pell Grant dollars by ensuring all likely eligible students apply for available financial aid stands to benefit both students and the state, especially as the federal government withholds critical funding from states like California.

California FAFSA Application Rate for High School Seniors Increasing, But Improvements Still Needed

At 65.7 percent, California ranked seventh in the nation for Class of 2025 high school senior FAFSA completion, compared to 59.8 percent nationwide.[6] For the Class the 2024, California ranked 14th at 58.7 percent, compared to 54.4 percent nationwide.[7] While all states saw reductions in FAFSA applications in 2024, likely due in great part to the tumultuous rollout of the new FAFSA, California had among the smallest decreases from the previous year.[8] These data coincide with the implementation of supportive policies like the All In & Ready for FAFSA/CA Dream Act for high school seniors and multiple related efforts across the state, including segment-specific



outreach like the California Community Colleges Chancellor's Office's (CCCCO) Vision 2030 and ICAN campaign, and California Student Aid Commission (CSAC) initiatives like Cash for College workshops, Race to Submit Dashboard, and the CCC FAFSA/CADAA Dashboard.[9,10]

However, there remains opportunity for improvement to support all Californians who have yet to file a financial aid application. This is particularly true for low-income students who are often left behind, which was exacerbated by disruptions to the standard FAFSA filing cycle.[11] For the Class of 2024, low income California high schools – where at least half of students are eligible for free- or reduced-price lunch – had a 59.1% FAFSA completion rate compared to 68.3% in higher-income high schools.[12]

Demographic Disparities: A Closer Look at Financial Aid Application by Segment and Age

The majority of the state's lowest income students attend a CCC.[13] College costs after available grant aid—also known as net prices—are often highest for low-income students at CCCs, compared to public universities, due to substantial non-tuition expenses that are not sufficiently covered by grant aid.[14]

Additionally, the vast majority (84%) of older students (age 25+) enrolling in a California public higher education institution attend a CCC and are not enrolling directly from high school where they should be receiving support filing financial aid applications.[15]

Notably, older students at CCCs are less likely to apply for financial aid than their younger peers. The most recent federal data show that, in AY 2019-20, 59 percent of CCC students under age 25 applied for federal financial aid compared to 45 percent of those age 25 and older.[16] This underscores the need to assist older Californians in applying for financial aid, especially at CCCs where they are concentrated and where their population is expected to grow as the Pell Grant becomes available for short-term programs, supporting adults looking to upskill.[17]

In recent years there has been an increase in the number of older applicants who listed a CCC first on their financial aid application: **between 2023 and 2025, financial aid applications listing a CCC first increased by 8 percent overall and by 19 percent for applicants ages 25 and older.[18] This coincides with the passage of California Assembly Bill 2015 (Reyes, 2018) and Assembly Bill 469 (Reyes, 2021), and corresponding policy changes through the state budget, to support financial aid application for high school seniors.[19]** Importantly, recent research from the Public Policy Institute of California finds that California's universal financial aid application policy for high school seniors is associated with both increased college enrollment and financial aid uptake.[20] This policy and the ecosystem of support programs and investments to facilitate financial aid application, such as the CCC's ICAN Campaign that promotes affordable higher education, may positively impact older students in addition to their younger peers. Importantly, this suggests that expanding California's

universal financial aid application policy to include older Californians may increase their access to financial aid—and boost higher education enrollment and attainment rates—even more.

Compared to Previous Years, CCC Students Leaving Fewer—but Still Substantial—Pell Grant Dollars on the Table

As illustrated in the table below, not applying for federal financial aid results in hundreds of millions of forgone Pell Grant dollars that could support both students and the state every year.[21] The state's economy is supported when more Californians spend federal dollars on non-tuition expenses and, in doing so, replace work hours with grant aid that better positions them to earn a higher education credential.[22] A recent National College Attainment Network (NCAN) analysis found that California high school seniors left more than half a billion Pell Grant dollars on the table in 2024.[23]

Using the most recent available federal data, we estimate that in AY 2019-20 there were about 137,000 CCC students of all ages who were likely eligible for a Pell Grant but did not apply.[24] While sizeable, it is an improvement from our last analysis that identified nearly 200,000 CCC students who were likely eligible for a Pell Grant but did not apply.[25] Still, these 137,000 students could have accessed up to about $534 million dollars had all applied for and received a Pell Grant.[26]

Estimates of Additional Pell Grant Funding Had All Eligible CCC Students Applied for Federal Financial Aid	Academic Year 2007-08	2015-16	2019-20
Estimated number of Pell-Grant eligible students who did not apply	255,000	195,000	137,000
Estimated amount if eligible non-applicants had received Pell Grant at CA receipt rate	$410M	$393M	$402M
Estimated amount if all eligible non-applicants had received Pell Grant	$620M	$681M	$534M

Note: TICAS calculations using data from the U.S. Department of Education, National Postsecondary Student Aid Study (NPSAS:08, NPSAS:16, and NPSAS:20-AC). "CA rate" refers to the proportion of likely Pell Grant-eligible financial aid applicants in California who actually received Pell Grants, which has been applied to the number of likely Pell Grant-eligible students who did not apply for federal financial aid. Student headcounts are rounded to the nearest thousand. Dollar figures are rounded to the nearest million and are not adjusted for inflation today (i.e., current for the data year). Figures may differ from calculations in earlier TICAS analyses that offered projections based on Pell Grant increases.

The FAFSA is now open for Californians to apply for financial aid for the 2026-27 school year. If these trends persist, eligible low-income students could leave behind an estimated $638 million in untapped Pell Grant dollars.[27]

Students from Mixed-Status Families & Federal Financial Aid Application

An additional impact on federal financial aid application and Pell Grant receipt rates may come from students from mixed-status families, who may choose to forgo federal financial aid.[28] While recent data do not indicate that application rates have declined as sharply as advocates feared, it remains unclear how the constantly changing federal landscape will affect the decisions of the estimated nearly 100K students who come from families with a family member without a social security number.[29,30] For the AY 2025-26 financial aid cycle, the California Dream Act Application (CADAA) is open to U.S. citizens or eligible noncitizens when a contributor on their financial aid application does not have a social security number. Senate Bill 323 (Perez, 2025), which as of this report's publication is held in the Assembly Appropriations Committee until 2026, would make the CADAA available to any Californian eligible for state financial aid.[31] While this is incredibly important to ensure students from mixed-status families at minimum receive the state and institutional financial aid for which they are eligible, not applying for federal financial aid may mean forgoing a valuable Pell Grant that can aid their higher education success.

Multiple Ways for California to Support Increased Financial Aid Application Rates

California should be commended for its efforts in recent years, both via policy changes and fiscal investments, to intentionally increase financial aid application rates. CSAC's Student Success Blueprint, for example, is designed to support affordable and equitable higher education opportunities through financial aid awareness and access, and the CCCCO's Vision 2030 lays out key equity and student-centered goals, emphasizes maximizing aid for community college students, and provides a roadmap to utilize both existing and emerging technologies to simplify the financial aid process.[32,33] One benchmark for Vision 2030 is to increase community college students' Pell Grant receipt by 10 percent by 2030, which California Senate Bill 305 (Reyes, 2025) could have supported by building upon the success of the state's universal FAFSA/CADAA for high school seniors to ensure that all CCC students submit a financial aid application.[34]

Increasing access to need-based financial aid for students of all ages is key to bridging the college affordability gap and increasing students' likelihood of completing their educational journeys. The Governor and state leaders should consider the following as they continue to focus on strengthening college affordability and increasing higher education attainment rates and employment opportunities for all Californians, including working adults:

- **Universal FAFSA & CADAA for All CCC Students:** Advance legislation in line with the principles of California Senate Bill 305 (Reyes, 2025) to ensure CCC students of all ages file a FAFSA or CADAA, unless they chose to opt out, to access the financial aid for which they are eligible.[35] Notably, seven out of nine states that required the FAFSA for the high school class of 2025 had FAFSA completion rates exceeding the national rate (59.8%), with six states ranking in the top ten (all above 65%).[36]
- **Sufficiently Funding Financial Aid Administration:** The 2024-25 California budget provided $20 million in one-time funds to support student financial aid administration at CCCs, which has not received a specific cost of living adjustment in two decades.[37] Implementing universal financial aid application requires sufficient resources to support students in navigating the entire process, and California should make an ongoing investment to increase staff capacity and allow for permanent resources for this effort.
- **Additional Funding for Financial Aid Outreach:** The 2025-26 California budget includes $10M for policies that support CCCs in working with community-based organizations and to lead a statewide outreach campaign to promote financial aid availability.[38] The state should continuously fund similar efforts that allow for seamless administration of financial aid outreach programs.
- **Accurate Student Cost of Attendance Budgets:** Advance legislation in line with the principles of California Assembly Bill 791 (Berman, 2025) to ensure colleges accurately estimate cost of attendance (COA) budgets, which impact the amount of financial aid students can receive, and promote transparent, student-friendly policies for COA adjustment requests.[39]
- **CADAA Availability for All Students Eligible for State Financial Aid:** Continue to advance Senate Bill 323 (Perez, 2025) in 2026 to ensure all Californians can choose to file a CADAA to access the state and institutional financial aid for which they are eligible.
- **Equitable Methods to Combat Financial Aid Fraud:** As the CCC system implements measures to combat financial aid fraud, it is critical that barriers are not imposed that block deserving students from financial aid. This can be done, for example, by ensuring that all outreach material relating to verification, both hard-copy and online, are easy to understand and available in languages most commonly spoken on campuses, and that, to the extent allowed by federal rules, verification is limited to the student and not their family members.
- **Quality Programs:** As federal short-term Pell Grant policies roll out and expand the older and returning student populations that could access this critical form of financial aid, California should ensure that high quality programs at the CCC system are prioritized and guardrails are in place to protect students.[40, 41]

Endnotes

[1] U.S. Department of Education, Office of Federal Student Aid. (n.d.). *Federal Pell Grants*. Retrieved October 3, 2025, from https://studentaid.gov/understand-aid/types/grants/pell

[2] TICAS calculations on data from the U.S. Department of Education, National Postsecondary Student Aid Study: 2019-20 – Administrative Collection (NPSAS:20-AC).

[3] The vast majority of Pell Grant recipients have incomes no greater than $40,000. For more, see The Institute for College Access & Success (TICAS). (August 2023). *How Congress Can Strengthen the Pell Grant Program to Make College More Affordable for Millions of Americans.* https://ticas.org/wp-content/uploads/2023/08/How-Congress-Can-Strenthen-the-Pell-Grant-Program-and-Make-College-More-Affordable-for-Millions-of-Americans.pdf

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[7] Rankings include all 50 states, Puerto Rico, and Washington, D.C. See: NCAN. (2025, January 16). *NCAN's FAFSA Tracker*. https://public.tableau.com/app/profile/bill.debaun.national.college.access.network/viz/NCANsFAFSATracker-2024-25FAFSACycle/HomePage

[8] Ibid.

[9] California Student Aid Commission (CSAC). (n.d.). *All In & Ready for FAFSA/CA Dream Act*. Retrieved October 3, 2025, from https://www.csac.ca.gov/all-in. Note that high school seniors, their parents, or counselors may allow a student to opt out of filing a FAFSA or CADAA. See: CSAC. (n.d.). *MODEL FAFSA or CADAA Opt-Out Form*. Retrieved October 3, 2025, from https://www.csac.ca.gov/sites/default/files/2025-01/fafsa-cadaa_opt_out_form.pdf

[10] For more information, see: https://www.csac.ca.gov/all-in; https://www.cccco.edu/-/media/CCCCO-Website/docs/vision2030/vision-2030-report.pdf; https://icangotocollege.com/; https://cash4college.csac.ca.gov/; https://webutil.csac.ca.gov/Dashboard/; https://webutil.csac.ca.gov/Dashboard/cccdefault.aspx

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[12] Rankings include all 50 states, Washington, D.C. and Puerto Rico. See: NCAN. (2025, September 19). *NCAN's FAFSA Tracker*. https://public.tableau.com/app/profile/bill.debaun.national.college.access.network/viz/NCANsFAFSATracker-2024-25FAFSACycle/HomePage

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[14] See: TICAS. (July 2020). *What College Costs for Low-Income Californians: 2020*. https://ticas.org/wp-content/uploads/2020/08/what-college-costs-for-low-income-californians-2020.pdf; TICAS. (2022). *Bearing the Burdens of College Costs: A Look at College Affordability by Student Race and Income at California's Public Two- and Four-Year Colleges and Universities*. https://ticas.org/wp-content/uploads/2022/06/Bearing-the-Burdens-of-College-Costs.pdf

[15] TICAS calculations using data from the U.S. Department of Education, Integrated Postsecondary Education Data System (IPEDS).

[16] TICAS calculations on data from the U.S. Department of Education, NPSAS:20-AC.

[17] Tobekin, D. (2025, September 10). *Preparing for Workforce Pell*. AACC. https://www.aacc21stcenturycenter.org/article/preparing-for-workforce-pell/

[18] TICAS calculations using data from the California Student Aid Commission (CSAC). Retrieved August 6, 2025, from https://public.tableau.com/app/profile/csacdataportal/viz/AllApplications/TotalApplications. The trend is similar for applicants with fewer resources (those with an EFC/SAI of 5,000 or lower), with increases of 12% (overall) and 21% (age 25 and older).

[19] California Assembly Bill 2015: Pupil instruction: information about completion of applications for student financial aid (Chapter 533, Statutes of 2018). https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201720180AB2015; California Assembly Bill 469: Pupil instruction: financial aid applications (Chapter 560, Statues of 2021). https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB469; California Assembly Bill 132: Postsecondary education trailer bill (Chapter 144, Statutes of 2021). https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB132

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[21] TICAS first documented forgone Pell Grant dollars in 2010, see: TICAS. (2010). *Financial Aid Facts at California Community Colleges*. https://ticas.org/files/pub_files/ccc_fact_sheet.pdf

[22] See, for example: The Association of Community College Trustees and TICAS. (2017). *Aiding Success: The Role of Federal and State Financial Aid in Supporting California Community College Students*. https://ticas.org/california/aiding-success/; Nguyen, T., Kramer, J., & Evans, B. (2018). *The Effects of Grant Aid on Student Persistence and Degree Attainment: A Systematic Review and Meta-Analysis of the Causal Evidence*. https://cepa.stanford.edu/content/effects-grant-aid-student-persistence-and-degree-attainment-systematic-review-and-meta-analysis-causal-evidence; LaSota, R.R., Polanin, J.R., & Perna, L.W. (2022). *Effects of Postsecondary Grant Aid on College Student Outcomes: Briefing of Results from a Systematic Review and Meta-Analysis*. Bethesda, MD: Development Services Group, Inc. https://files.eric.ed.gov/fulltext/ED618409.pdf

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