



**National
College
Access
Network**

Building Connections. Advancing Equity. Promoting Success.

TO: The Honorable Lamar Alexander, Chair
U.S. Senate Health, Education, Labor and Pensions Committee

FROM: Kim Cook, Executive Director, National College Access Network

RE: Statement for the Record on HELP Hearing – Reauthorizing the Higher Education Act:
Examining Proposals to Simplify the Free Application for Federal Student Aid (FAFSA)

DATE: 27 November 2017

Thank you for the opportunity to submit comments for the record preceding the November 28, 2017 U.S. Senate Health, Education, Labor and Pensions Hearing, “Reauthorizing the Higher Education Act: Examining Proposals to Simplify the Free Application for Federal Student Aid (FAFSA).” This hearing is highly timely for students pursuing higher education. Completing the FAFSA and related verification process places undue burden both on students and on colleges and universities. The ongoing bipartisan support to address this topic, along with the increasing need for students to access financial aid in order to pay for college, make this the perfect topic to begin renewed conversations about higher education at the federal level.

Simplifying the FAFSA is a topic about which the National College Access Network is passionate. Founded in 1995, NCAN has a mission to build, strengthen, and empower communities committed to college access and success so that all students, especially those underrepresented in postsecondary education, can achieve their educational dreams. NCAN’s 400 members span a broad range of the education, nonprofit, government, and civic sectors, including national and community-based nonprofit organizations, federally funded TRIO and GEAR UP programs, school districts, colleges and universities, foundations, and corporations. Our members are dedicated to improving FAFSA completion rates among students, but also tell us that a simpler form would allow them to spend more time providing other types of crucial financial advising to students – for example, by helping students pick a school with the right academic match and financial fit to increase their likelihood of graduation. NCAN and our members are grateful to the Senate HELP Committee for addressing this important issue for our students.

Why FAFSA Simplification Is Needed

The current FAFSA, while enabling millions of students to apply for college aid, also presents significant barriers for low-income and first-generation students seeking to attend college. The application process has improved with the implementation of an early start date for form availability and the ability to use older tax income. But these changes are the foundation upon which greater simplification, leading to greater access to postsecondary education, can be built.

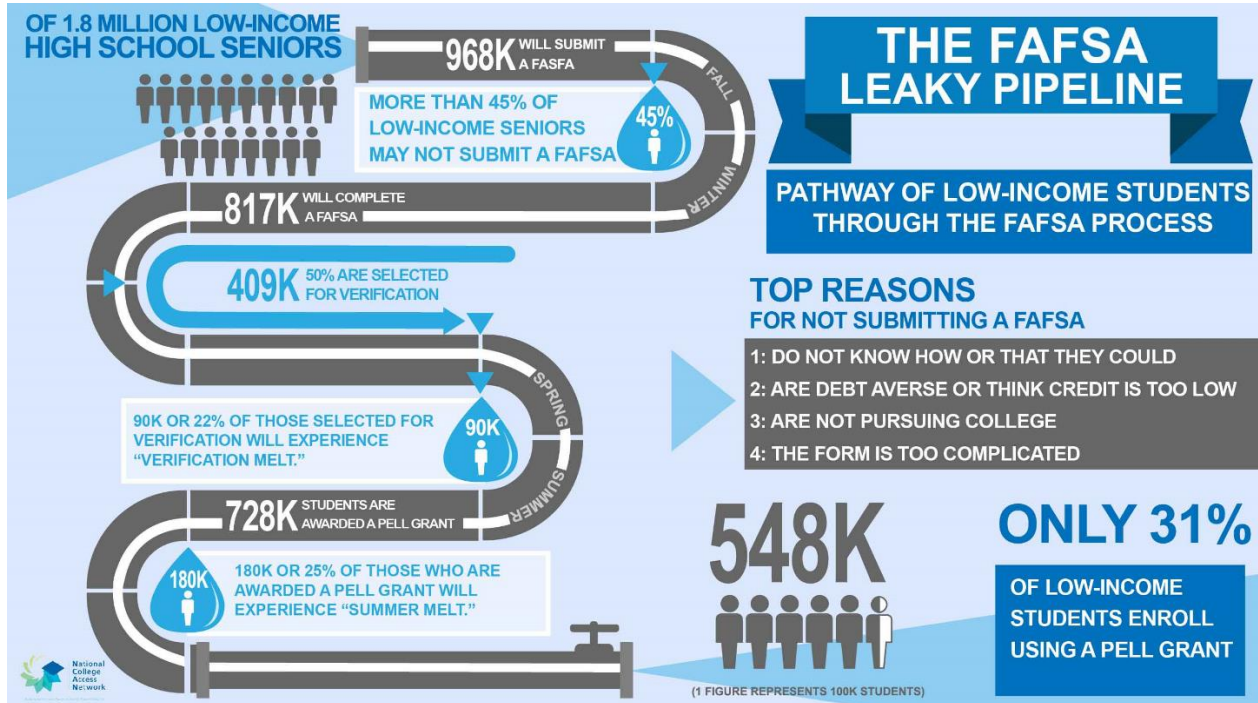
The recent changes to the FAFSA filing process reversed a four-year decline in applications through June 30 of the latest FAFSA cycle, leading to a six-percent increase in overall FAFSAs filed¹. Further, 61 percent of the high school class of 2017 completed the FAFSA by graduation, up five percentage points from 56 percent for the class of 2016². However, this rate for high school seniors must continue to rise if

¹ Warick, Carrie. (11 July 2017) “FAFSA Completions Up After Four-Year Decline.” National College Access Network Blog. Retrieved from: <http://www.collegeaccess.org/BlogItem?dg=77418b90dac14c51b5676d5fa7fbaf79>

² “National FAFSA Completion Rate for High School Seniors,” (30 June 2017) National College Access Network. Retrieved from: <http://www.collegeaccess.org/FAFSACompletionRate>

our country is to close the equity gap between low-income and high-income students in college attendance and prepare our workforce for the jobs of the future.

As depicted in the graphic below, there are approximately 1.8 million low-income high school seniors annually. Approximately 55 percent of those seniors submit a FAFSA, lower than the overall national rate. Not all of those seniors will complete the form and half of those who do are selected for the burdensome verification process. Of those selected for verification, 22 percent will not be able to complete the process. In the end, only 31 percent of low-income high school seniors end up enrolling in higher education and receive a Pell Grant. The high school class of 2017 left over \$2.3 billion in Pell Grants on the table by not completing the FAFSA and enrolling in college.³



Why are so many students not exploring their financial aid options as they consider their plans following high school graduation? An NCAN study demonstrated that there is significant unfamiliarity with the FAFSA application and completion process among 17- to 19-year-olds, with most students who did not apply for aid failing to have any contextual understanding of what aid is or their eligibility for it.⁴

NCAN has identified the following factors as the top barriers to FAFSA completion:

- A lack of understanding of financial aid or the application process;
- Overly complex questions and the length of the current FAFSA; and
- The multitude of separate financial and other sources necessary to complete the form.

³ Helhoski, Anna. (9 October 2017) "How Students Missed Out on \$2.3 Billion in Free College Aid," NerdWallet.com. <https://www.nerdwallet.com/blog/loans/student-loans/missed-free-financial-aid/>

⁴ "Financial Aid Eligibility Mindsets Among Low-Income Students: Why Do Some Believe They Can't Receive Financial Aid for College?" (October 2016) National College Access Network and HUGE. Retrieved from: <http://www.collegeaccess.org/images/documents/HugeResearch.pdf>

Proposed Ideas for FAFSA Simplification

These issues pose large, sometimes insurmountable, barriers for some students, especially first-generation college students. As discussed earlier, low-income and first-generation students who do not complete the FAFSA often fail to enroll in college or complete a postsecondary education, shortchanging themselves, their families and the American economy.

First created in 1992, the FAFSA is a universal and free electronic form with 142 questions that is used by students to apply for financial aid from the U.S. Department of Education, and by institutions of higher education and states to allocate other non-federal financial aid. Prior to the creation of the FAFSA, each state awarding aid had its own form and, on top of that, some institutions had their own forms, resulting in a complicated, multiform and multistep system for students. A student applying to one college would need to fill out three financial aid forms prior to 1992. If the student applied to the recommended four colleges, the number of financial aid forms could rise to six.

NCAN recommends that Congress focuses on simplifying the FAFSA in a user-friendly manner that still maintains the free and universal nature of the form. The goal should be to create an easier overall process for students. Based on extensive research, development, and user-testing, NCAN believes it is possible to design a financial aid application process that reduces complexity for student aid seekers, meets the needs of states and institutions and maintains the integrity and universality of the current FAFSA form.

NCAN recommends targeting the FAFSA based on the complexity of a student's financial situation, eliminating approximately half of the current FAFSA questions for all applicants, and reducing the form to as few as 20 questions (including contact information and demographics) for the lowest-income students. While this system may sound complicated, it would be implemented by enhancing the skip logic already in place in the current FAFSA and would be very straightforward from the student perspective.

NCAN recommends using this enhanced skip logic to group students into one of three pathways:

- *Pathway One:* as few as 20 questions for applicants from families who receive benefits from one of most federal means-tested benefit programs, allowing these individuals to automatically skip all financial questions and receive an automatic Expected Family Contribution (EFC) of \$0, resulting in a maximum Pell Grant award
- *Pathway Two:* as few as 23 questions for applicants who do not participate in a federal means-tested benefit program and do not have to file tax schedules with their taxes
- *Pathway Three:* as few as 25 questions for applicants who file tax schedules with their taxes

Streamlined FAFSA



One of the original goals of the FAFSA was to create a universal form for students to fill out. At the state aid level, some states ask far more questions than others based on the nature of their state aid programs. So that states could continue using the federal form, but also require additional information at their discretion, NCAN recommends adding an optional state page. Only filers in states that opt in to these questions would need to answer these additional questions, which would be primarily focused on residency.

Additionally, the Streamlined FAFSA increases transparency and reduces the uncertainty in the FAFSA filing process. For example, applicants from families who receive benefits from a federal means-tested program can be certain, prior to dedicating their time and efforts, that they would receive the maximum Pell Grant award – if they enroll full-time. Therefore, in addition to simplifying the application process, the Streamlined FAFSA boosts awareness of student financial aid as well as an applicant's eligibility.

According to research from the Urban Institute, NCAN's recommendations would increase Pell Grant expenditures by approximately \$1.4 billion, a 5.1-percent increase in the cost of the Pell Grant program, which is in line with other simplification proposals from groups such as the National Association of Student Financial Aid Administrators (NASFAA) and The Bill & Melinda Gates Foundation. Nearly 80 percent of the increase in Pell Grant expenditures would come from Pathway One Pell Grant recipients. Thus, the Streamlined FAFSA could ensure that our neediest, most vulnerable students have access to the student aid they need for a postsecondary education.

Additional Problems Posed by Verification

Filling out the FAFSA is not the final step in accessing federal student aid for all students. Annually, 30 to 33 percent of Pell-eligible students do not receive a Pell Grant⁵. This drop-off results from a combination of incomplete FAFSAs, students not completing verification, and students deciding not to enroll in higher education. Forty-four percent of Pell-eligible students who were selected for verification in 2015-16 did not go on to receive a Pell Grant. There is no demonstrable difference between Pell-eligible students selected and not selected for verification. Given that, NCAN believes that half of the melt of students selected for verification is a direct result of the verification process. Said another way, 22 percent of low-income students do not receive financial aid because they were selected for this additional burdensome review process.

In its quest to simplify the FAFSA, Congress should also consider verification as part of the overall burdensome process of applying for federal student aid. More transparent data released more frequently through the Office of Federal Student Aid would be a first step at measuring the impact on students. Improving the linkages between the Office of Federal Student Aid and other parts of the U.S. Department of Education and other federal agencies would provide verification information without putting burden on students and financial aid administrators. Requesting that the Office of Federal Student Aid review the risk models and associated triggers for verification selection could ease the burden not only for students selected, but also the financial aid administrators who must individually work with each student. And finally, creating a system where students only need to do the verification process once, rather than fill out different paperwork and provide different documents to each school to which they apply, would greatly simplify the process from the student perspective.

Conclusion

Students who complete the FAFSA are 72 percent more likely to persist in college than those who do not file.⁶ Further, 86 percent of four-year college students receive some form of financial aid.⁷ Improving the financial aid application process is crucial to college access, affordability and retention. There is bipartisan support to improve this process so that more students can access crucial funds to help support their higher education. Congress has the ability to make great strides to impact students' higher education experience and the National College Access Network applauds the Senate Health, Education, Labor and Pensions Committee for taking the next steps forward to improve this experience for students. Whether the solution lies in a reauthorization of the Higher Education Act or independent legislation, the time to address FAFSA simplification is now.

⁵ DeBaun, Bill. (13 July 2017) "On Declines and Verifications: Insights from the Annual Pell Report," National College Access Network Blog. Retrieved from: <http://www.collegeaccess.org/BlogItem?dq=d6aa53e665a14c46a4f32a6f64614482>

⁶ Novak, H., & McKinney, L. (2011). The consequences of leaving money on the table: Examining persistence among students who do not file a FAFSA. *Journal of Student Financial Aid*, 41(3), 5–23. Retrieved from <http://publications.nasfaa.org/cgi/viewcontent.cgi?article=1012&context=jsfa>

⁷ "Sources of Financial Aid." (April 2016.) The Condition of Higher Education. National Center for Education Statistics. Retrieved from: https://nces.ed.gov/programs/coe/indicator_cuc.asp