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REAUTHORIZING THE HIGHER EDUCATION ACT: EXAMINING PROPOSALS TO SIMPLIFY THE FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)

HEARING

OF THE

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

UNITED STATES SENATE

ONE HUNDRED FIFTEENTH CONGRESS

FIRST SESSION

ON

EXAMINING REAUTHORIZING THE HIGHER EDUCATION ACT, FOCUSING ON EXAMINING PROPOSALS TO SIMPLIFY THE FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)

NOVEMBER 28, 2017

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REAUTHORIZING THE HIGHER EDUCATION ACT: EXAMINING PROPOSALS TO SIMPLIFY THE FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)

Tuesday, November 28, 2017

U.S. SENATE,
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,
Washington, DC.

The Committee met, pursuant to notice, at 10:06 a.m., in room SD–430, Dirksen Senate Office Building, Hon. Lamar Alexander, Chairman of the Committee, presiding.

Present: Senators Alexander [presiding], Murkowski, Young, Murray, Casey, Bennet, Kaine, Franken, Warren, and Hassan.

OPENING STATEMENT OF SENATOR ALEXANDER

The CHAIRMAN. The Senate Committee on Health, Education, Labor, and Pensions will please come to order. I'm usually on time, especially for an education hearing, and excuse me for being late.

This is the first in a series of hearings as we finish our consideration of proposals to reauthorize the Higher Education Act. Today, we're looking at ways to simplify the Free Application for Federal Student Aid, or FAFSA, to make it easier for students to apply for Federal financial aid.

Senator Murray and I will each have an opening statement. Then we'll introduce the witnesses, and after your testimony, Senators will have 5 minutes of questions. There's a lot going on today in other committees, so Senators may be coming and going because of the tax bill.

Nearly 4 years ago, at a hearing before this Committee, an unusual thing happened. Four witnesses from diverse backgrounds agreed that almost all of the 108 questions on the Free Application for Federal Student Aid, or FAFSA, are unnecessary. The FAFSA is the government form 20 million families fill out every year in order to qualify for the $140 billion in Federal aid that helps nearly 20 million students attend 6,000 colleges and universities.

Senator Bennet and I have spent a lot of time holding this up in the air to let people—remind people of all these questions. Even though most people fill it out online, there's still the same number of questions.

At the end of that hearing, I asked the witnesses if they could summarize their proposals to simplify the FAFSA in four separate letters to us. They said they could do it together in one letter.

Senator Bennet and I then had the same reaction. If there is that much consensus on how to make it easier for nearly 20 million families to apply for Federal aid, we asked, why don't we actually do it? Well, that was 4 years ago. Senator Bennet and I set about to turn 108 questions into two on a postcard that Dr. Scott-Clayton, who is also here today, recommended in her testimony 4 years ago.

Let's take a moment to talk about why simplifying the FAFSA is important. First, nearly 20 million students fill out this form every year. This means if you receive a Federal grant or a loan as a freshman, you'll have to fill it out again to continue to receive aid for your sophomore year and beyond.

While experienced financial aid officers tell us it does not take long to complete, we have heard over and over again from parents, students, and higher education officials how difficult it is the first time.

Second, this complexity frustrates the goal of the Pell Grant, which is to help low-income students attend college, because it discourages them from applying for aid. I know in Tennessee, where 2 years of post-secondary education is now free, the complexity of the FAFSA is the single biggest impediment to more students taking advantage of what we call Tennessee Promise. The former president of Southwest Tennessee Community College in Memphis told me he believes that he loses 1,500 students each semester because of the complexity of the form.

Third, this complexity wastes time and money that could be better spent helping students choose the right college or major or develop financial literacy skills so they can understand the impacts of taking out student loans.

After 4 years of discussion over how to simplify the FAFSA, it is time to come to a result. Our first order of business after the first of the year will be to mark up a reauthorization of the Higher Education Act. My central focus will be to make it simpler and easier for students to apply for Federal aid and to pay their loans back, and to cut through the jungle of red tape that Federal law and regulations imposes so that college administrations can spend their time and money instead for the benefit of students. We have a number of bipartisan proposals before the Committee that seek to do those things.

After our hearing 4 years ago, Senator Bennet and I, along with Senators Burr, Isakson, King, and Booker, introduced our legislation to cut the 108 FAFSA questions down to two questions. We have listened to students, financial aid officers, and college presidents. We have done this in a bipartisan way for 4 years. We will hear about some of those good ideas today.

For example, Senator Murray has a bill to simplify the FAFSA process for homeless students and students without parents.

We worked with the Obama administration to allow students to fill out the FAFSA with their tax information from 2 years before they enroll in college, instead of one, so they could file in the fall, rather than having to wait until spring.

The result of all this is that Senator Bennet and I are now completing work on a bill that would reduce the FAFSA from 108 questions to as few as 15 and no more than 25 questions, depending on how you answer questions about your family. We will do this principally by taking the tax information that Americans give to the Federal Government and incorporating that tax information into the FAFSA.

Over and over again, across Tennessee, I have been asked, "If I have already given my tax information to the Federal Government, why do I have to give it again for the FAFSA?" My answer is that you shouldn't have to. Once is enough.

Our proposal will also tell students the amount of their Pell Grant, money they do not have to pay back, before they apply to colleges instead of after they have already been accepted to schools.

I have a long perspective on this. As Education Secretary, I oversaw the implementation of the first FAFSA in January 1993, shortly before I left office. While the FAFSA is a complex form today, it was actually created then to reduce the burden on students by combining Federal, state, and institutional-based financial aid applications into one single application. That first FAFSA had four pages of questions and 12 pages of directions.

Today's FAFSA is 10 pages, with directions included on the form, plus an additional 66 pages of instructions.

Now, 25 years later, I sit here as Chairman of the Senate Education Committee trying to update the Higher Education Act and once again simplify how students apply for Federal financial aid. Over the next couple of months, I want our Committee to listen to the experts, discuss different proposals, and write and pass a final bill. Twenty-five years after the first FAFSA and 4 years after the first hearing, it is time to bring this discussion to a result.

We should be able to say to the nearly 20 million families who fill out the FAFSA, instead of answering 108 questions, you will only have to answer about 15 to 25. Once is enough to give your basic information about family size and income to the Federal Government. Instead of waiting until you've been admitted to college, we'll tell you about your Pell Grant while you're still shopping around for schools.

Senator Murray.

OPENING STATEMENT OF SENATOR MURRAY

Senator MURRAY. Thank you very much, Mr. Chairman, and I want to thank all of our witnesses for being here today. I look forward to hearing from all of you about your experiences with the Free Application for Federal Student Aid, the FAFSA form, and your thoughts on how we can best improve access to Federal financial aid.

However, navigating FAFSA is just one of the many challenges today's students are facing, and for them, these issues don't come up one at a time. They are all wrapped together. College students are taking on mountains of debt and are concerned about finding a job after school, or whether their school or program is safe, whether it's preparing them for the workforce and is respected by employers, and a lot more.

So in order to help our students, we have to make sure we're trying to solve the big problems along with the smaller ones impacting students and families. We need to tackle the issues that impact college students the most, and I believe on this Committee that has done so much good work together that we can do that.

That's why it's so critical that we take a comprehensive approach to update our Nation's Higher Education Act. Chairman Alexander and I have heard concerns expressed that pursuing a comprehensive approach to reauthorize this law would be too difficult, and that in these partisan times, we'll never be able to get it done, and that's what we heard, by the way, before we did No Child Left Behind. People said it was too toxic to touch and that we would never be able to pass a true reauthorization. They said we should just focus on low-hanging fruit and leave the rest for another time and another Congress.

Thankfully, Chairman Alexander and I pushed those naysayers aside. We got to work and we got it done. So I'm hopeful and confident we can work together on a comprehensive approach to reauthorizing the Higher Education Act the same way. There are simply too many important issues facing students and working families when it comes to accessing affordable, high-quality education. We've got to take a holistic approach to higher education reform to build the system that helps the most students.

We can work together to address issues like FAFSA simplification, and I know how important that is. But we must at the same time work to tackle the biggest problems this critical law aims to address, because I believe in order to truly solve the challenges students face, we have to address four major issues: the rising cost of college; schools and programs that are not held accountable for student success; barriers for working families, students of color, and first generation students to attend college; and ongoing threats to learning in a safe environment. I want to go into each of those a bit, because they're all important.

First, we've got to address the skyrocketing cost of college and find ways for more students to be able to graduate without debt, and we must consider the full cost of college beyond just tuition: food, transportation, housing, textbooks, child care. Second, we need to make sure colleges and workforce training programs are producing good outcomes for students and preparing them for the jobs of tomorrow and are being held accountable when that isn't the case. That has to include providing students with the information they need to make smart choices about their future before they enroll in classes with an expensive price tag.

Third, we need to improve historically underrepresented students' ability to access and succeed in higher education. Finally, we need to ensure every student has the ability to learn in a safe environment, free from discrimination and violence, and that must include doing more to combat the national epidemic of campus sexual assault and beginning to address dangerous hazing practices.

Now, of course, simplifying the FAFSA should be part of our comprehensive reauthorization. I have heard from people across my state how complicated and difficult filling out the application can be, and I know everyone has heard the same thing.

Simplifying FAFSA would help ease the burden of college cost for students who may be leaving money on the table, and by addressing concerns of students from nontraditional backgrounds, including homeless and foster students, we can help open the doors of opportunity to students who otherwise might not get the financial aid they need. All the front and back end hurdles of financial aid, security requirements, verification, refiling the form each year, can create real barriers for students who deserve our help.

While it's clear simplifying FAFSA would help students, it alone cannot solve the challenges that families across the country face in addressing and affording higher education. So this is a good first step, and I hope we can continue this conversation with a comprehensive solution in mind and have hearings on a variety of issues impacting students and their families.

This Committee has a record of bipartisan solutions to big, complex problems, and I am confident we can find a bipartisan path forward to tackle all these issues head on. Our students are counting on it.

Before I close, Chairman Alexander, I want to make one final point. It is so important that I need to mention it before we get too deep into higher education issues. One of the largest hurdles to passing any new bipartisan education laws is how Secretary DeVos and the Department of Education are today currently picking and choosing when to follow laws written by this Committee and passed by the Congress.

Right now, Secretary DeVos and her Department are blatantly violating the current K–12 law that we just updated 2 years ago. They won't follow the very statuary language this Committee settled on. You and I worked together on Every Student Succeeds Act. We reached an agreement that gives states flexibility while including some clear requirements for states in the statute. The requirements are in black and white, they're in the law, and have nothing to do with regulations.

I am deeply troubled that violations of the law are being ignored by the Department of Education. I want to give you an example. The law requires in statute that states identify three distinct categories of schools for improvement: bottom 5 percent of schools, all schools where one subgroup of students is consistently underperforming, and schools where any subgroup is performing as poorly as the bottom 5 percent. But plans are now being approved that violate this, and there are more examples I'd be happy to talk through.

But, Chairman Alexander, if the Department is today ignoring the agreement that we made in law and choosing to implement whatever it feels like, which I believe they are in the approval of state plans so far, then this Committee needs to hear from the Secretary directly about how she intends to follow the laws that Congress agrees to, especially as we begin now to reauthorize the HEA.

I'm confident we can address this issue. I hope we can hear from the Department soon, and then I believe we can begin addressing the critically important issues in higher education.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Murray, for your comments on both subjects. Of course, I look forward to talking with you

about the latter point on following the law. You and I agree on that. We even put provisions in the law to prohibit a Secretary from doing certain things.

As far as higher education, I agree with what you said. I'm eager to sit down and visit with you and get started on reauthorizing the Higher Education Act. There's no reason we can't do that together. We've figured out how in this Committee to tackle big issues and accommodate lots of points of views and come out with results, and I think people appreciate it when we do. So the sooner we get going on that, the better, and my hope would be that we could take the bipartisan work that we've done over the last three or 4 years, really, and turn it into a result in the first quarter of next year, and I look forward to working with you on that.

I'm pleased to welcome our witnesses to today's hearing focused on simplifying the FAFSA. I'd like to ask Senator Bennet to introduce the first witness, Dr. McCallin.

Senator BENNET. Thank you, Mr. Chairman, and I'd like to thank you and Ranking Member Murray for focusing our attention on this important issue. Mr. Chairman, I want to thank you for your partnership over these 4 years on FAFSA. I know our first witness agrees with what we're trying to do.

This morning, it's my pleasure to introduce Dr. Nancy McCallin from my home State of Colorado. For the last 13 years, Dr. McCallin has served as President of the Colorado Community College System, the largest system in the state that educates one out of every three of our undergraduate students.

During Dr. McCallin's tenure, Colorado's Community College System has launched ambitious initiatives to increase student success and make college more affordable. Under her leadership, the system revamped its remedial education program and streamlined the curriculum so students can graduate faster and with less debt. She increased transfer agreements with 4-year colleges so more students can pursue a 4-year degree, and she expanded concurrent enrollment for high school students by 200 percent, saving our students and families roughly $90 million in tuition costs.

Her leadership in higher education is just the latest chapter in a career of public service. Previously, Dr. McCallin served in the administration of Governor Bill Owens and as Chief Economist for the Colorado Legislature.

Earlier this year, Dr. McCallin announced her retirement. So let me end by thanking her for her service to Colorado and for making the time to join us this morning. We look forward to her testimony.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Bennet.

I now recognize Senator Kaine to introduce Ms. Williams.

Senator KAINE. Thank you, and welcome to all.

To the Chair and Ranking, it is really an honor today to introduce one of our witnesses, Elaine Williams, who is a Richmonder just like me, but is here because of her really inspirational work as a community advocate. Ms. Williams is a recent graduate of the Virginia Commonwealth University School of Social Work, and I've got both VCU grads and the School of Social Work grads on my staff. It's a wonderful program.

She currently works as a Diversion Specialist with the YWCA, helping people avoid homelessness. She's passionate about that, because she was an unaccompanied homeless child coming into college and grappling with FAFSA, especially not just the form, but the verification requirements of FAFSA. So I hope we'll get into not just the form, but some of the verification issues.

Now, in addition to working at the YWCA, she has co-founded Change the World RVA, which is a nonprofit organization to serve youth experiencing homelessness in Richmond. When she was in college, she started and then worked with a group called Advocates for Richmond Youth. A passion for homeless kids is a big driver for her.

So thank you for your dedication and for your inspirational service, and we look forward to hearing from you today about how we can better serve young people who face some of the same challenges you faced.

The CHAIRMAN. Thank you, Senator Kaine.

Our third witness is Dr. Judith Scott-Clayton. She is Associate Professor of Economics and Education at Teachers College, Columbia University. She holds positions at the National Bureau of Economic Research, Community College Research Center, and the Brookings Institution. She has testified before the Senate twice earlier, including in the hearing 4 years ago that led to the FAST Act. She made her first FAFSA simplification proposal in 2007. She earned her Ph.D. from Harvard.

Our next witness is Mr. Justin Draeger, President of the National Association of Student Financial Aid Administrators. His organization represents financial aid administrators that serve 90 percent of American college students. Prior to becoming president of his organization, Mr. Draeger worked as a financial aid director, regulatory and policy analyst, and spokesperson.

Our final witness is Dr. Kim Rueben, Senior Fellow in the Urban Brookings Tax Policy Center at the Urban Institute. Her research focuses on education finance, fiscal institutions, public sector labor markets, state and local tax policy and budgets. She conducted a detailed analysis of various FAFSA simplification proposals offered today. She earned her Ph.D. from MIT.

I look forward to everyone's testimony. Thank you for being here. As a reminder, if you'll summarize your testimony in 5 minutes, that'll leave more time for Senators to ask questions.

I would simply mention that this is what we call a bipartisan hearing, which means that Senator Murray and I have agreed on the subject and we've agreed on the witnesses. So it ought to be a good discussion.

Why don't we begin with Dr. McCallin, and we'll go right down the line.

Welcome, Dr. McCallin.

STATEMENT OF DR. NANCY MCCALLIN

Dr. MCCALLIN. Thank you, Chairman Alexander, Ranking Member Murray, and Members of the Committee. Thank you for the opportunity to speak today.

As Senator Bennet noted, the Colorado Community College System is the largest system of higher education in the State of Colo-

rado, serving approximately 138,000 students at 13 colleges in 39 locations. Despite the fact that we intentionally keep our tuition low, our students do struggle to pay for college.

Approximately 40 percent of our students receive some form of Federal or state financial aid that requires filling out the FAFSA form, and when you factor out our non-high school students, it's even higher. About half of our students qualify for Federal financial aid or state financial aid through the form. All together, our students receive $211 million of Federal financial aid, $90 million of which is the Pell Grant, and $38.3 million in state aid to pursue their postsecondary education.

Increasingly, we know that the ticket to the middle class, the ticket to succeeding in this economy today is to have a postsecondary degree. In fact, according to Georgetown University, 74 percent of our new jobs that are being created in the State of Colorado by 2020 require some form of postsecondary education. We know that completing the FAFSA form is difficult, it's complex, and it's daunting for many of our students, particularly for first-generation students that comprise 54 percent of our overall student population.

Community colleges have persistently had the lowest FAFSA completion rate of any sector of higher education despite the fact that we know we have the largest number and the largest share of low-income students. By not completing these FAFSA forms, what we see happening is students foregoing their opportunity for higher education and their opportunity to succeed in this increasingly complex and competitive economy.

When asked why they did not complete the form, they had numerous reasons. Some said it was too much work. Many said they didn't have the information with which to apply. They thought they were ineligible. They did not want to go into debt despite the fact that the FAFSA form determines what your Pell eligibility is, and that does not require you to go into debt. Without applying, many students have missed the opportunity to get those grants to further their education.

As was mentioned previously here, the lengthy application with its 66 pages of instructions is the first barrier to completing the FAFSA form. The next barrier, and a significant challenge for us, is the verification process. Our financial aid administrators estimate that one-quarter of their time is spent on the verification process.

In our system, 94,169 students submitted the FAFSA form last year. But only 53,582 actually completed the form, and of those 94,000 students, approximately 37,000 were selected for verification, which is somewhat higher than the national average. Of those students who were selected for verification, only 16,728 completed the process.

The complexity and length of the form and the confusion over what number to put in what box on the form altogether has really limited and precluded access to higher education, and this simple act of simplifying the form really could go a long way toward improving access and helping students get their degrees as well as, therefore, compete in the economy.

We know that if we were able to free up some of our financial aid administrators' time and not have them have to do as extensive verification support, we could increase intensive advising strategies that have proven to increase retention rates 27 percentage points and completion rates anywhere from 6 to 11 percentage points. We could do mentoring much more than we do today. We could help in financial literacy more so than we do today. We could provide more increased support for scholarship applications and have pre-collegiate outreach.

In fact, for Colorado, one of the biggest concerns we have is that of 100 ninth graders today, only 43 are going on to college. That is abysmal, and it's abysmal for students of color, in particular. So as a result, the pre-collegiate outreach could definitely help students pursue their goals.

So thank you for your attention to helping to improve higher education for our students, and I'm open to any questions you may have.

[The prepared statement of Dr. McCallin follows:]

PREPARED STATEMENT OF NANCY J. MCCALLIN

Chairman Alexander, Senator Murray, Members of the Committee, thank you for the opportunity to speak with you today. The Colorado Community College System (CCCS) is the state's largest provider of higher education and career training in the State of Colorado, serving approximately 138,000 students annually at 13 colleges and 39 locations across Colorado. Despite being by far the most affordable public higher education option in the state, many of our students struggle to pay for college.

FAFSA's Role in College Enrollment and Access

Approximately 40 percent of our students receive some form of financial aid in order to finance their post-secondary education, and, as you know, the Free Application for Federal Student Aid (FAFSA) must be completed in order to receive aid. In Colorado, the FAFSA is also used to establish eligibility for both state and institutional aid. Completion of the FAFSA often determines whether a prospective student attends college and subsequently stays enrolled. Altogether, our students received $211.1 million in Federal financial aid (43 percent of which was Pell Grants) and $38.3 million in state financial aid in academic year 2016–17, all of which relied on filling out the FAFSA. Unfortunately, completing the current FAFSA is a difficult and daunting task for many of our students, particularly for first-generation college students who comprise 54 percent of our students. We therefore commend the Committee for focusing on this critical element of college attainment.

In Colorado, 74 percent of all new jobs will require some form of post-secondary degree or certificate by 2020 according to the Center for Education and Workforce at Georgetown University. If a student does not go to college, he or she will have difficulty being successful in this increasingly complex, global economy and the shortage of skilled labor will continue to rise. Reducing the complexity of the FAFSA will help remove a barrier that precludes access to higher education. Some progress has been made in this regard through adoption of the prior-prior year tax information, the earlier FAFSA launch, and the IRS data retrieval tool, but more remains to be done.

Community colleges persistently have the lowest FAFSA application completion rate of any sector of higher education (see table 1). This is especially troubling given the fact that, overall, community college students and their families have lower incomes than students in any other non-profit sector of higher education. Survey results show that nearly 10 percent of community college students stated that the FAFSA application was "too much work" as a reason for not completing it (see table 2). A higher percentage of community colleges students (15 percent) said that the reason why they did not file a FAFSA was due to not having information about how to apply. Overall, the two major, and interrelated, reasons why students did not file a FAFSA were either that they "thought they were ineligible" or that they did not think there was "a need" to apply. About one-third of the students said that they

did not apply because they did not want to take on debt, which means that, in the process, they potentially missed the opportunity to receive Pell or state grants that are not debt. All of this information highlights the difficulty and misunderstanding surrounding the FAFSA process.

This information indicates that prospective students need more concrete information about their eligibility status for aid, distinguishing between grants and loans, and understanding the costs of college. It is perhaps understandable, if not acceptable, that, for example, an older, working student who is enrolling at a community college to take just a course or two, might think that financial aid is not available to them—they may well be more focused on simply integrating their coursework into their busy lives. At CCS, we allocate considerable resources toward support services to help our students understand the costs of going to college, beyond tuition and fees, and how to fill out the FAFSA form as a starting point to pay for college.

One of the major challenges faced by our students in completing the FAFSA is the verification process. Our financial aid administrators estimate that they spend 25 percent of their time annually supporting the current FAFSA and verification process. Some of these activities include:

- Preparing verification forms
- Assisting students in accurately completing verification forms
- Advising students on the acceptable documentation required for verification
- Updating any differences in the FAFSA data
- Once the corrected data is returned by the Federal Processor, an additional review must be made to ensure the student receives the proper amount of aid

In our system, we had 94,169 students submit the FAFSA last year, but only 53,582 actually completed the financial aid process. Of the 94,169 who applied, 37,008 (39.3 percent) were selected for verification and only 45 percent of those selected for verification completed the process (16,728 students). The complexity of the form is one of the reasons for the reduced number of students actually receiving aid. Simplification of the FAFSA form and process could make a significant difference in the ability of students to access Federal and state aid to pursue their college degree. This experience is similar to one that we have heard from other community colleges across the country.

Therefore, we urge the Committee to work to create both a form and related subsequent administrative processes that obviates the need for such widespread verification.

It is important to keep in mind that staff time currently focused on FAFSA support could be re-directed to wrap-around student services that are proven to increase student retention and completion. Community colleges often know strategies that help students succeed, but we currently lack the resources to provide them. Some of these student success strategies that could be attained through repurposed staff time include:

- Additional intensive academic advising, including pathways to success with an individual student's course planning throughout their program. For example, an intentional advising model, called Navigator, was piloted by CCCS. Results showed significant increases in persistence rates for students who met with a Navigator versus students who did not. The program resulted in higher retention rates (up 27 percentage points) and completion rates (up 6–11 percentage points). This program requires significant personnel resources that could be freed up through FAFSA simplification.
- Mentoring throughout a student's education in addition strong focus in their first term.
- Assist in finding solutions for students to resolve temporary roadblocks that would otherwise result in permanent educational goal derailment. This could include referrals for resources such as tutoring or financial emergencies.
- More robust financial literacy programs to assist in student loan debt management.
- Programs to assist in the scholarship application processes to reduce student debt.
- Pre-college outreach and preparation for high school and middle school students to assist the families in making college expenses affordable.

Conclusion

Thank you for the opportunity to present these views on this critical topic. We need every potential community college student to have an accessible and transparent way to receive Federal student financial aid. There is no simple solution to making this happen, but progress is clearly being made and reauthorization of the Higher Education Act opens the prospect for more progress. I would be happy to answer any questions that you may have.

Table 1: FAFSA Application by Sector

FAFSA Applications by Sector *

	2003-04	2007-08	2011-12	Change from 2003-04 to 2007-08	Change from 2007-08 to 2011-12	Change from 2003-04 to 2011-12
All	58.3%	58.5%	70.1%	0.2%	11.6%	11.8%
Community Colleges	44.5%	43.0%	62.0%	-1.5%	19.0%	17.5%
Difference between all and cc	13.8%	15.5%	8.1%			
Public primarily non-baccalaureate	60.7%	51.3%	72.2%	-9.4%	20.9%	11.5%
Public associate and certificate	44.1%	42.4%	61.0%	-1.7%	18.6%	16.9%

*National Postsecondary Student Assistance Survey (NPSAS). This table shows that there was a significant increase in the percent of students completing the FAFSA in 2011–12 from previous years, especially in the case of students attending community colleges. Without another NPSAS dataset, it is difficult to determine if the 2011–12 figures were "peak" or a beginning of an upward or a downward trend.

Table 2: Reasons for not applying for Federal student aid by select institution categories

Reasons for not applying for Federal student aid by select institution categories, 2011-2012 *

	All Institutions	Community Colleges	Public primarily non-baccalaureate	Public associate and certificate
Forms were too much work	9%	9%	9%	9%
No need	43%	39%	32%	40%
Thought ineligible	44%	44%	47%	44%
Did not want to take on the debt	33%	33%	37%	33%
No information about how to apply	13%	15%	12%	15%

*NPSAS Undergraduates

[SUMMARY STATEMENT OF NANCY J. MCCALLIN]

The Colorado Community College System is the state's largest provider of higher education and career training in the State of Colorado, serving approximately 138,000 students annually at 13 colleges and 39 locations across Colorado.

Approximately 40 percent of our students receive some sort of Federal and/or state financial aid that requires the completion of the Free Application for Federal Financial Aid. Our students receive $211.1 million in Federal aid and $38.3 million in state aid to pursue postsecondary education using this application.

In order to thrive in today's complex economy, a postsecondary certificate or degree is necessary. In Colorado, 74 percent of all jobs will require a postsecondary credential by 2020.

Completing the FAFSA form is a difficult and daunting task for many students, particularly for first-generation college students that comprise 54 percent of our students. Reducing the complexity of the FAFSA will help remove a barrier that precludes access to higher education.

Community colleges have the lowest FAFSA completion rate of any sector in higher education, yet community colleges also have the largest number and share of low-income students. By not completing the FAFSA these students miss out on the op-

portunity to receive Pell and state grants that provide them access to higher education and assure they will be competitive in the economy.

The lengthy application with its 66 pages of instructions is the first barrier to completing the FAFSA. Another major challenge in completing the FAFSA is the verification process. Our financial aid administrators estimate they spend 25 percent of their time supporting the verification process. In our system, 94,169 students submitted the FAFSA form last year, but only 53,582 completed the process. Of these 94,169 students who applied, approximately 37,000 were selected for verification and only 16,728 of those selected for verification completed the process. The complexity and length of the application clearly limits access to important financial help for our students.

If we were able to free up some of the time our financial aid administrators spend on FAFSA verification support, we could re-direct resources to important student success strategies that improve student retention and completion such as intensive advising, mentoring, financial literacy, increased support for scholarship applications, and pre-collegiate outreach.

Thank you for your attention in helping improve access to higher education for our students.

The CHAIRMAN. Thank you, Dr. McCallin.

Ms. Williams, welcome.

STATEMENT OF ELAINE WILLIAMS

Ms. WILLIAMS. Good morning. I would like to thank Chairman Alexander, Ranking Member Murray, and the Members of the HELP Committee for the opportunity to speak about my experiences.

The problem of youth homelessness is bigger than many people realize. A new national report from Chapin Hall at the University of Chicago found that at least 700,000 youth between the ages of 13 and 17 and 3.5 million young adults between the ages of 18 and 25 experience homelessness in a year. This represents one in 30 youth between the ages of 13 and 17 and one in 10 young adults between the ages of 18 and 25. I was one of them.

My experience of homelessness began during middle school. My mother was not able to take care of me due to struggles with addiction and mental health problems. Although she is doing much better now, my mother lost custody of me at one point. I moved in with relatives without a stable place to stay six different times. Two months before high school graduation, I was put out and had to stay with one of my friends.

In spite of all these struggles, I knew I had to continue to pursue my dreams of college. I grew up in poverty and did not see anyone around me going to college. I wanted something different for myself and my future. But as I tried to fill out the FAFSA, the counselor kept asking for my mother's financial information. I finally broke down and told her that my mother was not in the picture.

The counselor contacted the high school's McKinney-Vento social worker, who assured me that I could go to college. She brought me the unaccompanied homeless youth information that allowed me to fill out the FAFSA. Soon after, I was accepted into Virginia Union University.

Unfortunately, I needed to live on campus at Virginia Union in order to be able to go to school, which added to the cost. I had to work, which prevented me from fulfilling the hours needed that were required for one of the scholarships, so I lost that scholarship.

I asked the financial aid office for assistance, and they told me to take a year off and work.

I worked full time until I was ready to try college again, this time at Virginia Commonwealth University. Although I had many great experiences at VCU, the FAFSA process presented obstacles. They required me to submit two letters to verify my unaccompanied youth status as well as other kinds of documentation. It took 4 months for everything to clear, so I lost out on grants awarded on a first come, first serve basis. I had to take out more loans.

The following year, my FAFSA experience was even worse. The financial aid office told me that because I was no longer in high school, they wouldn't accept a letter from my McKinney-Vento school social worker. They demanded a letter from certain kinds of homeless shelters, but there are no homeless shelters for youth in Richmond, and the adult shelters told me to go stay with family members, which was impossible.

Every single year, it was daunting to have to answer the questions 53 and 54. It was re-traumatizing to have to explain my situation over and over again to strangers and feel like they didn't believe me. The FAFSA determination process also contributed to my student debt, because I lost out on a lot of grants due to the delays caused by documentation requirements.

While the FAFSA was my No. 1 hurdle in completing college, I had other challenges, especially housing and mental health services. Despite all of that, I graduated in May 2017 with my Bachelor's in Social Work. I now work as a Shelter Diversion Specialist at the YWCA in Richmond. I am a role model to my four young siblings and my peers in the community. Through the nonprofit I helped to co-found, I am able to serve as a mentor and work with other students who are experiencing homelessness.

My three top recommendations for Congress to make the FAFSA simpler for homeless and foster youth are: eliminate the requirement for unaccompanied homeless youth to have their status determined each year. This requirement creates more paperwork burdens for students and it adds to our trauma.

Second, reduce the documentation requirements for determining that a youth is homeless and unaccompanied. If a youth has documentation from any authorized source, the financial aid office should accept it.

Third, require colleges and universities to designate a staff person, a single point of contact, to help homeless youth and foster youth just like McKenney-Vento liaisons in K through 12. We need a person who connects us to resources both on and off campus and helps us navigate financial aid and other supports.

In closing, I would like to thank you for this opportunity, and I hope my testimony will help inform decisions about the FAFSA for millions of youth like me.

[The prepared statement of Ms. Williams follows:]

PREPARED STATEMENT OF ELAINE WILLIAMS

Good morning. I would like to start by saying thank you to Chairman Alexander, Ranking Member Murray, and other Members of the HELP Committee, for this opportunity to share my experiences with you today.

The problem of youth homelessness is bigger than most people realize. A new national report from Chapin Hall at the University of Chicago found that at least 700,000 youth between the ages of 13–17, and 3.5 million young adults between the ages of 18–25, experience homelessness in a year.[1] This represents one in thirty youth between the ages of 13-17, and one in ten young adults between the ages of 18–25. Twenty-nine percent of young adults who experienced homelessness were enrolled in college or another educational program when they were homeless.

I was one of them.

My name is Elaine Genise Williams. I am a 24-year-old Richmond Native. I currently work as a Shelter Diversion Specialist at The YWCA of Richmond. I graduated from Virginia Commonwealth University with my Bachelor's degree in Social Work in May 2017. I also am a co-founder of Change the World RVA, a non-profit organization that serves youth experiencing homelessness in the Richmond, Virginia area.

My first experiences of homelessness were in my adolescent years during middle school. My mother was not able to take care of me, due to struggles with addiction and mental health problems. Although she is doing much better now, my mother lost custody of me at one point. I was raised by my great-grandmother, until social services said she was too old. I then moved back and forth between various relatives' homes. Some of these homes were not good or healthy environments. Then, in my senior year, 2 months before graduation, I received a text message from the relative I was then living with stating that since I was eighteen, I had to move out. My relative was frustrated because even though I was working as many hours as I could at KFC, and I was trying to finish high school, I had little to bring to the table. Less than 2 days later, I was put out. I had nowhere to go. Luckily, my best friend's mother said I could stay with her, so I could graduate from high school. All in all, I moved six times in middle and high school, without a stable place to stay.

In spite of all of these struggles, I knew I had to continue to pursue my dreams of college. I grew up in poverty, and I didn't see anyone around me going to college. I wanted something different for myself. The thought of going to college gave me hope in my future, a way that I could reach my fullest potential, and the opportunity to be able to do something to make lasting change in my community. I also participated in the TRIO Upward Bound program, which allowed me to visit college campuses and be exposed to university life. I decided to take a risk, do something different, and go to college.

But as I began to apply for college, another problem arose. I tried to fill out the FAFSA with the help of the GRASP program (a college access organization that sends counselors to high schools in Richmond). The GRASP counselor kept asking me to bring my mother's financial information. I broke down and told her that my mother was not in the picture. She contacted my high school's McKinney-Vento social worker (the person in charge of helping homeless students under the McKinney-Vento Act). The McKinney-Vento social worker told me that I was going to go to college, despite my situation. She brought me the unaccompanied homeless youth information that allowed me to be able to fill out the FAFSA without my mom. Soon after, I was accepted into Virginia Union University.

Unfortunately, things did not go smoothly at Virginia Union. I needed to live on campus in order to be able to go to school, which added to the cost. I had to work, which meant that I was unable to fulfill the volunteer hours that were required to receive one of my scholarships, and so I lost that scholarship. I asked the financial aid office for help, and they told me I should take a year off to work.

As a first-generation college student, I didn't know how to navigate these issues. I was dealing with a lot of emotional trauma, and I fell into a deep depression. I stayed with my friend's parents, but then they got evicted and lost their home, too, and I was homeless again.

I worked full-time for a year, until I was ready to try college again, this time at Virginia Commonwealth University (VCU). Although I had many great experiences at VCU, the FAFSA process presented obstacles.

Completing the FAFSA at VCU for my first year there was challenging. They required two different letters for my verification of unaccompanied homeless youth status, as well as other kinds of documentation. It took 4 months for everything to clear, which caused me to lose out on grants that were awarded on a first-come, first-serve basis. I had to take out more loans.

The following year, my FAFSA experience was even worse. The financial aid office told me that because I was no longer in high school, they could not accept a letter

[1] Morton, M.H., Dworsky, A., & Samuels, G.M. (2017). Missed Opportunities: Youth Homelessness in America. National Estimates. Chicago, IL: Chapin Hall at the University of Chicago. Retrieved from: *http://voicesofyouthcount.org/brief/national-estimates-of-youth-homelessness/*

from my McKinney-Vento school social worker. They told me I needed a letter from certain kinds of homeless shelters. But there are no homeless shelters in Richmond for youth. When I tried to access an adult shelter, they told me to go stay with a family member. That was not possible or healthy for me.

A director from a national organization got involved to advocate on my behalf. She even called the Ombudsman at VCU. Still, the financial aid office would not recognize my independent status as an unaccompanied homeless youth, and they insisted on getting information from my parents. My mentor, my social worker, and one of my professors all wrote letters to support me, and eventually the financial aid office recognized my status.

Every single year, except for my senior year, completing the FAFSA was a nightmare. I would get to question 53 and 54, and worry. It was re-traumatizing to have to explain my situation over and over again, to pour myself out to a stranger, and then have them not believe me. I cried a lot, and sometimes I thought that maybe college wasn't for me after all. I already felt out of place, as a first-generation student. The FAFSA process made me feel even more stigmatized.

The FAFSA determination process also contributed to my student debt, because I lost out on grants due to the delays caused by the documentation requirements for unaccompanied homeless youth. Without a parent in the picture, I could not benefit from certain kinds of loans. I worked year-round, but today, I am $50K in debt. I understand that my college education is an investment in my future, but this is a burden I will carry with me for a long time.

I am not the only homeless youth to face these challenges. In fact, my experience is all too typical. A 2016 report from the Government Accountability Office found that FAFSA program rules make it harder for homeless and foster youth to access Federal supports; that extensive requests for documentation can prevent homeless youth from accessing Federal student aid; and that the requirement for annual reverification of homelessness poses unnecessary barriers for unaccompanied homeless youth.[2] A 2017 report from SchoolHouse Connection showed that many of the FAFSA applicants who indicated that they were homeless on the initial filtering question could not complete the necessary documentation process.[3]

While the FAFSA was my No. 1 hurdle in completing my education, I had other challenges, especially housing and mental health services. I did not know where I was going to stay during breaks. My mentor introduced me to a couple from her church who eventually took me in, and with whom I live today. They are now my parents, and have helped me find stability in housing and my life.

I was not able to tap into mental health services due to the lack of knowledge of those resources on campus. I felt alone, like no one understood. I sank into a terrible depression. I am fortunate that I have people who supported me in my education, but I could have used more support on campus.

In spite of the many obstacles, I made it to the finish line. Today, I am very proud of what I have accomplished. I am a role model for my four young siblings, who look up to me. Because I graduated from college, they see that it is possible to live a different life. Also, through the non-profit organization that I started, I am able to help other high school and college students who are experiencing homelessness. They tell me that I give them hope, because I've made it. They tell me that even though they are experiencing housing crisis, they know they can come see me and their peers who has similar experiencing every Monday, and they know that myself and other care and believe in them. It inspires me to continue to be successful, and to be the leader in my community, especially among young people.

I plan to continue my advocacy to end youth homelessness, and that means advocating for policy change.

My top three recommendations for Congress to make the FAFSA simpler and easier for homeless and foster youth are:

1. Eliminate the requirement for unaccompanied homeless youth to have their status re-determined every year. This requirement creates more paperwork burdens for students. It adds to our trauma. Unless a youth reports a change in their circumstances, or the financial aid administrator has specific information

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[2] U.S. Government Accountability Office. (2016). Report to the Ranking Member, Senate Committee on Health, Education, Labor, and Pensions: Higher Education Actions Needed to Improve Access to Federal Financial Assistance for Homeless and Foster Youth. Retrieved from *http://www.gao.gov/assets/680/677325.pdf*

[3] SchoolHouse Connection. (2017). "This is How I'm Going to Make a Life for Myself:" An Analysis of FAFSA Data and Barriers to Financial Aid for Unaccompanied Homeless Youth. Retrieved from *https://www.schoolhouseconnection.org/wp-content/uploads/2017/03/Formatted-FAFSA-Report-March.pdf*

that shows that the student's situation has changed, the status as an unaccompanied homeless youth should continue through college.

2. Reduce the documentation requirements for determining that a youth is homeless and unaccompanied. If a youth has documentation from any authorized source, the financial aid office should accept it. If a youth does not have documentation, the financial aid administrator should be required to make the determination based on the actual legal definition of homeless.

3. Require colleges and universities to designate a staff person to help homeless youth and foster youth. Just like the McKinney-Vento liaison for K–12, we need a person who can connect us to resources both on and off campus. We need a Single Point of Contact to help us navigate financial aid, student services, housing during the school year and during breaks, and other supports.

In closing, thank you for this opportunity to share my experiences. I hope that my testimony will help inform decisions about the FAFSA for millions of youth like me.

[SUMMARY STATEMENT OF ELAINE WILLIAMS]

Many unaccompanied youth experience homelessness. Many of these youth also face barriers to accessing financial aid because of the FAFSA.

- A 2017 report from Chapin Hall at the University of Chicago found that at least 700,000 youth between the ages of 13–17, and 3.5 million young adults between the ages of 18–25, experience homelessness in a year. This represents one in thirty youth between the ages of 13–17, and one in ten young adults between the ages of 18–25.
- A 2016 report from the Government Accountability Office found that FAFSA rules make it harder for homeless and foster youth to access Federal supports. A 2017 SchoolHouse Connection analysis found that many of the FAFSA applicants who indicated that they were homeless on the initial filtering question could not complete the necessary documentation process.

I personally experienced these challenges.

- My experience of homelessness began in middle school as a result of family and economic problems. It got much worse in high school.
- I wanted to go to college to lead a different life from those around me, and to be able to make lasting change in my community.
- Every single year of college, except for my senior year, I, like many unaccompanied homeless youth, experienced extreme challenges in completing the FAFSA. I was asked for documentation that I could not produce, or that took great efforts for me to obtain.
- These FAFSA challenges almost kept me from completing school, added to my mental health struggles, and increased my student debt because they led to delays that deprived me of opportunities to apply for various grants.
- Despite these problems, I did graduate in May 2017 with a Bachelor's Degree in Social Work from Virginia Commonwealth University. I wish to end youth homelessness and I have started my own non-profit organization to help homeless students.

I have three recommendations for how Congress should fix these problems.

1. Eliminate the requirement for unaccompanied homeless youth to have their status re-determined every year. This requirement creates more paperwork burdens for students. It adds to our trauma.

2. Reduce the documentation requirements for determining that a youth is homeless and unaccompanied. If a youth has documentation from any authorized source, the financial aid office should accept it. If a youth does not have documentation, the financial aid administrator should be required to make the determination based on the actual legal definition of homeless.

3. Require colleges and universities to designate a staff person to help homeless youth and foster youth. Just like the McKinney-Vento liaison for K–12, we need a person who can connect us to resources both on and off campus. We need a Single Point of Contact to help us navigate financial aid, student services, housing both during the school year and during breaks, and other supports.

The CHAIRMAN. Thank you, Ms. Williams. That's an impressive testimony and an impressive effort that you've made. We thank you for coming.

Dr. Scott-Clayton, welcome back.

STATEMENT OF DR. JUDITH SCOTT-CLAYTON

Dr. SCOTT-CLAYTON. Thank you, Chairman Alexander, Ranking Member Murray, and Members of the Committee. It's a real honor to be here again to testify today, especially with this esteemed panel of witnesses.

My role, I think, is to briefly share a few key research findings relating to this topic, which have informed my own policy recommendations. First, access to college matters more now than ever. Those with a college education not only have more stable employment and higher earnings, but they're also more likely to vote, and they pay enough in additional taxes to more than repay the public investments that we make in them via financial aid.

Please note that when I'm talking about college, I'm not just talking about the traditional 4-year baccalaureate degree, but also about the full range of postsecondary education that Federal student aid supports, including associates' degrees and certificates in high-return fields.

Second, decades of rigorous research across a range of contexts shows us that financial aid works. Not only does aid increase enrollment and completion, but new evidence shows that it can also help students graduate faster and can lead to higher earnings and higher rates of home ownership after college as well. Yet, despite rising returns to college and despite substantial amounts of Federal financial aid, the gap in college attainment between high and low-income families is actually bigger now than it was a generation ago. Federal student aid needs to do more to narrow this gap.

This brings me to my third key finding. The details of program design really matter. Unfortunately, the Federal student aid programs hide their substantial benefits under a thicket of bureaucracy, as we just heard, and this is embodied in the Free Application for Federal Student Aid, or the FAFSA.

For many families, filling out a FAFSA is more complicated than doing their annual income taxes. When I coded up the FAFSA for my own research, it took hundreds of lines of code to describe.

But by this point, everyone knows that the FAFSA is annoying, but we wouldn't be here today if it were just about an annoyance. Research shows, and we've just heard, that this form itself has become a significant barrier to college access. Its complexity and lack of transparency make it very hard for students to figure out what they're eligible for well in advance of their college decision, and it generates unnecessary hurdles just as students are juggling many other new responsibilities and navigating their path to college.

We don't have to speculate about whether the FAFSA is really a barrier. Several high-quality, randomized experiments have shown that when students or prospective students receive assistance filling out and submitting the form, enrollment and retention rates increase. One study found that providing application assistance increased college enrollment rates by 8 percentage points. We could do even better by simplifying the process at its source.

My fourth key finding from research is that all this complexity is not even necessary to accurately predict what students will qualify for. Analysts, including myself, have conducted simulations in which real FAFSA applications are run through the need calculation but with various financial elements disregarded. These simulations show that both Pell eligibility and the expected family contribution, or the EFC, can be replicated with a high degree of accuracy using only a handful of key items.

Asset information is perhaps the biggest surprise. Although these questions are among the most complicated for individuals to report, for the vast majority of applicants, they don't play any role at all in the Pell calculation or even in the broader calculation of EFC. So the benefits of complexity are small, while the costs are very large.

So my fifth and final conclusion is that simplification is imminently feasible. We can do this. Progress has already been made in recent years in eliminating questions from the form, automatically importing information from the IRS, and enabling students to apply earlier. But overall, the process remains a major source of hassle and confusion, including the verification process that we've just heard about. We can do much better, and the remaining hurdles are completely surmountable.

Various groups have offered alternative plans for simplification, including myself. There is more than one path to meaningful and effective simplification as long as it achieves two key goals: first, minimizing application hassle, and, second, maximizing transparency.

This leads me to the following general recommendations. First, we should base Pell awards on a limited number of data elements that are available from the IRS so that no separate financial application is necessary. Second, provide states and institutions with an EFC or simulated EFC that they can use to continue to distribute their own aid. Third, consider fixing Federal aid eligibility for several years, allowing students to plan for a multiyear course of study without needing to reapply multiple times.

Fourth, summarize Pell eligibility by family income on a post card that schools, counselors, and community organizations can post and distribute, even if some fine print is still required. Finally, use IRS information to proactively communicate to prospective students and their families about their likely Pell eligibility.

My written testimony has additional details, and I look forward to your questions.

Thank you.

[The prepared statement of Dr. Scott-Clayton follows:]

PREPARED STATEMENT OF JUDITH SCOTT-CLAYTON

Chairman ALEXANDER, RANKING MEMBER MURRAY, AND MEMBERS OF THE COMMITTEE:

My name is Judith Scott-Clayton. I am an Associate Professor of Economics and Education at Teachers College, Columbia University, as well as a Research Associate of the National Bureau of Economic Research and a Senior Research Associate at the Community College Research Center. Over the past decade, I have conducted my own research on the impacts of financial aid policy, reviewed the evidence from others doing work in the field, and participated in policy working groups examining financial aid and other college access interventions at both the state and Federal

level. Thank you for your Committee's longstanding, bipartisan interest in this important topic and for the opportunity to testify.

In the following testimony, I first summarize the evidence that access to college matters more now than ever. I then focus on three questions: What does the latest evidence tell us regarding the impact of financial aid and financial aid simplification? Which aspects of simplification are the most important? How can we allay some of the most common concerns regarding FAFSA simplification? Which aspects of simplification are the most important? How can we ally some of the most common concerns regarding FASFA simplification? I conclude with recommendations for reform.

1. Access to College Matters Now More Than Ever

Over half a century ago, upon signing the Higher Education Act of 1965, President Lyndon Johnson stated his intent that the Act ensure that "the path of knowledge is open to all that have the determination to walk it." Since then, college enrollment rates have increased substantially for qualified students across the income spectrum. Yet significant inequities remain, and while the levels of college enrollment are higher across the board, the gaps in enrollment between high and low income families are actually greater for recent cohorts than for those born in the early 1960's (Bailey & Dynarski, 2011). Socioeconomic gaps in degree completion are even higher than for college entry, and these gaps cannot be fully explained by differences in preparation.

These gaps are troubling because the return to postsecondary education is near historically high levels. Full-time workers with a bachelor's degree currently earn $24,600 more annually than workers with only a high school diploma. While bachelor's degrees offer the most substantial payoff, associate's degrees also confer earnings gains of around $10,000 annually relative to workers with only a high school credential. Those with a college education also have substantially higher employment rates, receive better employment benefits, are less likely to smoke, more likely to vote, and pay more in taxes (Ma, Pender, & Welch, 2016).

More students should be taking advantage of these high returns to college, but costs remain a significant barrier. As college tuition has risen over time, while family incomes at the bottom of the income distribution have declined (in real terms), college costs represent an increasing fraction of family resources (Baum & Ma, 2014). Our ability to ensure that "the path of knowledge remains open to all that have the determination to walk it" thus rests heavily on ensuring access to financial aid—particularly the Federal Pell Grant, which is the Nation's single largest grant program, used at over 7,000 eligible institutions nationwide, and providing up to $5,815 per student per year for up to 6 years of undergraduate study.

2. Evidence on the Benefits of Financial Aid and Financial Aid Simplification

Thirty years of research convincingly demonstrates that financial aid can influence college enrollment, persistence, and completion. As early as 1983, a review of available research indicated that a $1,000 decrease in net price was generally associated with a 3 to 5 percentage point increase in college attendance (Hansen, 1983). Subsequent research using more rigorous experimental and quasi-experimental methods, which can separate out the true causal impact of financial aid from pre-existing differences between recipients and non-recipients, finds positive effects of a similar magnitude, across a range of contexts (see Page & Scott-Clayton, 2016, for a comprehensive review).

Evidence regarding the positive impacts of financial aid has only grown in recent years. The latest research indicates that financial aid influences not just college enrollment and completion, but also important post-college outcomes like earnings and homeownership (Bettinger, Gurantz, Kawano, & Sacerdote, 2016; Scott-Clayton & Zafar, 2016; Denning, Marx, & Turner, 2017). The benefits of financial aid are shared by taxpayers as well: Denning, Marx, & Turner (2017) estimate that the costs of grant aid are fully recovered in the form of higher Federal tax payments within 10 years of college entry.

While financial aid clearly can influence college enrollment, this does not imply that all aid programs are equally effective. Many of the studies that have found positive impacts of financial aid examined programs with simple, easy-to-understand eligibility rules and application procedures. In contrast, accessing Federal financial aid requires students to submit a Free Application for Federal Student Aid (FAFSA), the complexity of which has been well-documented (Dynarski & Scott-

Clayton 2006; Dynarski, Scott-Clayton & Wiederspan, 2013; Bill & Melinda Gates Foundation, 2015). With over 100 questions about income, assets and expenses, the FAFSA approaches the IRS Form1040 in length, and is longer and more complicated than the 1040A and 1040EZ, the tax forms filed by a majority of taxpayers.

The FAFSA isn't just an annoyance. Its complexity and lack of transparency undermine the effectiveness of financial aid, making it harder to reach students who need aid most. Many students never receive the Federal aid for which they would qualify: of the 30 percent of undergraduates who fail to file a FAFSA, one-third would have qualified for a Pell Grant.[1] Some of those who do successfully file may submit the form too late to qualify for state and institutional aid they otherwise could have received (King, 2004). Even those who submit in 1 year may fail to reapply the next year, increasing the risk of dropout (Bird & Castleman, 2014).

Of even greater concern are those who never show up in college because they never knew they would qualify for aid. Misperceptions about college costs and financial aid are widespread and are most prevalent among students from the lowest-income backgrounds (ACSFA, 2005; Grodsky & Jones, 2007; Horn, Chen, & Chapman 2003; Hoxby & Avery, 2013; Hoxby & Turner, 2013; Radford, 2013).For lower-income and first-generation students who are particularly uncertain about their ability to afford college, when the time comes to file a FAFSA it may already be too late. College preparation needs to start well before the end of high school. But if students assume college is out of reach, they may never seek out the information that would challenge that assumption, and may not take the steps they need to take academically to be prepared.

We don't have to speculate about the importance of simplification: two influential experiments show that reducing application hurdles is a highly cost-effective strategy for reducing inequality in college access. In one, researchers randomly selected a subset of low-income families who visited tax-preparation centers and were offered personal assistance with completing and submitting the FAFSA. The intervention increased immediate college entry rates by 8 percentage points (24 percent) for high school seniors and 1.5 percentage points (16 percent) for older participants with no prior college experience (Bettinger, Long, Oreopoulos, & Sanbonmatsu, 2012). After 3 years, participants in the full treatment group had accumulated significantly more time in college than the control group.

In a second experiment, researchers randomly selected high-achieving, low-income students from a College Board data base and mailed them packets of information on net costs and application procedures at different types of institutions, along with vouchers for automatic application fee waivers (Hoxby & Turner, 2013). The intervention significantly increased enrollment rates at highly selective colleges and universities.

Since I first testified to this Committee in 2013, the evidence has only grown regarding the consequences of aid complexity and the potential value of simplification. For example, a national "nudge" campaign that sent students text messages and e-mails prompting them to plan when and how to complete the FAFSA increased college enrollment by 1.1 percentage points overall, and by 1.7 percentage points for first-generation college students—at a cost of just $0.50 per student (Bird, Castleman, Goodman, & Lamberton, 2017). Several additional studies also document even larger positive effects (up to 8–14 percentage point increases in enrollment or persistence) of providing students additional support navigating aid paperwork, and reminding them about deadlines for financial aid application and renewal (Castleman, Page, & Schooley, 2014; Castleman & Page, 2014).

3. Why Simplification Is Feasible and Which Aspects Are Most Important

The research discussed above demonstrates the benefits of providing students with extra support to navigate a complicated system. Simplifying the FAFSA at its source might prove even more effective. But an oft-expressed concern is that simplification would reduce the ability for policymakers to accurately target aid.

A separate body of research definitively shows that this is not the case: most of the financial information collected on the FAFSA contributes very little to aid eligibility determination. Pell eligibility and even the Expected Family Contribution (EFC) itself can be approximated with a high level of precision using just a handful of elements from the form, primarily relying upon adjusted gross income and family size (Dynarski & Scott-Clayton, 2006, 2007; Dynarski, Scott-Clayton, & Wiederspan,

[1] 1 Author's calculations based on data from the 2011-2012 National Postsecondary Student Aid Study (NPSAS).

2013; Reuben, Gault, & Baum, 2015).[2] Thus, while the benefits of simplification are substantial, the tradeoff in terms of less accurate targeting is surprisingly minimal.

This holds true even when considering state aid programs, which often piggyback their own eligibility determination on the Federal EFC. One study used detailed financial aid application data to examine the consequences of formula simplification for state aid programs in five states, and found that no more than 2 percent of applicants would become newly eligible for state aid as a result, and that overall increases in grant amounts would be minimal (Baum, Little, Ma, & Sturtevant, 2012).

To be effective, a simplification strategy needs to address two related but distinct problems. First is the burden of completing the application itself, which imposes compliance costs, stress, and may deter even some applicants who intend to apply. Second is the overall lack of transparency which makes aid eligibility difficult to predict and communicate (ACSFA, 2005; Dynarski & Scott-Clayton, 2007). Thus, in evaluating "how much simplification is enough," the critical criteria should be: will the reform both substantially reduce application hassle and substantially improve transparency?

Efforts to simplify the FAFSA have a long history. In 1986, Congress introduced a "simplified needs test" so that some families could omit asset information from the form, and in 1992 Congress introduced the "automatic-zero EFC" for families with incomes below a cutoff amount. More recently, some questions on the form have been eliminated, and the "skip-logic" has been improved in the online application so that students don't have to answer questions that aren't relevant to their circumstance. Two particularly helpful changes are that students can now automatically import tax information from the IRS via the IRS Data Retrieval Tool (DRT), and because the formula now uses prior-prior year tax information, students can apply several months earlier than they could before.

All of these changes are heading in the right direction. But many of the most complicated questions remain (such as questions about untaxed income and the value of investments), and because students are advised to assemble their documents and even to fill out a paper "worksheet" prior to beginning the online form, it is not clear whether these reforms have meaningfully reduced the time and hassle required.[3] Moreover, while applicants can now file a FAFSA earlier, the eligibility formula remains opaque, so it remains difficult for students and families to discern their likely eligibility well in advance of application.

Since the main determinants of Title IV aid eligibility are already collected via the IRS Form 1040, some (including myself) have proposed eliminating the FAFSA completely and instead determining eligibility automatically, using income and other data from tax forms. Various teams have articulated how a simplified formula could work (including the bipartisan Financial Aid Simplicity and Transparency [FAST] Act introduced by Senators Alexander and Bennet in 2014; as well as proposals by The Institute for College Access and Success, 2007; Dynarski & Scott-Clayton, 2007; Baum & Scott-Clayton, 2013; Bill & Melinda Gates Foundation, 2015; Rueben, Gault, & Baum, 2015).

Making application automatic—via a check-off box on an income tax form—would substantially reduce application hassle. Dynarski and Scott-Clayton (2007) note that if it takes about 10 hours for a typical applicant (including student, parent, and administrative support time) to learn what information is required for the FAFSA, gather the necessary documents, fill out and submit the form, and then follow-up on any additional requests for documentation, then the total time spent to submit 7–10 million applications per year represents the equivalent of nearly 50,000 full-time workers. Beyond the time saved, reducing the "hassle factor" of application will reduce the likelihood that applicants will walk away before they finish the process, or even before they start (Dynarski & Scott-Clayton, 2006). The precious time and expertise of guidance counselors and college advisors nationwide could be reallocated to helping students navigate other key aspects of the college transition, like choosing the right school and major.

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[2] For example, when Dynarski and Scott-Clayton (2006) estimated Pell awards and EFCs for dependent students using only parental adjusted gross income, marital status, family size, and number in college, the correlation between estimated and actual Pell awards was 0.88 and the correlation between estimated and actual EFC was even higher at 0.91

[3] See, for example, this blog post from the U.S. Department of Education, ″7Things You Need Before You Fill Out the 2018-19FAFSAr Form,″ which doesn't mention the auto-zero or simplified needs test. It does mention the IRS-DRT, but notes that since not everyone will be able to use it, applicants should still have their tax forms available for reference (https://blog.ed.gov/2017/09/7-things-need-fill-2018-19-fafsa-form/).

Simplifying the Pell eligibility formula to the point it could be expressed on a postcard would also substantially improve transparency. Under the current system, describing how the EFC is calculated, and how Pell Grant awards are calculated from that, is difficult to explain in simple terms.[4] While many calculators and estimators are available online, the students most in need of assistance may not even know these exist, let alone go looking for them in the 9th grade. The opacity of Pell eligibility may be one reason why the program lacks the name recognition of the simpler, highly advertised aid programs now in place in many states, like the Georgia HOPE scholarship or the Tennessee Promise. To promote early awareness of Pell eligibility will require clear communication tools and proactive outreach, both of which would be much easier with a more transparent formula.

There is more than one path to achieving the goals of simplification while still accurately targeting aid to the students who need it most. While different analysts may have different favorite plans, the commonalities between these proposals outweigh their differences. As long as simplification meets two key standards—minimizing application hassle and maximizing transparency—we need not get bogged down on whether the formula is based upon two factors, or three, or five.

4. Responding to Common Concerns

In the debate around various simplification proposals, two concerns are commonly raised that I believe are fully surmountable.

One common concern is that if the formula doesn't include asset information, then wealthy families with low incomes will claim aid that they don't really need. But surprisingly, although the FAFSA questions about net worth are arguably among the most challenging to answer, the answer is basically ignored for the vast majority of applicants. Why? Retirement accounts and home equity are excluded, and this is where most families hold their assets. Other assets are considered only if they fall above a threshold that rises with the age of the oldest parent (the current threshold is $24,100 if the older parent is age 55—well above the median assets of families with children, after excluding home equity and retirement accounts).[5] Dynarski and Scott-Clayton (2006) found that assets had no effect on Pell eligibility for 99 percent of dependent applicants and no effect on EFC for 85 percent of dependent applicants. Asset information likely matters even less for independent students.

The number of households with incomes low enough to qualify for Pell, but assets high enough to disqualify them, is thus exceedingly small. The benefit of preventing these few "mistakes" is not sufficient to outweigh the cost levied on all other applicants in the form of unnecessary stress and complication.

A second common concern is that while simplified formula might work fine for Federal student aid, states and institutions may need more detailed information for their own programs. A recent survey by the Pingel (2017) finds that 32 states plus Washington, DC. use "at least three of five major FAFSA data elements to administer state aid program," and raises concerns about the spillover effects of Federal simplification. The five elements considered in the report include 1) demographic information, 2) EFC, 3) "other income or asset information," 4) date the application was filed, and 5) institutions listed by the student.

By far the most common financial element used for state aid eligibility is the EFC—which is explicitly preserved under some simplification proposals, and could be easily estimated under others. As discussed above, EFCs can be closely approximated using only a fraction of the information currently collected on the FAFSA. Baum, Little, Ma, and Sturtevant (2012) show that these minor changes in EFC have only small effects on the distribution of state aid. While the specific effects may vary from state to state, data on current applicants could be used to predict state-specific effects so that states have time to make any necessary adjustments.

Adjusted gross income is another element that could easily be preserved and passed to states under even the most radical proposals for simplification. Finally, if aid eligibility were determined automatically via the tax system, information on

[4] The document that outlines the EFC formula is currently 36 pages long, and the Federal Student Aid Application and Verification Guide that explains the FAFSA process for financial aid professionals is 116 pages long.

[5] The median net worth of households with children age 18 or younger, excluding home equity but including retirement accounts, is $14,993 (U.S. Census Bureau, Survey of Income and Program Participation, 2014 Panel, Wave 1). On average, retirement savings represent about 40 percent of remaining assets, suggesting the median net worth excluding both home equity and retirement savings could be well under$10,000. Unfortunately the Census Bureau does not directly compute median net worth excluding both home equity and retirement savings.

demographics, institutions, and application date could easily be collected via a supplementary non-financial form. Once students know what they qualify for, they may be much more likely to fill out a simple form that doesn't require complex information on income and assets.

Institutional aid presents a somewhat different challenge. Changes in EFC that have little implication for Federal or state need-based aid may matter more for institutional aid that often extends to much higher-income households. However, schools with substantial institutional aid typically already use an additional financial aid form, the CSS Profile, and would continue to do so even if the FAFSA were dramatically simplified. The Federal aid process need not burden all applicants with questions required for only a fraction of institutions.

5. Concluding Recommendations

As noted above, I don't believe there is one single path to meaningful FAFSA simplification (and indeed, over the past decade I have proposed more than one alternative). But my general recommendations for FAFSA simplification are to:

- Base Pell awards on a limited number of data elements that are available from the IRS so that eligibility is transparent and no separate financial application is needed. Continue to provide states and institutions with an EFC, or simulated EFC, as well as basic demographic and institutional information, to use in distributing other financial aid. Fix eligibility for several years, allowing students to securely plan for a multi-year course of study without the need to reapply. Summarize Pell eligibility by family income on a postcard—even if some fine print is required—that schools, counselors, and community organizations can post and distribute. Use IRS information to proactively communicate to prospective students and their families about their likely Pell eligibility.
- The first recommendation dramatically reduces application hassle. The second recommendation ensures continuity for states, while the latter three recommendations improve transparency.
- As the U.S. falls behind other countries on measures of educational attainment and social mobility and leaps ahead on measures of inequality, now is the time to reinvest in education, and to ensure that every dollar spent has the maximum impact. Research suggests that FAFSA simplification has the potential to substantially improve the effectiveness of Federal investments in postsecondary education.
- Figuring out the FAFSA is a major hurdle in the process of applying for college, but it is hardly the only one. If Federal policymakers can simplify the cost calculus for students and their families, it could free up armies of high school counselors, aid administrators, college advisors, and volunteers nationwide that are currently devoted to helping students fill out FAFSAs. Instead, these "boots on the ground" could redirect their valuable time and expertise to helping students identify a high-quality college option that not only fits their budget, but furthers their educational aspirations. Students themselves could worry a little less about money, and a little more about what they need to do academically to prepare for and succeed in college.

[SUMMARY STATEMENT OF JUDITH SCOTT-CLAYTON]

Overview of Testimony

1. Why Access to College Matters Now More Than Ever

- Gaps in enrollment rates for high- and low-income students are widening.
- The returns to college degrees are near historically high levels.
- More students should take advantage of these high returns, but costs remain a barrier.

2. Evidence on the Benefits of Financial Aid and Financial Aid Simplification

- Financial aid can improve college enrollment, completion, and post-college outcomes, and evidence is strongest for programs with simple applications and eligibility rules.
- The FAFSA required to access federal student aid is, for most families, longer and more burdensome than filing an income tax form.
- The complexity of the FAFSA and lack of transparency in the EFC and Pell award calculations undermine the effectiveness of financial aid.

- Several recent, rigorous studies demonstrate that the FAFSA is a real barrier, and show that making the process easier for students can significantly increase college access.

3. Why Simplification Is Feasible and Which Aspects are Most Important

- Most of the financial information on the FAFSA is not necessary to accurately estimate Pell eligibility or EFCs.
- Recent efforts to improve the FAFSA process are heading in the right direction, but have not sufficiently reduced the hassle or improved the transparency of aid eligibility.
- Since IRS tax forms already collect the key items needed to predict aid and EFCs, a truly simplified system would enable families to apply automatically simply by checking off a box on their tax return.
- There is more than one path to meaningful simplification, as long as reforms achieve the twin goals of minimizing application hassle and maximizing transparency.

4. Responding to Common Concerns

- While some worry that eliminating information on assets would degrade the targeting of aid, assets already play no role in the aid calculation for the vast majority of applicants.
- Some also worry about the effects federal simplification would have on the administration and targeting of state financial aid, but the key information most frequently used by states (EFC and sometimes AGI) could easily be preserved and shared with states even under the most radical proposals for simplification.

5. Concluding Recommendations

- Base Pell awards on a limited number of data elements that are available from the IRS so that eligibility is transparent and no separate financial application is needed.
- Continue to provide states and institutions with an EFC, or simulated EFC, as well as basic demographic and institutional information, to use in distributing other financial aid.
- Fix eligibility for several years, allowing students to securely plan for a multi-year course of study without the need to reapply.
- Summarize Pell eligibility by family income on a postcard—even if some fine print is required—that schools, counselors, and community organizations can post and distribute.
- Use IRS information to proactively communicate to prospective students and theirfamilies about their likely Pell eligibility.

Thank you again for the opportunity to provide these comments to the Committee. I look forward to your questions.

The CHAIRMAN. Thank you, Dr. Scott-Clayton.

Mr. Draeger, welcome.

STATEMENT OF JUSTIN DRAEGER

Mr. DRAEGER. Thank you, Chairman Alexander, Ranking Member Murray, and Members of the Committee.

In 2014, Senator Alexander, you came and spoke to several thousand financial aid administrators in Nashville and proposed a two-question FAFSA, and as my friends in Tennessee have told me, that created quite a dust-up amongst our membership, not because they don't want to make the application simpler. But when you look at the amount of grant aid delivered every year in this country, $40 billion of it comes from the Federal Government, which is not an insignificant amount of money; $58 billion of it comes from institutions, and then another $25 billion comes from state and outside scholarship providers.

The context I want to paint here is that there are other entities that are awarding significant amounts of grant aid that have an interest in making sure we're doing two things when we have students complete the FAFSA. One, which I think we're pretty much

all in alignment on, is making it as easy as possible, and that includes making the verification process as easy as possible.

But the second piece is making sure that we have accurate data to assess the financial strength of every family. At its core, need-based grants come down to few basic principles. The first principle is this: that the primary responsibility to pay for college is that of the student and family, and that students and families that can afford to pay for college should.

The second principle is that where students and families do not have the means to pay for college, we should have a web of grant providers that includes the Federal Government, state, institutions, and scholarship providers that fill in that need. No. 3, that because grant dollars are limited, we ask students to complete some sort of application so we can try to assess their need.

The unifying concept of the FAFSA is that all these different grant providers could try and rely on one form so that we don't have fragments of multiple forms throughout the process. So the tradeoff we've been talking about for years is, one, how many questions do we ask—as few as possible to make this easy—and, two, how accurately do we want to determine the applicant's financial strength.

I think that the good news is a lot has changed in the last 4 years since this conversation has started. After convening a group of practicing aid directors from all different types of schools, and with where we've come technologically, and with the timing of the FAFSA now, I think we can sort of break out of this binary tradeoff that we've been grappling with for many years. Our proposal—and it aligns well with several other independently created proposals—relies on existing data bases of information that would prepopulate or autofill for applicants, providing verified information so that students and families would no longer have to go through an arduous verification process with the school.

Our first pathway would be for low-income students who come from backgrounds where they may not make enough money to even have to file tax returns. These families probably already qualify for specific means-tested Federal benefits, like SNAP or SSI, and in those instances, this is a matter of linking data bases that already exist so that we can auto-qualify low-income students for full Pell eligibility.

Our second pathway is for those who have uncomplicated tax forms. So these are your 1040 without schedules, 1040EZ, or 1040A. They have all the information we need to determine their Pell eligibility and, in most instances, school and state eligibility. So if we could prepopulate or import that from the tax return, we could dramatically reduce the number of questions they provide, and they don't have significant assets as demonstrated by their tax return.

The third pathway is for those who have complicated tax returns and thereby complicated financial situations. We don't think it's necessarily an issue to have a slightly more complicated form for families that have very complicated financials. That would be demonstrated by schedules that indicate business income, real estate investments, or other types of investments that a lot of Pell eligible students do not have. In those instances, still, we could get the ma-

jority of the information directly from the tax return. So we could make this easier for all if we start moving toward using verified data up front.

One final point I would make about simplicity and complexity. Creating an application process that I just described would introduce some complexity, but not for the applicants. That's the part that we're focused on. The complexity in programming and indexing tax returns and transferring data and linking up data bases—that's all back end complexity, and I don't know that we ought to eschew complexity on the back end if it, at the same time, maintains integrity and accuracy on the front end and, ultimately, makes it easier for applicants. I've provided a handout in your materials that shows the pathways that I've just described.

Thank you.

[The prepared statement of Mr. Draeger follows:]

PREPARED STATEMENT OF JUSTIN S. DRAEGER

Chairman Alexander, Ranking Member Murray, and Members of the Committee:

Thank you for inviting me to testify today. My name is Justin Draeger from the National Association of Student Financial Aid Administrators (NASFAA). NASFAA represents financial aid administrators at 2,800 colleges across the country. Collectively, our schools serve nine out of 10 students enrolled in career schools, 2-and 4-year public and private schools, and graduate schools.

APPLICATION SIMPLICITY V. ACCURACY: THE TRADEOFF

To address the complexity of the Free Application for Federal Student Aid (FAFSA), we must first underscore the basic tenets that underpin the philosophy behind the Federal student financial aid programs:

1. Federal student financial aid is predicated on the idea that the primary responsibility to pay for college is that of the student and the family.
2. In instances where students and families do not have the means or ability to pay for college, the Federal Government provides need-based financial aid.
3. Because need-based financial aid dollars are limited, the Federal Government asks students to complete an application that helps to determine the financial strength of each family, and then aid is awarded accordingly. Students and families of strong financial means receive little to no need-based aid, and those with less means receive more.

As Congress explores ways to simplify the FAFSA, it is important to remember these three tenets, because, taken together, the formula and form implement these philosophical underpinnings.

Inherent in this implementation is a tension between two key goals: (1) The desire to make the form as easy as possible to complete, and; (2) creating a form that allows Federal and state governments, schools, and sometimes outside scholarship providers to accurately measure the financial strength of applicants to ensure limited need-based grants are well targeted. Put more simply, the challenge before us is to put together an application that is as simple as possible but yet allows us to distinguish the truly needy from those who are not.

Ultimately, it is this tension that causes most debates within the application simplification discussion, and historically, trying to balance these two objectives has meant tradeoffs between simplification and accuracy. For example, the most accurate measure of the financial strength of an applicant would be assessed by asking detailed questions about income, sources of income, assets, savings rate, tax brackets, annual expenditures, and more. However, such a structure would make the form complex, tedious, difficult to verify, and most importantly, extremely daunting for low-income students. First generation students with no experience with the college application process would be deterred by such a complex FAFSA, potentially losing the opportunity to attend college simply due to the form.

On the other hand, we could, as has been proposed,[1] greatly simplify the form by asking only two questions to determine the financial strength of a family: adjusted gross income and household size. While this would make the form very easy to fill out, it would likely yield a greater rate of "false positives," that is, the num-

[1] S. 108, Financial Aid Simplification and Transparency Act of 2015

bers of students who appear poor by AGI only, yet come from financially strong families who have resources elsewhere.

False positives are not new. Because we use proxies like income to determine a family's financial strength, we will always have some need-based dollars going to students who have resources to pay for college otherwise. For example, at one large, public 4-year research institution, nearly 10 percent of their students who received Federal Pell Grants did not qualify for institutional need-based aid because the school awards its own need-based aid using a more sophisticated financial need analysis model, suggesting that the school's assessment of need was more accurate that the Federal Government's. In the course of doing business, some false positives are fine, but clearly in environments with limited amounts of money, our goal should be to minimize the dollars going to students who could otherwise pay for college. Historically, the more we simplify the Federal form, the more false positives we create.

Even if we found a very simple, generally strong proxy like AGI as a determinant for Federal student aid programs, that doesn't mean that same proxy would work for all other forms of need-based grants. Similar to the Federal Government, schools, states, and private scholarship providers all want their funds to go to truly needy students. In fact, while the Federal Government provides $40 billion[2] in need-based aid per year, the largest source of need-based financial aid is institutional financial aid, not Federal Pell Grants[3]. Preliminary data for award year 2016–17 show institutions awarding $59 billion in institutional aid, while Pell Grants totaled $27 billion.

The Higher Education Amendments of 1992[4] created the FAFSA in order to offer a free, centralized financial aid application for students that, in addition to Federal eligibility, could be used to help inform aid eligibility for states, institutions, and other private entities. Prior to the FAFSA, students filled out multiple applications, often with the same information, making the process complicated and unnecessarily burdensome. The development of the FAFSA greatly streamlined the application process for students. While roughly a dozen or so states still have a supplemental financial aid application, virtually all students from those states are able to pre-populate their state application from the FAFSA[5]. In addition, most institutions (nearly 4,000) use some data from the FAFSA to award their own aid.[6] If we go too far in simplifying the Federal application we could inadvertently complicate this process even further by driving states, institutions and private scholarship providers to return to requiring their own separate applications.

TODAY'S FAFSA

Over the years, the Federal Government has grappled with the simplification versus accuracy tradeoff, sometimes adding questions to the FAFSA to try to achieve more specificity about a family's circumstances, and in other years taking away questions that were so complex they were deterring some students and families from even completing the form. For example, in 2006 Congress added active duty military as one of the criteria for independent student status,[7] and a new question was added to the FAFSA as a result. In 2009, the Department of Education (ED) added dependency status skip-logic that only asks the minimum number of questions necessary to determine an applicant's status.[8] Starting with the 2011–12 award year, ED eliminated questions about enrollment status and interest in the teaching profession.[9]

There are many examples of small tweaks throughout the years, that taken together, have reduced the time it takes for a student to fill out the FAFSA. Today, the average completion time is approximately 31 minutes the 2015–16 application

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[2] The College Board. *Trends in Student Aid, 2017*. Table 1.

[3] Ibid

[4] Public Law 102–630

[5] National Association of State Student Grant and Aid Programs. *47th Annual Survey Report on State-Sponsored Student Financial Aid*.

[6] This number was calculated by NASFAA using The College Board's list of institutions using the CSS Profile and/or IDOC for 2018–19 and U.S. Department of Education. Institute of Education Sciences, National Center for Education Statistics. 2015–16 Preliminary Release Data on institutional grant aid to first-time full-time students

[7] Public Law 109–171

[8] "Application Processing Update," presentation from ED, 2009 FSA Training Conference for Financial Aid Professionals, December 2009: *https://ifap.ed.gov/presentations/attachments/GS2ApplicationProcessingSystemUpdateV1.ppt*

[9] "Summary of Changes for the Application Processing System: 2011–2012," U.S. Department of Education Office of Federal Student Aid, November 2010: *https://ifap.ed.gov/sumchngsappsys/attachments/111810ChangesAppProcessSys1112.pdf*

cycle [10], a vast improvement from the time it took to fill out the form when it was first developed.

RECOMMENDATIONS FOR IMPROVEMENT

Even with such improvements, we can still do better. With today's technology we no longer need to make the tradeoff between simplification and accuracy, as we've had to do in the past. By relying on timing and technology, NASFAA believes Congress can dramatically reduce the number of questions for all applicants, but most of all for low-income students.

In 2015, NASFAA convened a group of diverse (geographic and sector) financial aid professionals to examine how to simplify the FAFSA. They were charged with finding a balance between simplification and accurately assessing applicant need. Their approach sorts students and families up-front to direct them down one of three potential application pathways based on their predicted financial strength. [11] I highlight the proposal below and offer it to you as a well-developed concept for FAFSA simplification.

Broadly, NASFAA supports a three-level application process, bolstered by a robust Internal Revenue Service (IRS) Data Retrieval Tool (DRT) made possible by the recent move to the use of prior-prior year (PPY) income information. [12] With the DRT, applicants can automatically import tax data directly into their FAFSA. Since, under PPY, most applicants will use the DRT, NASFAA recommends the DRT be expanded to include all line items of the 1040 and W2.

The DRT currently includes only the following line items:

- Type of tax return filed
- Filing status
- Adjusted gross income
- Taxes paid
- Income earned from work
- Exemptions
- Education credits (1040 and 1040A only)
- IRA deductions (1040 and 1040A only)
- Tax-exempt interest income (1040 and 1040A only)
- Untaxed IRA distributions (1040 and 1040A only)
- Untaxed pensions (1040 and 1040A only)

The expansion to include all 1040 line items, for example, would allow for the inclusion of other forms of income like business and investment income, and the W2 would allow for information on income earned from work for non-tax filers—all without requiring the applicant to manually complete more lines. The DRT expansion would tee up the opportunity for a simple, three-pathway approach for applicants.

Path #1: After answering the initial questions on identifiers, demographics, and dependency status, all applicants would be asked if a parent (for dependent students) or anyone in their household (for independent students) was a recipient of the Supplemental Nutrition Assistance Program (SNAP) and/or Supplemental Security Income (SSI) benefits. If the applicant answered "yes", they would go through some type of automated data base match to verify receipt, and the FAFSA would be complete with the applicant being eligible for the maximum Pell Grant. All asset questions would be eliminated under Path #1 across the board, since these applicants are likely to have very few assets. In short, students and families that have already proven that they are low-income would not have to continue proving it to other government agencies.

If the applicants did not qualify for those Federal means-tested benefits, then the FAFSA would ask if the applicant filed a tax return or was required to file. For all non-filers, the FASFA would ask about income earned from work, which could be retrieved via the expanded DRT, and child support received only. All asset questions would be eliminated.

The goal of Path #1 is to ensure that our country's neediest students, especially those who have already proven themselves poor through their eligibility for SNAP

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[10] Federal Student Aid, Federal Student Aid FAFSA Volume Reports: FAFSA Data by Demographic Characteristics, 2015–16 Application Cycle

[11] "FAFSA Simplification," NASFAA FAFSA Working Group Report, July 2015: *https://www.nasfaa.org/fafsa-report*

[12] "The President's Plan for Early Financial Aid: Improving College Choice and Helping More Americans Pay for College" The White House, September 13, 2015: *https://obamawhitehouse.archives.gov/the-press-office/2015/09/14/fact-sheet-president's-plan-early financial-aid-improving-college-choice*

and/or SSI, do not have to yet again fill out a cumbersome form that yields the same results.

Path #2 Applicants who do not meet the conditions for Path #1, but have uncomplicated financials as demonstrated by filing a 1040EZ, 1040A, or 1040 without schedules, would be directed to the IRS Data Retrieval Tool. The infrastructure for this process already exists, we would only add the small expansion on the items being indexed and imported, as noted above.

Under Path #2 information retrieved via the DRT would include:

- Tax filing status
- Adjusted Gross Income
- Taxes paid
- Income earned from work
- IRA deductions and payments to self-employed SEP, SIMPLE, Keogh and other qualified plans
- Tax exempt interest income
- Untaxed portions of IRA distributions
- Untaxed portions of pensions
- Education tax credits
- Payments to tax-deferred pension and retirement savings plans

All of those figures would be automatically imported from the DRT, requiring no additional effort on behalf of an applicant. Related to assets, by definition, applicants who file a 1040EZ, 1040A or 1040 without forms or schedules do not have significant assets. Therefore, under Path #2, the FAFSA would ask only about cash, savings, and checking accounts of students, not parents in the case of dependent students.

Path #3 Having not qualified for paths #1 nor #2, applicants who filed a 1040 with forms and/or schedules would be steered to Path #3. These families have more complicated and sophisticated financial situations and would accordingly be asked to complete a more sophisticated application form. However, even under Path #3, most questions can be answered through the an expanded IRS DRT or Federal data sharing. All of the taxable and untaxed income questions are the same for Path #3 as for Path #2, along with the same expanded use of the DRT.

However, under Path #3, the following adjustments to income would be made:

- Negative numbers carried over from a schedule to the front of the 1040 will not be allowed. The AGI reported through the DRT will be adjusted to account for any negative income and that adjusted AGI will be used in need analysis. This would address the issue where applicants with significant assets, yet low AGIs appear more financially needy than they actually are.
- Any dollar amount listed in line 21 of the 1040 with "Form 2555," for foreign income not subject to taxation, would be counted as untaxed income.

For assets, the cash, savings, and checking question would be asked of all applicants in Path #3. The other existing asset questions on investments and business/farms would be presented if a specific line item on the 1040 is populated, which indicates the potential for assets. For example, if line 12 on the 1040 is populated, that may indicate a business that should be reported on the FAFSA, and the appropriate FAFSA question would then be presented to that applicant.

Finally, the result from these changes would be to produce an index that ranks applicants according to their financial strength, instead of creating the current "expected family contribution," a misnomer and major point of confusion for students and families. This three-pathway approach, along with the indexed ranking, is a simple, streamlined, fair, and accurate way to reform the FAFSA.

IMPACT ON VERIFICATION

The application process does not end after a student submits a FAFSA. Many applicants are then required to verify the information they've just submitted. One of the major benefits of the DRT expansion and three pathway system is the positive impact this approach would have on reducing verification burden for both students and schools. Verification of FAFSA information can be a confusing and tedious process for students, particularly for disadvantaged students who are unfamiliar with the process. In some cases, the verification requirements can be cumbersome enough to deter some students from completing the process. Under our proposal, the need for verification will be greatly reduced because more information will be coming directly from the IRS. This eliminates hurdles for low-income students, and frees up more time for financial aid administrators to counsel students, rather than push paperwork.

CONCLUSION

In order to strengthen the FAFSA for those who need it the most, we will need to work to balance the tension between simplification and accuracy, and be willing to accept that there might be some imperfection in pursuit of balancing these goals.

Creating an application process with these three tiers does create some complexity, but not for the applicants. The complexity in programming, indexing tax returns, and transferring that data over to the Department of Education is all on the back end. We ought not eschew complexity on the back end if it helps us maintain integrity and accuracy in the program and prevents more states, schools, and private scholarship providers from developing their own forms. Thank you for the opportunity to testify. We look forward to working with you to continue to ensure higher education access and promote college success.

THE NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS (NASFAA)

NEXT STEPS ON FAFSA SIMPLIFICATION

As Congress and the higher education community work toward the reauthorization of the Higher Education Act (HEA), broad themes have emerged, including the concept of simplification, with a particular focus on the federal student aid application process. The National Association of Student Financial Aid Administrators (NASFAA) has long been interested in ways to make the Free Application for Federal Student Aid (FAFSA) and the overall application process more efficient and streamlined for students and families.

Early FAFSA and Prior-Prior Year (PPY)

In September 2015, President Obama and then-Secretary of Education Duncan announced their intention to use their existing authority in HEA [Sec. 480(a)(B)(1)] to adjust the year of income tax data used to determine federal aid eligibility, a move supported by NASFAA and other higher education advocates. Before, the Federal Methodology (FM) calculated a student's financial need using prior year income data. Beginning on October 1, 2016, FM will use income data from the prior-prior year ("PPY") and the FAFSA release date will move up from January 1 to October 1 ("Early FAFSA").

With Early FAFSA and a switch to PPY, students and families can:

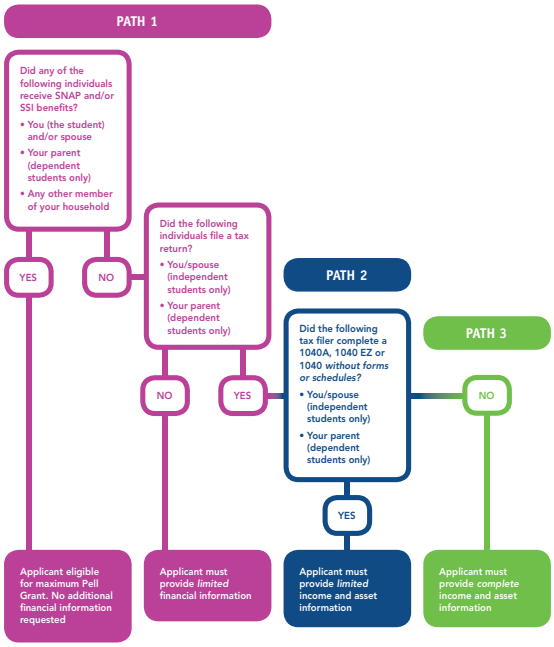
- File the FAFSA earlier than they do now. Historically, the FAFSA has been made available January 1 of each year, yet it is uncommon for a family or individual to be prepared to file an income tax return in January. Because the FAFSA will now be made available on October 1 using income data from two years prior, students can use already-completed income tax returns.
- More easily submit a FAFSA. The IRS Data Retrieval Tool (DRT), which allows automatic population of a student's FAFSA with tax return data and decreases the need for additional documentation, can now be used by millions more students and families under PPY.
- Receive notification of financial aid packages earlier. If students apply for aid earlier, colleges can provide aid notifications to students earlier, ensuring that students and families have more time to prepare for college costs. Early notification also means more time for financial aid offices to counsel students and families.

NASFAA Work on FAFSA Simplification

NASFAA has been pleased with FAFSA improvements over the past few years, including "smarter" skip-logic and the implementation of the IRS Data Retrieval Tool (DRT). In July 2013, NASFAA released initial recommendations for HEA reauthorization with several recommendations focusing on simplifying the FAFSA. Recent proposals within the context of reauthorization led NASFAA to revisit simplification with an eye toward making the application process more targeted and efficient through the expansion of existing technology.

In July 2015, NASFAA released a FAFSA Simplification report, a result of NASFAA's FAFSA Working Group, which was composed of practicing aid administrators. The working group developed a model-predicated on enacting PPY-that would simplify the aid application process while still ensuring program integrity and accurate targeting of federal funds. With PPY now in place, NASFAA's FAFSA simplification proposal represents a logical next step.

NASFAA Proposal: A Three-Level Application Process



PATH 1

After answering the initial questions on identifiers, demographics, and dependency status, all applicants would be asked if a parent (for dependent students) or anyone in their household (for independent students) was a recipient of Supplemental Nutrition Assistance Program (SNAP) and/or Supplemental Security Income (SSI) benefits. If the answer is "yes," the applicant would list the chosen school codes, sign and date the FAFSA, and the FAFSA would be complete. No further financial information would be gathered and the applicant would automatically be eligible for the maximum Pell Grant.

If the answer is "no," then the FAFSA asks if the applicant filed a tax return or was required to file. For non-filers, the FAFSA would ask about income earned from work and child support received only. All asset questions would be eliminated. Tax filers would proceed further to path #2.

PATH 2

Applicants who do not meet the conditions for path #1 would be directed to the IRS DRT. If the tax return is a 1040A, 1040EZ, or a 1040 without any line items that resulted from the completion of a form or schedule, then Path #2 applies.

Information retrieved via the DRT would include:

- Tax filing status
- Adjusted Gross Income
- Taxes paid
- Income earned from work
- Tax exempt interest income
- Untaxed portions of IRA distributions
- Untaxed portions of pensions
- Education tax credits
- Payments to tax-deferred pension and retirement savings plans
- IRA deductions and payments to self-employed SEP, SIMPLE, Keogh and other qualified plans

The question on child support received would be retained.

Related to assets, the FAFSA would ask only about cash, savings, and checking. This question would apply only to dependent students (not parents of dependent students), and independent students without dependents.

PATH 3

Having not qualified for paths #1 nor #2, applicants who filed a 1040 with forms and/or schedules will be steered toward Path #3. All of the taxable and untaxed income questions are the same for Path #3 as for Path #2, along with the same expanded use of the DRT.

However, under Path #3, the following adjustments to income would be made:

- Negative numbers carried over from a schedule to the front of the 1040 will not be allowed. The AGI reported through the DRT will be adjusted to account for any negative income and that adjusted AGI will be used in need analysis.
- Any dollar amount listed in line 21 of the 1040 with "Form 2555," for foreign income not subject to taxation, would be counted as untaxed income.

For assets, the cash, savings, and checking question would be asked of all applicants. The other existing asset questions on investments and business/farms would be presented if a specific line item on the 1040 is populated, which indicates the potential for assets. For example, if line 12 on the 1040 is populated, that may indicate a business that should be reported on the FAFSA, and the appropriate FAFSA question would then be presented to that applicant.

Additional NASFAA FAFSA Simplification Recommendations:

- Expand the IRS Data Retrieval Tool (DRT) to include all line items of the 1040 and W2 information.

Generally speaking, the goals of "simplicity" and "accuracy/program integrity" are at odds with each other, i.e., a highly accurate need analysis system is not simple. However, use of more information obtained directly from the IRS would allow for a simpler application and reduced burden for applicants, but retain a high standard of accuracy. Using PPY income data instead of prior-year data also presents the opportunity to explore expanding the DRT to include information from W2 forms, which would permit retrieval of income earned from work for non-tax filers. Under our current prior-year system, W2 information from the prior year is not available from the IRS in a time frame that is useful for financial aid application purposes.

- Consider the use of the tax return as the primary federal student aid application.

Currently most of the financial data used to complete the FAFSA comes from the tax return. The IRS data retrieval tool (DRT) provides direct population of those items, and ED is moving significantly towards mandatory use through the verification process. However, filing a FAFSA is still a separate process from filing the tax return and requires the student and family to initiate the student aid process on an entirely different website. The aid application process could be merged with the tax return process by providing a financial aid application section on or with the 1040 as an option for applying for federal student aid. This could eliminate the FAFSA application for students and parents who file tax returns.

- The result of the Federal Methodology should be an index that ranks applicants according to their financial strength, rather than an "expected financial contribution."

Because the Federal Methodology (FM) has been modified over the years to accommodate political and cost concerns, the term "Expected Family Contribution" is a misnomer that misleads and confuses students and families. Rather than representing a financial contribution by the applicant, the result functions more as an index that ranks applicants according to their financial strength. The name of the index should be changed to reflect that reality.

- Eliminate the provision requiring institutions to monitor and enforce selective service registration (assign the responsibility for determination to Selective Service).

NASFAA recommends elimination of the requirement to be registered with Selective Service from the general student eligibility criteria. This recommendation has been made repeatedly for a long time. At the very least, responsibility for determining whether a failure to register was knowing and willful should be shifted back to Selective Service and some path be constructed that allows students who knowingly failed to register, but who are past the age of registration, to gain eligibility (possibly through community service or federal awards restricted to the cost of tuition and fees only).

- Eliminate the tie between student eligibility and drug convictions.

A federal or state drug conviction-if reported by the student-can disqualify a student for federal student aid if it occurred during a period of enrollment for which the student was receiving federal student aid. Many if not most schools currently have admissions and student conduct rules that address drug use. NASFAA believes aid should not be used to enforce social policies.

The CHAIRMAN. Thank you, Mr. Draeger.

Dr. Rueben, welcome.

STATEMENT OF DR. KIM RUEBEN

Dr. RUEBEN. Thank you. Chairman Alexander, Ranking Member Murray, and Members of the Committee, thank you for inviting me to discuss simplifying the FAFSA. The views I'm going to express today are my own and should not be attributed to the Urban Institute, its trustees or funders.

The FAFSA enables millions of students to apply for financial aid, as my colleagues have shown. But it also presents significant barriers for some students, most notably low-income or first-generation students. It has grown more and more complex as officials have tried to ensure they provide aid to those who need it, but only those who need it.

Policymakers have made some progress recently in simplifying the FAFSA, adding skip logic to eliminate irrelevant questions, using the IRS data retrieval tool, and basing awards on prior-prior year income. But there's still work to be done.

The application process is still cumbersome, and the complex formula for the expected family contribution makes it difficult for students to know their eligibility before they apply for college. Further

simplification is a low-cost way of increasing the effectiveness of the Federal commitment to broadening educational opportunities, and it is especially important for low-income students who are least likely to attend college and who could benefit the most from an improved student aid application system.

My written testimony includes descriptions and cost estimates of FAFSA simplification proposals, including those of my colleague sitting to my right, made over the last few years. This is based on earlier work where we made apples to apples comparisons of the cost and distribution of benefits of different options.

Some proposals, like the FAST Act, would ask families a few questions to calculate Pell Grant awards, while others, like NASFAA's, would maintain a single process for calculating both Pell awards and other aid but would simplify the existing system through the use of technology and reliance on tax return information. The details and implementation are important, but all highlight the possibility of an easier system.

I believe that it is time to decouple the process of awarding Pell Grants from the rest of the financial aid award system. However, it would still be important to maintain a universal Federal application for other types of aid.

So five particularly promising steps would be the following: First, determine Pell Grant eligibility using just a few pieces of information, such as family income, family size, and family relationships.

Two, make Pell Grant eligibility and application available through an app or a tool that can be accessed using a smartphone or tablet, not just a computer. I think we're beyond the post card phase where people are more comfortable using their phones to figure these things out.

For other aid, maintain a universal application form that relies on branching systems which eliminate the need for applicants to view questions that might ask for information that they just don't understand. Include far fewer questions in an application process that allows data to be downloaded directly from tax returns. Finally, this probably means that we have to change the IRS data retrieval system to make simplification possible by including an indicator for the presence of business or capital income that would trigger additional questions about a student's wealth.

A simplified Pell formula can make aid more predictable and effective for low-income students, even for those who are not yet attending college. Many of the objections about losing nuance with simplification can be met by including information about family structure and changing aid formulas. Thus, we can differentiate between a two-person family with two adults or a parent and child, and then change the size of award accordingly.

So I would go from a two factor to a three factor system.

I would suggest assigning Pell Grants after students answer three simple questions: What is your family income? How many people are in your family? Are you or one of your family members a dependent child? I also suggest maintaining a Federal system for accessing other aid so we don't return to a system where students need to fill out a myriad of forms at each state level to access other aid during the application process.

I am excited to see the Committee continue this important work that I hope will lead to more students, including and especially first-generation or low-income students, attending college.

Thank you for the opportunity to testify, and I look forward to answering any questions you may have.

[The prepared statement of Dr. Rueben follows:]

PREPARED STATEMENT OF KIM RUEBEN

Chairman Alexander, Ranking Member Murray, and Members of the Senate Committee on Health, Education, Labor and Pensions, thank you for inviting me here today to discuss simplifying how students access higher education using the Free Application for Federal Student Aid. The views I am going to express today are my own and should not be attributed to the Tax Policy Center, the Urban Institute, the Brookings Institution, their boards, or their funders.

The Free Application for Federal Student Aid (FAFSA) has grown more and more complex as officials have sought to ensure that they are providing aid to those who need it—and only those who need it. The current application, while enabling millions of students to apply for college aid, presents significant barriers for low-income and first-generation students. In an American Council on Education brief, King (2004) estimates that in 2000 1.7 million low-and moderate-income students did not apply for aid including approximately 850,000 that would have been eligible for a Pell Grant. [1]

Policymakers have made some progress in recent years. In addition to a shorter application with skip-logic embedded to eliminate irrelevant questions, the IRS Data Retrieval Tool (DRT) now allows aid applicants to import data into the FAFSA. The prior administration also changed a policy to allow many more applicants to take advantage of the DRT. Instead of relying on income (and tax) data from the calendar year preceding the student's enrollment, the system uses income information from 2 years before (prior-prior year) for filing for aid. Students and families are able to apply for aid in the fall, rather than waiting until they have filed their taxes in the spring—just months before enrolling in college. [2]

But there is still work to be done. The application process is cumbersome, and the complex expected family contribution (EFC) formula makes it difficult for students to know their aid eligibility before they apply for college. Further simplification is a low-cost way of increasing the effectiveness of the Federal commitment to broadening educational opportunities. It is especially important for low-income students, who are least likely to attend college and who could benefit the most from an improved student aid application system.

Particularly promising steps are

1. determining Pell Grant eligibility using just a few pieces of information, such as family income, family size, and family relationships;

2. making Pell Grant eligibility and application available through an app or a tool that can be accessed using a smart phone or tablet rather than a computer;

3. maintaining a separate, universal application form for other aid that relies on branching systems, which eliminate the need for applicants to view questions that may ask for information that they don't understand;

4. including far fewer questions and an application process that allows data to be downloaded directly from tax returns; and

5. changing the information included in the DRT to make simplification possible through indicator information about sources of nonwage income.

My testimony is largely based on work I carried out with colleagues at the Urban Institute, as part of the Gates Foundation's Reimagining Aid Design and Delivery (RADD) project. RADD brought together 16 organizations to conduct independent research and analysis to uncover challenges created by the current Federal financial aid system. While Urban's work included advising and analyzing a simplification plan proposed by the Gates Foundation, RADD also provided funding for Urban re-

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[1] See Jacqueline E. King, "Missed Opportunities: Students Who Do Not Apply for Financial Aid" (Washington DC: American Council on Education, 2004).

[2] "Fact Sheet: The President's Plan for Early Financial Aid: Improving College Choice and Helping More Americans Pay for College," White House Office of the Press Secretary, press release, September 13, 2015, *https://obamawhitehouse.archives.gov/the-press-office/2015/09/14/fact-sheet-president percentE2 percent80 percent99s-plan-early financial-aid-improving-college-choice.*

searchers to examine our own reform proposals, analyze different initiatives put forth by other organizations, and provide technical assistance to a wide range of policy analysts and advocates.

The FAFSA calculates an expected family contribution (EFC), or how much families can reasonably pay toward college. Pell Grants are then calculated as the difference between maximum Pell and the EFC. Though the 2017-18 academic year maximum Pell Grant ($5,920) is enough to pay the tuition and fees at many community colleges, many students—especially low-income students—fail to apply. [3]

My colleagues and I originally examined eight different proposals for simplifying the FAFSA and application for Pell Grants, allowing comparisons that will help observers and policymakers make better choices about how to move forward. The actual simplification plan the Committee adopts will undoubtedly differ from the ones we modeled. Table 1 summarizes the characteristics of these plans, while tables 2 and 3 present the relative costs compared with the 2011-12 $5,550 Pell Grant and what types of students get higher versus lower awards.

The proposals, which came from both policy analysts and education advocates, highlight the tradeoff between vastly simplifying the Pell Grants award process so more potential students will apply and ensuring that Federal dollars go to the students who need aid most. Most proposals would increase aid to low-income students, sometimes through increased expenditures, but also by better targeting existing dollars. These proposals often built on each other, with good ideas (like eliminating questions that apply to very few applicants) adopted in multiple proposals. This exercise was also incredibly collaborative, with analysts and advocates communicating and comparing ideas. For example, many proposals were created by shifting teams of collaborators, including some of my fellow panelists; we also worked closely with proposal sponsors and other researchers (most notably Mark Weiderspan) to confirm that we understood the intent behind the proposals and were modeling things consistently.

In addition to these proposals, my colleagues and I looked at the Financial Aid Simplification and Transparency (FAST) Act introduced by Senators Alexander and Bennet in 2015, [4] along with the National College Access Network streamlined FAFSA prototype introduced last year.

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[3] King, Jacqueline E. (2004) "Missed Opportunities: Students who do not Apply for Financial Aid," American Council on Education Issue Brief.

[4] Financial Aid Simplification and Transparency Act of 2015, S. 108, 114th Cong. (2015).

TABLE 1

Proposal Summaries

Proposal	Outcome	Key elements
Original Pell on a postcard	Pell grant	Based on AGI with extra dollars for additional children in family; added in funds from current education tax credits
Modified Pell on a postcard	Pell grant	Tax credits removed from original version in the calculation of Pell grants, so more aid is focused lower down the income distribution
Two-factor model	Pell grant	Based on AGI relative to the FPL, which varies with family size
Three-factor model	Pell grant	Based on AGI relative to the FPL, which varies with family size; also includes factor based on number of family members in college
Hamilton Project	Pell grant	Based on AGI relative to the FPL, which varies with family size, for dependent students; independent students receive full, half, or no Pell based on AGI
IRS data only	EFC	Computed automatically from IRS data with no consideration of assets
Gates	EFC	Based on IRS data, with additional information required for filers with additional tax schedules
NASFAA	EFC	Three paths to calculation depending on participation in income support programs and tax filing requirements, with additional information required for filers with additional schedules; also modifies base income used for calculating EFC

Note: AGI= adjusted gross income; EFC = expected family contribution; FPL = federal poverty level; NASFAA = National Association of Student Financial Aid Administrators.

TABLE 2

Effect of Estimated Simplification Proposals on Pell Grant Awards for 2011–12 Financial Aid Applicants

Proposal	Change in cost	Change in number of recipients	Change in average award	Share of baseline recipients within $500 of baseline Pell
Original Pell on a postcard	$1.69 billion	2,468,411	-$624	58%
Modified Pell on a postcard	-$0.06 billion	1,146,115	-$419	54%
Two-factor Pell	$0.14 billion	-201,192	$102	73%
Three-factor Pell	$0.91 billion	-11,753	$114	74%
Hamilton Project	$1.06 billion	-116,646	$177	74%
IRS data only	$0.85 billion	191,719	$22	91%
Gates	$1.62 billion	332,094	$57	88%
NASFAA	$0.73 billion	69,090	$59	91%

Notes: Proposal estimates are for a National Postsecondary Student Aid Study data sample of 64,440 observations representing 12.5 million students who applied for financial aid in 2011–12. Baseline estimates are as follows: cost: $28. 32 billion; number of recipients: 8,314,267; average award: $3,407. NASFAA = National Association of Student Financial Aid Administrators.

TABLE 3

Distribution of Benefits in Simplified Pell Proposals

Proposal	Share receiving maximum Pell awards[a]	Who Benefits the Most?	
		Dependent versus independent	Low income versus high income
Baseline	41.5%	—	—
Original Pell on a postcard[b]	33.8%	Larger increase in dependent recipients, but independent students account for most of cost increase	Larger increase in higher-income recipients but with small grants; higher average Pell for lower-income recipients
Modified Pell on a postcard	40.1%	Decrease in average awards greatest for dependent recipients, driving cost decrease for dependent students	Larger increase in number of higher-income recipients but with small awards; higher average Pell for lower-income recipients
Two-factor Pell	48.0%	Both with higher average awards, but decrease in awards for higher income dependents	Higher average awards for lower-income recipients
Three-factor Pell	49.2%	Both with higher average awards	Higher average awards for lower-income recipients
Hamilton Project	44.8%	Increase in average awards greatest for independent students	Lower-income recipients increase in count and average award size
IRS data only	44.6%	Increase in recipients largely from dependent students	Larger increase in higher-income recipients
Gates	46.2%	Increase in recipients largely from dependent students	Larger increase in higher-income recipients; higher average awards to lower-income recipients
NASFAA	44.6%	Higher average awards for independent students	Largest increase in recipients and award amounts for higher-income students

Notes: Proposal estimates for a National Postsecondary Student Aid Study data sample of 64,440 observations representing 12.5 million students (6.5 million dependent and 6.0 million independent) who applied for financial aid in 2011-12. NASFAA = National Association of Student Financial Aid Administrators.

a. The maximum Pell award accounted for here (generally $5,550) is before adjusting for enrollment intensity. The percentage given is out of the full student sample (not limited to recipients under the proposal).

b. These models include any student receiving an award of at least $5,550. Students from larger families can receive awards up to $6,550 under these proposals.

About half the proposals vastly simplified how eligibility for Pell Grants is determined, replacing the current 100-plus questions with a system based on two or three pieces of information. These simplified proposals would allow students to calculate how large a Pell Grant they are eligible for well before applying for college using information on income and family composition. A recent proposal (not examined here) even fully eliminates the application form and has students access Pell Grants information through their tax returns.[5] A college scholarship program in Kalamazoo, Michigan, demonstrates the benefits of predictable aid: knowing that college would be free led to more low-income students preparing for and attending college.[6] In addition, the Urban Institute has created an interactive calculator that allows users to enter income and family composition and see how much Federal grant aid would be awarded.[7]

Four proposals would base Pell Grants on a formula, similar to the current system. These proposals would use better input technology, along with information already provided through the income tax system, to simplify how the EFC is calculated. The prior administration's decision to use income tax information from 2

[5] Susan Dynarski, "Fafsa Follies: To Gain a Student, Eliminate a Form," The Upshot (blog), New York Times, August 21, 2015, *http://www.nytimes.com/2015/08/23/upshot/fafsa-follies-to-gain-a-student-eliminate-a-form.html?—r=0.*

[6] See Timothy J. Bartik, Brad J. Hershbein, and Marta Lachowska. 2015, "The Effects of the Kalamazoo Promise Scholarship on College Enrollment, Persistence, and Completion," Working Paper 15–229 (Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2015).

[7] "Simplifying Pell Grants: How Different Would Awards Be across Different Tools?" Urban Institute, accessed November 21, 2017, *https://www.urban.org/simplifying-pell-grants-how-different-would-awards-be-across-different-tools.*

years earlier already means that more applicants can access data directly from the IRS. By using information based on a family's eligibility for other Federal programs and the complexity of its tax return, the processes greatly reduce the questions students and their families can face.

To fully implement some of these proposals or simplifications, the data elements accessed by the DRT system would need to change. Specifically, to distinguish which applicants should be asked questions about their wealth or nonwage income, the system needs better indicators for whether taxpayers rely primarily on wage versus nonwage income. Many proposals use the filling out of tax forms to indicate self-employment or farm or capital income. This information can be obtained by examining specific entries on the various 1040 tax forms. These more complex formulas could provide a basis for determining both Pell and other types of financial aid, including Federal loans and awards from states and institutions. Even with far fewer questions than the current FAFSA, however, the complexity and lack of transparency in the calculation of the EFC could keep students from applying.

Given the advantages of both approaches, I believe the best approach would be assigning Pell Grants using a simple two-or three-factor model, then using a longer, optional FAFSA for awarding other aid. This system would let applicants know their calculated Pell Grant amounts first, then ask if they filed taxes and if their tax return information can be accessed. Students applying to community colleges might not need additional aid, but the information about what their Pell Grant would be may make students more likely to continue the application process. In addition, younger students (such as middle schoolers) could calculate what they might get in Federal assistance, helping them realize that college is attainable.

Families who are not required to file taxes could automatically be given an EFC of zero and would be done applying for aid after just a handful of questions, though there would need to be a way to confirm they do not need to file a tax return. Maintaining some simplified federally supported FAFSA form would ensure that incoming students could fill out only one form without returning to a world where students would have to fill out separate state and institutional aid forms because the FAFSA is overly simple.

The specifics of such a system, including the maximum Pell Grant and how quickly Pell amounts decline with income, would be needed to be set by Federal policy. Decoupling Pell awards from the EFC would prevent changes in Pell policy from directly affecting eligibility for other forms of aid. At the same time, states and institutions would have the information they need to award a total aid package. Indeed, independent systems would be a return to the way things were;[8] before 1992 the Pell Grant formula and the congressional Methodology—the precursor to the FAFSA—were separate. Though the revised FAFSA would not be necessary for the Pell Grant, maintaining the form will ease the burden for students by having a consistent aid system across schools and states.

My colleagues and I estimated that simplifying the process will likely encourage more students to participate and therefore could raise the cost of the Pell Grant program. However, expanding use among eligible populations is an advantage if it means more people who thought higher education was out of reach end up attending college. Further, program and proposal details can be adjusted to meet desired cost targets. Below I provide more information on possible ways forward and the costs and tradeoffs of different changes.

Making the FAST Act Even Better

In our analysis, my colleagues and I recommended splitting Pell Grants from other forms of aid using just two or three factors. It would drastically simplify the Pell award calculation and remove the curtain from the current black-box based on the EFC calculation.[9] Splitting also could mean Federal budget limits on Pell won't lead to families with higher incomes facing higher EFCs when the formula changes to limit the costs of Pell Grants.

The FAST Act is one proposal using a two-factor model. The FAST Act's stated aim was to ensure awards of Federal Pell Grants and student loans get to the students who need them most. Under that bill, Pell awards would be calculated using just two inputs: prior-prior year income and family size.

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[8] "History of the FAFSA and Need Analysis," Advisors, accessed November 21, 2017, *https://www.edvisors.com/fafsa/estimate-aid/history-fafsa-need-analysis/*.

[9] See "The EFC Formula, 2016-2017" (no date or author).

The FAST Act legislation included look-up tables and phased-out awards based on income as a percentage of Federal poverty guidelines, which vary by family size.[10] Maximum Pell awards would go to families with income up to 100 percent of the Federal poverty level (FPL), and awards would go to zero at 250 percent (except for families of one, where awards phaseout at 200 percent of FPL). But while the awards decreased as income increased (save for a few typos), they didn't do so uniformly. If Congress would like to make awards more uniform, a formula with a smooth phase down from maximum awards to zero would make the award dollars less arbitrary. A FAST Act formula for those between 100 and 250 percent of FPL could look like this:

$$Pell = Max\ Pell - (AGI - 100\%\ of\ FPL) * (\frac{Max\ Pell}{250\%\ of\ FPL - 100\%\ of\ FPL})$$

that is, it would subtract funds from the Pell Grant amount based on a formula related to how much a family's income is above the FPL. The formula is complicated, but applicants would never see it; an app would calculate the amount from easy-to-understand input questions.

Comparing the FAST Act to other options and current awards illustrates the factors to consider. As part of our RADD research, my colleagues and I modeled a more generous two-factor formula than the FAST formula above, with the phase down from maximum award starting at 150 of FPL rather than 100 percent. After comparing both formulas and an intermediate one with the distribution of awards for a 2011-12 sample of students and examining which students received smaller and larger awards, we found that the details mattered (table 4). Unsurprisingly, if the level of income allowed to receive the maximum Pell Grant is increased, awards for these income groups and the cost of the program increased.

A critique of basing Pell only on family size and income is whether it is fair to treat a single parent with a child going to college or a college student with a child the same as a married couple with no dependents with one spouse in college. Indeed, two-or three-person families with a dependent made up most of the students that did worse under either two-factor plan compared with the existing system.

To ensure that small families would not lose out under such models, policymakers could use the poverty level for a family of four in the Pell formula for two-or three-person families with dependent(s). This adjusted formula would cover small families where the student has a dependent child or where the student is a dependent.

TABLE 4

Pell Formulas Using Two Factors

				% with Pell as Generous as Current Awards	
	Maximum Pell	No award	Family size cap	**Original**	**Small-family alternative**
FAST formula	≤100% of FPL	≥250% of FPL	8	71%	80%
Two-factor model	≤150% of FPL	≥250% of FPL	6	85%	91%
Combo	≤125% of FPL	≥250% of FPL	8	80%	87%

Source: Authors' calculations using 2011-12 National Postsecondary Student Aid Study undergraduate data.

Notes: "Original" uses actual family size with specified cap. "Small-family alternative" uses family size of four for small families of two or three with dependent(s). As generous awards are within $500 of or greater than actual 2011-12 awards.

[10] "U.S. Federal Poverty Guidelines Used to Determine Financial Eligibility for Certain Federal Programs," US Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, accessed November 21, 2017, *https://aspe.hhs.gov/poverty-guidelines.*

The families receiving smaller awards or losing their awards under these simple formulas are mostly those further up the income distribution: less than 1 percent of families with income below $25,000 would have a smaller Pell under the two-factor model. This alternative formula for small families with children provides even better coverage for eligible Pell recipients under all three two-factor models (table 5).

The original two-factor proposals are all fairly cost neutral relative to actual 2011-12 Pell costs, ranging from a savings of almost 9 percent (under the FAST Act formula) to an additional cost of less than 1 percent (under the two-factor model). Switching to the small-family model would serve more students and increase average awards, though it would also lead to some cost increases for each plan. Even so, the FAST Act formula would remain less expensive than the current Pell program, and the increased cost under the two-factor model outlined on page 8, the most generous of the three, would only be about 6 percent.

TABLE 5

Effect of Estimated Simplification Proposals on Pell Grant Awards for 2011–12 Financial Aid Applicants

Proposal	Change in cost	Change in number of recipients	Change in average award	Share of baseline recipients within $500 of baseline Pell
Original				
Two-factor model	$0.14 billion	-201,192	$102	73%
FAST Act model	-$2.50 billion	-283,665	-$191	64%
Intermediate model	-$1.07 billion	-225,316	-$37	69%
Small-family alternative				
Two-factor model	$1.72 billion	117,261	$157	76%
FAST Act model	-$0.84 billion	42,821	-$118	72%
Intermediate model	$0.56 billion	92,277	$29	76%

Note: Proposal estimates are for a National Postsecondary Student Aid Study data sample of 64,440 observations representing 12.5 million students who applied for financial aid in 2011-12. Average awards are for those who receive a nonzero award. Baseline estimates are as follows: cost: $28.32 billion; number of recipients: 8,314,267; average award: $3,407.

Simplifying the FAFSA for Everything Else

During our RADD research, my colleagues and I examined proposals that removed questions from the FAFSA form and used technology to both import much of the income data needed from student's family tax returns and to implement a skip-question format where students would only see questions relevant to their circumstances. Such streamlining can help avoid applicants feeling overwhelmed when faced with the prospect of answering (and understanding) more than 100 questions. Critical to this innovation is the IRS Data Retrieval Tool (IRS DRT), which allows importing of tax information directly into the FAFSA, and the use of prior-prior income, which makes the relevant information available for importing.

We looked at proposals that used only tax data, along with proposals put forth by the Gates Foundation, the National Association of Student Financial Aid Administrators (NASFAA), and NCAN. Many proposals made similar changes, both routing students into specific pathways and eliminating questions that only affected less than 1 percent of students.

Setting up pathways based on information that families already have can help make applying to college less daunting. Families who are not required to file Federal taxes due to very low incomes or those participating in specific Federal safety net programs can be assigned an EFC of zero. Families with limited wealth, as indicated by a lack of reported nonwage income, could import required income information from their tax returns and not be asked about assets or wealth. Students whose families have more complicated tax returns, which signal that income might understate their ability to pay for college, could be required to answer questions about assets and wealth. Because the taxpayers in this last group have already filled out complicated tax forms, they are less likely to be intimidated by a FAFSA process that requires more information. Moving these reforms forward would require some changes to the DRT system, specifically accessing more information on the presence of nonwage income or indicators of more complicated family finances.

It is important to note that maintaining some federally supported form would be important, so students don't need to fill out different forms for different universities during the application process.

To highlight how this could work, let's review the streamlined FAFSA proposal put forth by NCAN. It is similar to both the Gates and NASFAA proposals and builds on some characteristics of these earlier proposals. It also outperformed the current FAFSA form when tested with focus groups of students and potential students. In addition to proposing changes NCAN actually redesigned the interface for this exercise, thus highlighting which changes were feasible and which were remaining obstacles or sticking points for users. To begin, NCAN shortened the series of questions about the student's eligibility and demographics. With an updated Federal Student Aid ID and expanded access to the IRS DRT, many identifying and financial questions were automatically filled in, saving time and reducing errors. The NCAN proposal also guided applicants down one of three pathways, limiting the number of questions to 25. Finally, it allowed for state pages if specific states wanted to maintain some of the FAFSA's eliminated questions. This helped ensure that the streamlined FAFSA could maintain its universality for all Federal and state aid needs.

NCAN's independent testing found that the streamlined FAFSA resulted in far fewer questions needing to be answered, improved completion times, half as many errors, and greater reported satisfaction and usability by applicants. The report also highlighted some potential redesign elements to accessing the FAFSA that could be helpful even if simplification of the process were limited. [11]

Conclusion

It is an auspicious time to continue simplifying how potential students apply for financial aid. While simplification could increase costs by about 5 percent or $1.4 billion annually (according to Urban Institute estimates), these costs represent new opportunities for potential students who may have felt that higher education was unattainable.

The move to using prior-prior year income for the FAFSA (and calculating Pell) was a big step forward to improving the timing of calculating students' financial aid. But policymakers can go further.

A simplified Pell formula can make aid more predictable and effective for low-income students, even for those who are not yet attending college. Further, using an alternate higher poverty level for small multigenerational families is a simple modification that recognizes the difference between a married student without any dependents and a family with a parent and child, one of whom is in college. Because of technology, this could be programmed into an app for a smartphone or tablet with the student needing to answer only three questions to determine the size of the Pell Grant they would be eligible for:

1. What is your family income?
2. How many people are in your family?
3. Are you or one of your family members a dependent child?

I would also advise maintaining a Federal system for accessing other aid but decoupling this from Pell awards, so we don't return to a system where students need to fill out a myriad of forms to access other aid during the application process. I am excited to see the Committee continue this important work that hopefully helps more people thrive and leads to a more prosperous tomorrow for us all.

[SUMMARY STATEMENT OF KIM RUEBEN]

This testimony examines the current system students use for applying for financial aid and various proposals for simplification. The Free Application for Federal Student Aid (FAFSA) while enabling millions of students to apply for college aid also presents significant barriers for some students, most notably low-income or first generation students. While we have made some progress in recent years with the shortening of the form, the implementation of an IRS data retrieval tool and moving to using earlier measures of income, there is still more work to be done.

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[11] See Ben Harper and Iva Stoyneva. Performance Study for Streamlined Prototype Free Application for Federal Student Aid (FAFSA): Task Duration, Error Rate, and User Satisfaction (Washington, DC: ICF, 2017).

This testimony includes descriptions and cost estimates for proposals made over the last few years including some like the FAST Act to move to a two or three question model for Pell Grant awards and some policies that call for simplifying the existing system through the use of technology and reliance on information available from tax returns. I conclude that it may be time to decouple the process of awarding Pell Grants from the rest of the financial aid award system, but that it would still be important to maintain a Federal application for other types of aid.

Particularly promising steps would be to:

1. determine Pell Grant eligibility using just two or three pieces of information, such as family income, family size, and family relationships;

2. make Pell Grant eligibility and application available through an app or a tool that can be accessed using a smart phone or tablet rather than a computer;

3. maintain a universal application form for other aid that relies on branching systems, which eliminate the need for applicants to view questions that may ask for information that they don't understand;

4. include far fewer questions and an application process that allows data to be downloaded directly from tax returns; and

5. changing the information included in the DRT to make simplification possible through indicator information about sources of non-wage income.

The CHAIRMAN. Thank you very much for very interesting testimony. We'll now go to 5-minute rounds of questions. I'm going to step down the hall and introduce a Presidential nominee at another hearing, but I should be back in just a few minutes. Senator Murray has agreed to chair the Committee during that time.

Senator Murkowski has the first questions.

Senator MURKOWSKI. Thank you, Mr. Chairman, and I agree—very interesting panel.

I think it's important to recognize that there's nobody here on the panel this morning that thinks that the system that we have in place with the application and the requirements that we have in place is good and that it needs to be maintained. I think there is a recognition that we must do more to make sure that we do not put in place barriers.

I appreciate the recognition that there's a difference between a form that is annoying and just kind of a pain to fill out and something that is truly a barrier, and I hear far, far, far too often that it is a barrier, that you have young people that look at it and say, "I can't even go there." They bring their parents into the picture, and they, too, give up.

So I do think that it is important that we look to ways that we cannot only simplify, but, to your point, Ms. Rueben, let's come into today's world. The fact that we're talking about post cards—if I were to ask my son to mail a post card, I don't know where he'd find a stamp. The reality that we are doing so much on our smartphones—this ought not be one of those where we say, well, we just can't do it. So I think as we're looking to making it simpler, let's also use the tools that young people are using, which is your device, your phone there.

I wanted to ask just a little bit—because there's been good discussion about the verification steps that need to go into place, and I think we can all agree that we need to work to address that more readily. But, Dr. McCallin, you had mentioned the efforts that we could make to work with young people earlier on so that they don't get discouraged, even before they get to a more truncated process,

which, hopefully, we're going to put in place, and you mentioned pre-collegiate outreach.

When we have talked about healthcare and enrollment in healthcare plans when the ACA was advanced, there was a role that was designated for navigators, and we know that within the healthcare system, you can have a patient navigator that can help you move through the system. Do we need—I understand that we have counselors in our schools, although, in my view, not enough. Do we need navigators, or can we make this simple enough that we don't need to do that, that we shouldn't need a navigator?

Dr. MCCALLIN. Senator Murkowski, navigators are a wonderful idea. In fact, the increase in retention rates within college as well as the completion rates came from a navigator program. I hadn't quite thought of doing it in high school, but certainly we know—and we have focus groups in high school—that that is one of their big issues, that they need somebody to help them fill out the form and, if you will, hold their hand and navigate them into college.

Another program we have found to be very successful in getting students into college who otherwise wouldn't have done so is concurrent enrollment, so-called dual enrollment, offering college credit-bearing courses to high school students. We have found an increase in college-going rates of 23 percentage points. Even after adjusting and assuring that you have the same academic preparation, the same income levels and the like, of those students, we have far higher college-going rates of students who have taken a concurrent course versus those who have not.

So the combination of navigators, what we call focus centers in the Denver Public Schools, for instance, where you have to go in and use their services to apply for FAFSA, as well as then to apply for other scholarships, and then the concurrent enrollment have all proven to be good success stories.

Senator MURKOWSKI. Let me ask you, Ms. Williams—and I just want to thank you, not only for your testimony here today, which I think is very helpful and very instructive, but thank you for your determinedness, your efforts to just stick with a process that was not easy, that probably made it easier for you to quit at every turn, and you did not. You graduated. So congratulations to you. I think you're an extraordinary role model for so many.

But would it have been helpful for you prior to even considering college to have something at the high school level that would have allowed you to more readily move toward it? You sound to me to be the type of young woman that is going to get around all the odds, but you also know others that were in similar situations. How can we make it easier?

Ms. WILLIAMS. Thank you for that question. So for me, it was a little different, because I was a part of a TRIO Program in high school. So I was a part of the Upward Bound Program that really exposed me to higher education, which really gave me that drive to pursue higher education.

However, I think the point of contact should be put in place on the college level, going into your first year, because for me, I had the GRASP Program, which is a program that works around helping high school students to fill out your FAFSA and get all that documentation done. So I had that in high school. But when it

came to college, I didn't have those resources. There wasn't a point of contact person at the college, and coming to VCU as a transfer student, I really didn't know how to navigate that, because it was different going from a private school to a public institution.

So, for me, it would be more of a point of contact on the universities to work with youth experiencing unstable housing and homelessness.

Senator MURKOWSKI. Very good. I appreciate that. Thank you.

Ms. WILLIAMS. Thank you.

Senator MURRAY. [presiding]. Thank you very much, and on this side, we'll go to Senator Bennet first.

Senator BENNET. Thank you.

I want to thank Senator Murray for yielding to me because I've got to run off to do something else. Let me just say in the last conversation that my friend from Alaska really put her finger on something so important. When I was superintendent of Denver Public Schools, we had a local couple who—he was a graduate of Lincoln High School, and they created—the Marquez family created something called the Denver Scholarship Foundation, and what we said was that no kid who graduated from high school in Denver would be barred from going to college because of finances. We would find a way.

In order to be eligible for the Denver Scholarship Foundation, they had to apply to two other scholarships, and in order to do that, they had to fill out the FAFSA form. Pretty quickly, we figured out that that was a huge pain point, and we had to hire people, as Dr. McCallin said, to staff what we called then Future Centers in our high schools to take people through these forms.

Now, if people are listening to this at home, this is not a form that is beyond the skill of our kids to do because they're poor or because they're homeless. This form is ridiculous. Ms. Williams pointed to some of the most egregious parts of this form, which relates to homeless children.

My memory is that there are three different questions that are asked to tell you whether or not you're homeless, and, in fact, you get to a certain point in the form halfway through that says, "Oh, you're homeless. You can now go to a simpler part of the form," after you go through half of it.

So in the meantime, we do need people to help. But I think we also, as we heard today in this testimony—we need to simplify this form.

I wanted to ask Ms. Scott-Clayton and Dr. Rueben—there has been discussion today and earlier about the concept of a tradeoff, the idea that by simplifying the form, we risk losing data granularity and giving aid to students who don't need it. I believe the risk lies in the other direction. Our current process, which is needlessly complicated, often intimidates talented and capable students. Letting bureaucratic red tape stand between students and higher education is its own kind of tradeoff, and that's one we've accepted for far too long, in my view.

I wonder if you could talk—and if others are interested in answering this—what the effects of simplification are on financial aid awards under the various proposals. Will most students see a drastic change in the award using the current formula? How do ques-

tions about untaxed income and assets typically alter a student's award? Anybody—and, Mr. Draeger, if you're interested in answering it, too.

Dr. SCOTT-CLAYTON. Thank you for that question. Just briefly, I want to note on the post card thing—purely conceptual, so let's make it on a smartphone. The idea is to get the amount of information down so that you can explain it simply to people.

Senator BENNET. We had, Mr. Chairman, even more unicity than when you left.

The Chairman [presiding]. Maybe I'll go again.

[Laughter.]

Dr. SCOTT-CLAYTON. So with respect to simplification and how it will affect financial aid, I think one of the most surprising things when I first started doing this research back in 2006–2007 was how little so many of these questions matter, and especially assets, which are so complicated for families to answer. It's not something that's asked on the tax form. It's not something that most families just have a single number. You have to do a lot of work to understand what counts and what doesn't count.

When it comes down to it, most of that information doesn't even get used for anything, because the form does exclude home equity, it does exclude retirement savings, and then on top of that, it excludes another chunk, which is higher than the level that most families have. So I think some of the worry is understandable.

But, actually, when you do these simulations, it turns out to not matter that much. You can get down to eight questions and still, for the vast majority—and we're talking 75 percent, 85 percent, 90 percent of applications replicate the Pell Grant and even replicate the EFC, which is used for a wider range of purposes within a fairly narrow range, within $100 or $500 of the original amount.

EFCs, which are used for other types of aid, state aid, and institutional aid, I completely understand the concern that schools are using that for other purposes. It is true that some of this simplification does make a difference for EFC calculations, but at the high end of thinabove the range, well above the range that most states are using to distribute their need-based aid. So I think one thing—institutions that have a lot of their own aid to distribute need to have accuracy. A lot of them are already using a separate form. So I'm not sure how many schools are in that window where they need the extra complexity but they're not already using this other form.

Dr. RUEBEN. I would just add that I think it would be important to—I would separate the two, right. It might be a little bit of splitting the baby, but I feel like if we had something like Pell Grant awards based on a couple of questions that people understand, that would be step one, and it actually might encourage them to keep going and put in the other information.

But I do think we don't want to return to a world where people are filling out different forms for different states or different colleges. So having something that's easy at the beginning, but then triggers them to go on and fill out the more important questions—the other questions would be useful, I think.

Senator BENNET. I'm actually out of time or over time. But I wanted to just——

The CHAIRMAN. Go ahead, Senator Bennet, if you have another——

Senator BENNET. I just wanted to make one other sort of related observation to what both you and the ranking member talked about at the beginning of this hearing. From Dr. Scott-Clayton's testimony, she writes, "while the levels of college enrollment are higher across the board, the gaps in enrollment between high and low-income families are actually greater for recent cohorts than for those born in the early 1960's."

What that means is that today, the gap between people that are living in poverty and people that are not, with respect to whether they're attaining any postsecondary education, is greater than it was for people born in the 1960's.

That is intolerable, and it's my hope that this Committee can—not just for the FAFSA but the other work we do—can actually begin to answer that question or help us answer that question about why we find ourselves in that position. It's not a place where our kids should be in a world where we've discovered that having postsecondary education, as Dr. McCallin said, is so important to being able to fulfill the employment needs of this economy. So I just didn't want to let this go without underscoring that really important fact.

Thank you for being here.

Mr. Chairman, thank you for your leadership.

The CHAIRMAN. Thank you, Senator Bennet.

Senator Murray.

Senator MURRAY. Thank you very much to all of our witnesses. This has been very informative.

Ms. Williams, I want to start with you. We're so happy you're here today and just want to congratulate you on what you've accomplished. You're inspiring, and I have to say it's impressive you were able to make your way through a very complicated financial aid process.

I actually have introduced legislation to streamline the process for unaccompanied and homeless youth as well as foster youth, and it's called the Higher Education Access and Success for Homeless and Foster Youth Act. So thank you for your comments on that.

But we know that's not going to solve all the challenges that face students. I wanted to ask you once you were able to get through the FAFSA, what kinds of financial pressures did you experience that might inform us how we think about both the form and the entire process?

Ms. WILLIAMS. Thank you, Senator Murray, for that question. So for me, I think the financial pressure was having to work full time while being a full time student to take care of those basic needs like food, hygiene products, textbooks, and things of that nature, and transportation back and forth to work.

So then after I received my financial aid package, it covered tuition and room and board, but it didn't cover a meal plan or having mental health services and things of that nature. I would like to add that without that point of contact person, I really didn't know how to get in contact with those other wraparound services I needed at the university.

So for me, also, thinking about housing and how much it costs to live on campus, and being that if you are facing unstable housing and homelessness, you can't stay at home. Even though I'm from Richmond, I couldn't stay at home and go to school. So living on campus was a priority for me. Having to take out—because I didn't qualify for a lot of grants, it was having to think about how much I'm in debt now with loans, because that's how I got through college, was taking out loans.

Senator MURRAY. It wasn't just your tuition. It was all the other costs that you had to pay for to get through it.

Ms. WILLIAMS. Yes.

Senator MURRAY. Thank you. In your written testimony, you actually clearly demonstrate that FAFSA and financial issues were not the only obstacles that you faced. Talk to me a little bit about the other kinds of supports you wish you had as a student that would have helped you.

Ms. WILLIAMS. So I guess I really believe that that point of contact person is really important on the university campus. For me, if I had someone who could definitely help me navigate financial aid and housing and being able to access those things on campus—I was very fortunate that the nonprofit I co-founded also supported me through my college years, so I had those wraparound services, and I had people who supported me.

But when it came to being on campus and understanding how to navigate being at a higher education institution, I needed more services that wasn't there. So for me, it was more so like trying to find my niche and how to advocate for myself, and not having someone to help me, and feel like that people are pushing back against me once I asked for help.

Senator MURRAY. You worked while you were going to school?

Ms. WILLIAMS. Yes.

Senator MURRAY. I had a group of college students I talked to, and I asked, "How many of you work and go to school?" and they all raised their hands. I asked, "How many of you have one job?" and they kind of looked at me, and I said, "Two, three?" Almost every one of them had three jobs they were doing while still trying to do their work. So I think we have to really recognize the full scope of the cost of education. So thank you.

Dr. McCallin, you talked about the back end of FAFSA. Colleges' responsibility to students doesn't end once they get through the initial hoops of filling out that form. There are additional hurdles, including verification and finding enough advisers to help students with financial aid questions, all important. I think it's important that our Committee think about some of these issues in the context of simplification. We're focused very much so on reducing the number of questions. It's an important issue. But many of the proposals out there still rely somewhat on double and even triple checking a student's income information from their tax returns.

What are the challenges for our universities with verification for community college students?

Dr. MCCALLIN. We have to do significant amounts of fact checking for the students, so much so that oftentimes they will just say, "Forget it. I am done." But in terms of exactly what we end up doing, we first have to contact the students for the verification

process. We have to prepare the forms. We have to make sure they're accurately completing the forms. We have to advise them on what is an acceptable documentation through completion of the form with a verification, update any differences that they had input in the FAFSA form versus what we're finding in the verification forms. Then once the corrected data is returned to the processor, an additional review needs to be made from that. So it's a pretty big process, so much so that students are feeling it's a big barrier, and it takes a lot of our time, 25 percent of our time.

Senator MURRAY. Not just because of their work, but because of your work on the back end.

Dr. MCCALLIN. Absolutely.

Senator MURRAY. What kind of advising and wraparound services would be needed in a world if we simplified the FAFSA?

Dr. MCCALLIN. Far less. I mean, in particular, if we are prepopulating with the IRS data, with data we already have in the Federal Government.

Senator MURRAY. So what would that mean, that you didn't have to contact the student as often or——

Dr. MCCALLIN. Correct. I mean, it would be accurate data, right, for those students who are filing or have families who filed a Federal income tax form. So if we could reduce the amount of time on the verification, we could put it in so many needed student services, like the ones you were requesting, where you could have a navigator on college campuses showing students how they can find other resources to help them afford their college.

Senator MURRAY. You agree that would be important to do?

Dr. MCCALLIN. Absolutely.

Senator MURRAY. I'm over time, so I'll——

The CHAIRMAN. No, go ahead.

Senator MURRAY. I can go to a second round.

The CHAIRMAN. We'll come back to Senator Murray. Let me pick up with her questions, if I may.

On verification, if I'm a student at one of your campuses and you contact me about verifying, do I get my money, or do I have to wait until it's verified?

Dr. MCCALLIN. My understanding is you have to wait until it's verified.

The CHAIRMAN. That's my understanding, too. Is that correct, from——

Mr. DRAEGER. Yes, or you'd be putting at risk having to return to money.

The CHAIRMAN. So you have students who are scrambling to go to college, and all of a sudden, instead of having their bills paid when they enroll, they might have to wait until October, November, December until all this is figured out.

The verification—if we were to—the proposals that we've all been talking about basically say that once you've given your information about family size and income to the Federal Government once, that can be imported to the Federal aid application. Would that greatly reduce the need for verification?

Dr. MCCALLIN. Absolutely.

The CHAIRMAN. Because what you're really doing is comparing the information you put on your Federal aid form to the information you gave to the Federal Government earlier, right?

Dr. MCCALLIN. Absolutely. I mean, that makes all the sense in the world, too.

The CHAIRMAN. We do that here in the Senate. That way, we catch people. We require them to fill out the same information on three or four forms, and then they make a mistake, and then we accuse them of being a crook. That's the difficulty with the nominations process.

Let me—did you want to say something else about verification?

Dr. MCCALLIN. No, I'm good;thanks.

The CHAIRMAN. Mr. Draeger, you mentioned that a simplified tax form would simplify the Federal student aid process. If, say, 90 percent of those who filled out their Federal income taxes didn't take any itemized deductions, would that create a simpler Federal aid form?

Mr. DRAEGER. Yes. So our proposal is that for the majority of Pell Grant recipients who don't have significant assets and thereby don't have schedules attached to their tax form, we could get almost all the information we need right off the front of the tax form if we just took over the indexed items from the front.

The CHAIRMAN. Without drawing you into the tax debate this week, the proposals would move from 70 percent to 90 percent the number of Americans who wouldn't itemize their deductions, and I suppose that would simplify the process.

Dr. Rueben, basically, you're suggesting—and I believe others are, too—that we separate out the Pell Grant and ask two or three questions, and you identified what they were. Now, that would be about 30 percent or 40 percent of all of the 20 million forms that are filled out now, right?

Dr. RUEBEN. I think that's right. I also think that if we actually had people figure out their Pell Grant earlier, that might actually incentivize them to go through the rest of the process.

The CHAIRMAN. Those three questions were what?

Dr. RUEBEN. So it basically started with what is in the FAST Act as original——

The CHAIRMAN. But what are the questions?

Dr. RUEBEN. What is your family income? What is your family size? Then I would also ask about what your family structure is, so whether there's a child——

The CHAIRMAN. So the first two, you've already reported to the Federal Government, correct?

Dr. RUEBEN. Right, and the third one would also be a part of that.

The CHAIRMAN. The third one as well. So, basically, you're suggesting to take three pieces of information that a taxpayer has already reported to the Federal Government and——

Dr. RUEBEN. Right.

The CHAIRMAN ——move that out and make a decision about whether the Pell Grant—whether you're eligible for a Pell Grant. In what amount?

Dr. RUEBEN. So I——

The CHAIRMAN. Because a Pell Grant can be from $500 to $5,800-something.

Dr. RUEBEN. So I would basically use a formula, which people don't have to see. It could be complicated, but we could actually put in a formula——

The CHAIRMAN. But if I gave you the answer to those three questions, you could figure it out.

Dr. RUEBEN. I would come up with a number, yes. It would be based on how you compare to the Federal poverty line, and so basically——

The CHAIRMAN. Mr. Draeger, do you agree with that?

Mr. DRAEGER. I agree with most of that.

The CHAIRMAN. Well, what don't you agree with?

Mr. DRAEGER. Well, so the nice thing about using imported verified or prepopulated data from the tax return is we can get more of a full picture of someone's financial circumstance and strength without requiring additional effort on their part.

The CHAIRMAN. Right.

Mr. DRAEGER. So if I know, for example, somebody has real estate investments but their AGI is zero because of losses they've written off, or if their——

The CHAIRMAN. Do you need that for a Pell Grant?

Mr. DRAEGER. You don't necessarily need that for a Pell Grant.

The CHAIRMAN. Well, I'm talking about Pell Grant here.

Mr. DRAEGER. I understand. So for Pell, I wouldn't dispute it. For the 4,000 schools that award institutional aid, I would say they would want it.

The CHAIRMAN. I did ask you what you didn't agree with. You were answering my question. But to go back to the—but you would agree that if it's 30 percent or 40 percent that we could identify those three questions or so.

Mr. DRAEGER. I think this is—yes.

The CHAIRMAN. Import those from the information we already have and make a decision about whether you're eligible for a Pell Grant, and then with back end computations, say the amount of your Pell Grant is X, between $500 and $5,800.

Mr. DRAEGER. If the Federal policy decision is to make this very easy for Pell recipients, I think that's fine, yes.

The CHAIRMAN. Thank you.

Senator Franken.

Senator FRANKEN. Thank you, Mr. Chairman. Thank you for this hearing.

Thank you to all the witnesses for your testimony.

Thank you, Senator Bennet, for working on this for so long, and I want to thank—I want to take a moment to agree with Senator Murray that I hope we have broader conversations about college affordability. In Minnesota, as in every one of our states, this is so important. In Minnesota, students graduate owing more than $30,000, and across the Nation, 44 million Americans are working hard to pay off their student debt.

I was glad to hear the Chairman agree heartily with the ranking member in his opening statement about trying to work together with hearings like this, bipartisan hearings, that you always have on the Higher Education Act.

Mr. Draeger, thank you for your testimony. The tradeoff between simplicity and accuracy is a great way of talking about this, of understanding it. In your testimony, you mentioned that we can rely more on technology after students submit the FAFSA to achieve both simplicity and accuracy.

Dr. McCallin, in your testimony, you say if we reduce the time colleges spend on the verification process, we can redirect the resources to support more students, and I think we all agree with that.

Ms. Williams, I must say you are an amazingly impressive person and thank you for the work you're doing.

I guess my question for Dr. McCallin would be if we do what Mr. Draeger proposes and do more work using technology, would this help nontraditional students, like, for example, foster kids?

Dr. MCCALLIN. It would definitely help nontraditional students, which are the vast majority of whom we serve in community colleges. As Senator Murray discussed, many of our students work. Seventy-four percent of our students actually have to work in order to be able to afford college. So simplification is important so that they can access all the aid that they have available to them.

In addition to that, yes, we do rely on the Pell eligibility in certain eligibility EFCs in order to distribute aid. But we will adapt to whatever the new system is. I mean, that is something that we have control over, and if we're able to understand the income thresholds or whether or not somebody is eligible for Pell, we'll adapt to that. It's not something that's set in stone. So for me, from my standpoint, the more simplistic, the better in terms of helping access student aid.

Senator FRANKEN. We need to simplify FAFSA for students and their families. We also need to help them better understand the financial aid award letters that they receive from colleges after they submit their FAFSA. Right now, these financial aid letters are very often confusing.

Ms. Williams, I want to ask you about that. They often clearly don't delineate what's a grant versus what's a loan. Senator Grassley and I have introduced the Understanding the True Cost of College Act. Our bill would just make sure that students and their families get clear and uniform information so they can make apples to apples comparisons between what the different schools are offering them when it comes to financial aid.

Ms. Williams, how would a uniform financial award letter make it easier for families and students, in particular, low-come and first-generation college students, to better understand the true cost of college?

Ms. WILLIAMS. I would say that it would help. I know in my experience, in particular, I think about if I understood what unsubsidized loans were and subsidized loans were, maybe I could reconsider trying to find other grants and scholarships to help pay for college. Like you stated, it does not break down what are grants, what are loans, what are unsubsidized loans, and what other loans and grants that you may qualify for. So I believe if that is understood in the financial aid package, then, like you stated, you can make a decision on what university you could go to based on how much they are able to give you based on your needs.

However, for me, that wasn't a situation until I got to VCU. It was more of a better understanding, because I had been in the higher education institute for a year, so I understood the financial aid letter. But a lot of students don't, and they assume that when they see unsubsidized loans, they don't know that it has interest, and then it's going to cost you more to pay back on the back end. So I believe that simplifying it and also breaking it down where students can understand it would be more effective with helping them be able to pursue higher education and making it more affordable.

Senator FRANKEN. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Franken.

Senator Warren.

Senator WARREN. Thank you, Mr. Chairman.

I know we're here to talk about ways that the Federal Government can help more students access financial aid by simplifying FAFSA, and I agree. There is much we could do to simplify FAFSA, and I'm happy to work with you on how to do that.

But I honestly do not understand how we can sit here and discuss FAFSA simplification as congressional Republicans are as we speak jamming through a giant tax giveaway to billionaires and corporations that would make college even more unaffordable for millions of Americans.

So I appreciate the expertise that every one of you has shared, and I'm going to submit written questions following this so I'll get answers on the record for FAFSA simplification.

[The following information can be found in Questions and Answers in the appendix.]

Senator WARREN. But I want to focus on what's actually happening in Congress this week.

So, Mr. Draeger, let me ask you. One provision in the Republican tax bill that passed the House would eliminate the tax deduction for student loan interest payments. The cost to students who borrow money to go to college would be $21 billion. Would this tax change help or hurt students who borrow money to pay for college?

Mr. DRAEGER. The above—the elimination of the above the line deduction would make loans more expensive and thereby college more expensive.

Senator WARREN. Dr. McCallin, do agree that this tax change would hurt your students who have to borrow money to pay for college?

Dr. MCCALLIN. Yes, it would make it less affordable to go to college and repay the loans. I would note that our students are loan averse, in general, and 58 percent of our students do graduate with zero debt. For those who have debt, it would make it more costly.

Senator WARREN. Make it more costly. All right. Another provision in this tax bill would repeal tax exemption on waivers that cover graduate school tuition. The cost to students who get tuition waivers under this tax bill would be $5.4 billion.

Dr. Rueben, you're a Senior Fellow at the Tax Policy Center at the Urban Institute. Would this tax change help or hurt graduate students?

Dr. RUEBEN. So we're going beyond what we're talking about today, and my views are my own and aren't necessarily attributable to the Tax Policy Center. In the work we've done in analyzing the House bill, the changes in making college and graduate school more expensive would hurt graduate students. In general, between that and treating employer benefits as tuition is going to make it harder for people to attain the education and training they need going forward.

Senator WARREN. So, Mr. Draeger, do you agree?

Mr. DRAEGER. Yes. As a general rule, tax and benefits that are grounded in college access and affordability are doubly punitive.

Senator WARREN. Thank you. According to an analysis requested by Ranking Member Patty Murray from Congress' nonpartisan Joint Committee on Taxation, overall, the Republican tax bill that passed the House would cost college students an estimated $71 billion over the next 10 years, and the Senate bill is projected to add more than a trillion dollars to the national debt, which could lead to even more cuts in Pell Grants and to higher student loan cost down the road.

Just to put that trillion-dollar number into perspective for everyone, we could totally forgive every penny of student loan debt with the amount of money congressional Republicans are using to slash the corporate tax rate and still have money left over—every penny of student loan debt. But the congressional Republicans don't plan to use that money to cut student loan debt or to lower the cost of college. Nope. They propose to use the money to give gigantic tax giveaways to rich people and big corporations.

So I'm sorry. I do not understand how we can focus just on helping students access Federal student aid while ignoring the Republican plan to drive up the cost of college for millions of families, a plan that could come up for a vote this week.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Warren.

Senator Murray, do you have additional questions?

Senator MURRAY. I do have some that I'll submit for the record.

[The following information can be found in Questions and Answers in the appendix.]

Senator MURRAY. I just want to make one point following Senator Warren's comments. I am deeply concerned as well about the impact on low-income students of the policies that you just put forward. We already have income inequality. We know that low and middle-income people earn wages and salaries. Higher-income people tend to build investments. So these kinds of policies will have a greater impact on our low-income students. So I appreciate the comments.

Mr. Chairman, I think it's been a very productive conversation today. We've heard a lot about the financial aid process. I think this is an important issue. I hope we can work together to broaden that to all the challenges that we have within the higher education process and work together to have hearings that really help us focus on that. So thank you.

The CHAIRMAN. Thank you, Senator Murray.

Senator Franken, do you have other comments or questions?

Senator FRANKEN. Thank you, Mr. Chairman. I'd like to associate myself with Senator Warren's remarks. This tax bill will hurt students in so many of the ways that Senator Warren underscored, and while FAFSA is a very important way to help students get financing for college, the way this—the giveaway to the wealthiest people in this country and to powerful corporations and the provisions that Senator Warren spoke about will have an enormous detrimental effect on students. I think that—I would just like to associate myself with her remarks.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Franken.

This has been very helpful. Thanks to all of you for coming, and our Committee staff, both Democratic and Republican staff, will want to follow-up with you and get your specific suggestions as we develop a bill as part of a larger package to reauthorize the Higher Education Act.

One thing I've noticed is that sometimes if we take our time, which sometimes people don't like, that just by bringing up a subject and provoking a discussion, we can make some progress. I think back to that Nashville meeting three or 4 years ago. We've made a lot of progress, really, since then in terms of what we call the prior-prior year change, which is unintelligible to most people, but you can put your—you don't have to file your application before you pay your income tax, in other words. So that was a common sense change, and the Obama administration just did that.

We've also worked with—President Obama endorsed our general idea on simplifying FAFSA and identified through his Education Department a number of questions that can be eliminated, and I think we all have a little better understanding of what we're doing. So we're at a point where I think we can come to a result.

Let me see if I can summarize a little bit. The suggestion has been made by several of you, but Dr. Rueben, specifically, that one approach would be to separate the Pell Grant, which would be 30 percent or 40 percent of the 20 million applications that are filled out every year—that's a lot of applications, seven or eight million—ask three questions, all of which could be incorporated from the Internal Revenue Service that the people had reported, and let an applicant know if they're eligible for a Pell Grant and the amount; and that with that same sort of procedure, you could let a person know that before they are admitted to college so they can use that money to shop around, and you could even let them know in the seventh, eighth, or ninth grade so they can raise their sights a little higher and say, "Oh, I might be able to afford this."

The fact is the average Pell Grant is about the same amount as the average community college tuition in the country. Most students hear all this talk about the expense of going to college, and there is an expense, but that's important to know.

Now, is that just Dr. Rueben's view, or do the rest of you agree that it would be practical to separate out the Pell Grant? Then I'll get to the rest of it after that.

Mr. Draeger.

Mr. DRAEGER. With today's technology and the timing of prior-prior year that you mentioned, I'm left with the question: If we can get more data from the tax return, verified data that the school

doesn't have to follow-up with the student on, why not just do that? Now, if we want to use a separate index to calculate Pell eligibility, I think that's a fine suggestion. But to the extent that we can just get as much as we can from the information the Federal Government already has, that's where I would lean.

The CHAIRMAN. So once is enough in that.

Mr. DRAEGER. That's exactly right. Once is enough.

The CHAIRMAN. Dr. Scott-Clayton.

Dr. SCOTT-CLAYTON. I think it's a great idea, and I think the challenge of asking for more is the communication challenge. If separating Pell out simplifies that, I think it's an excellent idea.

The CHAIRMAN. Ms. Williams.

Ms. WILLIAMS. I also think so, but taking into consideration for a homeless youth, who may be unaccompanied, that may be very challenging to get parental information for them to be able to identify what their income bases are.

The CHAIRMAN. That's a good point. Thank you.

Dr. McCallin.

Dr. MCCALLIN. I would agree. I think, though, that we still would have the challenge of what about those students who don't have to file a tax return. We need to give consideration to that.

The CHAIRMAN. Now, let me ask this—let me go to all the other information. Mr. Draeger made the point that a lot of people give out aid other than the Federal Government, and that institutions and others and states would like to have more information. What do we do about those applications? That's two-thirds, maybe, or 60 percent of the applications.

One suggestion has been that the Department of Education would gather that other information and make it available, basically import it from the information already given to the Federal Government from the IRS and make it available to states and to institutions.

But my question is: If we were to separate out the Pell Grant award in the way we just described, what about all the other information that states and institutions want?

Dr. Rueben, let's start with you and go down the line.

Dr. RUEBEN. I still think that there's a role for the Federal Government, and I feel like using technology and using the tax returns, we could get most of that information in. As my colleague mentioned, I think part of it is to simplify it for those lowest-income students, but part of separating it also would mean that we could disentangle some of the cost restrictions from Pell on affecting the effective family contribution and the affordability for other families.

So I feel like you could do a lot of this with technology, but I think it's worth separating. But I do think there's still a Federal role for providing that information. In the work that NASFAA has done and in follow-on work that NCAN has done, they've actually shown that if you actually have a fairly simple form, you could get much of the way through, including a separate state-specifics sheet which would get all of the questions that most colleges and states would need.

The CHAIRMAN. Mr. Draeger, has your organization agreed on a way to do that?

Mr. DRAEGER. So there are two pathways forward. One is you could build in buckets of supplemental questions that may be on a state-by-state or school-by-school basis that could be appended to whatever the Federal form is. Right now, there are about a dozen states that have supplemental forms to the FAFSA, and there are about 200 schools that use the most well-known institutional financial aid application, which is the profile.

I think our goal here is that we don't go too far down the road of having more states and more schools introduce a separate app. So there's a tightrope we're walking. But I think if we could index more of the tax return and bring it over, including the underlying schedule data, that gets us there. I think for most schools——

The CHAIRMAN. The danger—it would put us back to pre-1992. We did what you——

Mr. DRAEGER. If it's fragmented, that's right.

The CHAIRMAN. Dr. Scott-Clayton.

Dr. SCOTT-CLAYTON. I think it's totally doable. I think that the additional information that's contained in the EFC, which could be reproduced using information from the tax forms, is valuable for state and institutional aid distribution. If it is the thing that brings people on board, I think it's worthwhile.

I think that my leaning would be toward a more simplified system that maybe wouldn't even have something like an EFC. But continuity is important. We're not starting from scratch. So I think that's a fair consideration.

The CHAIRMAN. Ms. Williams.

Ms. WILLIAMS. I agree with what they said.

The CHAIRMAN. Dr. McCallin.

Dr. MCCALLIN. I'm in general agreement. So the two things we usually use within our system to determine institutional aid are the EFC as well as Pell eligibility. So to the extent we can get something that determines either of those, I think we would adapt. I mean, really, the access is far more important to us than having 100 percent accurate data for that determination.

The CHAIRMAN. I would assume without asking that phasing in what we decide to do would be a wise step so that states and institutions and organizations could adjust to it and minimize the chance of a mistake by us or by somebody else.

Senator Warren, do you or Senator Franken have any other comments?

[No verbal response.]

The CHAIRMAN. Senator Murray.

Senator MURRAY. No.

The CHAIRMAN. Well, thanks again for a very helpful hearing. I look forward to working with Senator Murray in developing a schedule of—the issues that she mentioned are issues that I think we all care about. Our Committee has, in between other big issues, has worked on the Higher Education Act for about 4 years now, and we have lots of good bipartisan proposals, and there'll be more to come. So I hope we can have an aggressive schedule of hearings and roundtables and markups and do something in the first quarter of next year, and your participation today is a good beginning.

I ask unanimous consent to submit a statement for the record from the National College Access Network, and it will be included.

[The following information referred to follows:]

NATIONAL COLLEGE ACCESS NETWORK

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 gradation. 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 filed.[1] 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 2016.[2] However, this rate for high school seniors must continue to rise if 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.

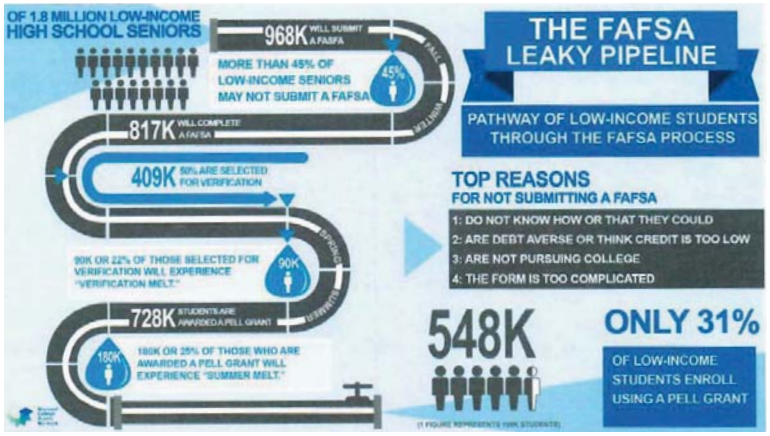
As depicted in the graphic below, there are approximately 1.8 million low-income high school seniors annually. Approximately 55 percent of those seniors submit a FAFSA, lower than the overall national rate. Not all of those seniors will complete the form and half of those who do are selected for the 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]

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[1] Warick, Carrie. (11 July 2017) "FAFSA Completions Up After Four-Year Decline." National College Access Network Blog. Retrieved from: *http://lwww.collegeaccess.org/Blogltem?dg=77418b90dac14c51 b5676d5fa7fbaf79*

[2] "National FAFSA Completion Rate for High School Seniors," (30 June 2017) National College Access Network. Retrieved from: *http://www.colleqeaccess.org/FAFSACompletionRate*

[3] Helhoski, Anna. (9 October 2017) "How Students Missed Out on S2.3 Billion in Free College Aid ," NerdWallet.com.*https://lwww.nerdwa11et.com/blog/loans/student-loans/missed-free-financial-aid/*



Why are so many students not exploring their financial aid options as they consider their plans following high school graduation? An NGAN 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]

NGAN 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.

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.

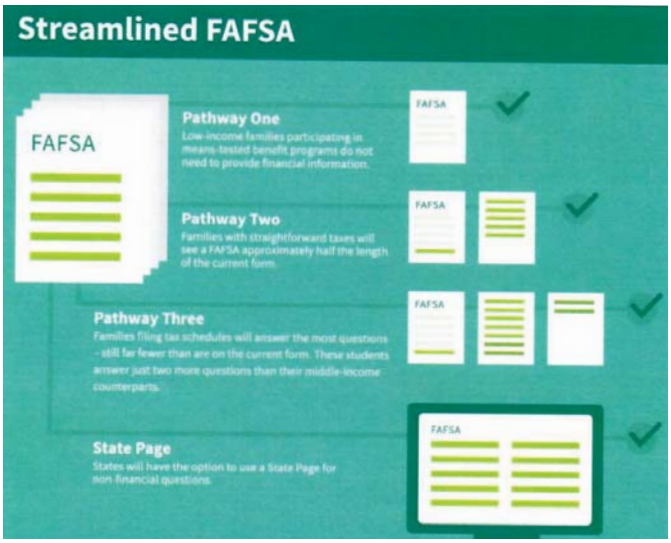
NCAN recommends targeting the FAFSA based on the complexity of a student's financial situation, eliminating approximately half of the current FAFSA questions for all applicants, and reducing the form to as few as 20 questions (including contact information and demographics) for the lowest-income students.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

[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*

ready 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



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 Grant.[5] 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. 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.

The CHAIRMAN. The hearing record will remain open for 10 business days. Members may submit additional information and questions for the record within the time if they would like.

The next scheduled hearing before the Committee will be tomorrow, Tuesday, November 29, at 9:30 on the nomination of Dr. Alex Azar to serve as Secretary of Health and Human Services.

Thank you for being here today. The Committee will stand adjourned.

[Additional Material follows:]

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[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/Blogltem?dg=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:ffnces.ed.gov/programs/coe/indicator cue.asp*

ADDITIONAL MATERIAL

PREPARED STATEMENT OF SENATOR HATCH SUBMITTED FOR THE RECORD

I'd like to thank Chairman Alexander for holding this important hearing. Like the Chairman, I think financial aid is a great starting point to begin discussions on higher education because it touches many different areas in the higher education landscape-access, affordability, and transparency among them. I am hopeful Congress will consider a two-prong approach to making higher education more accessible by first, eliminating unnecessary barriers to the college application process, and second, providing consumers with better information and resources to choose a school that's the right fit.

To accomplish the first goal, Congress must act to simplify the Free Application for Federal Student Aid (FAFSA) process. I was proud to cosponsor Senator Alexander's FAST Act in the last session of Congress to simplify the FAFSA form and make college more accessible. During Tuesday's hearing, we learned that completing the FAFSA oftentimes can be a cumbersome process that causes students to not qualify for financial aid. This is particularly a problem in Utah, where only 34 percent of eligible students fill out a FAFSA form. We know that FAFSA completion is strongly associated with post-secondary enrollment. So, the more difficult it is for students to fill out FAFSA forms, the fewer low-income students in Utah go on to achieve higher education.

The complicated nature of the FAFSA, in turn, leads to misinformation about the actual process of attaining access to college. For example, 44.7 percent of students who did not file a FAFSA did not do so because they thought they were ineligible for Federal aid. Verification issues on the back end only exacerbate problems and strip institutions of valuable resources. The set of data elements subject to verification-receipt of food stamps, household size, child support paid, adjusted gross income, taxes paid, etc.-means students may be flagged for additional verification steps, causing increased delay and uncertainty. Furthermore, most of those flagged for verification are low-income Pell-eligible students, yet the additional verification steps rarely result in changes to aid eligibility. FAFSA simplification is a commonsense solution that could solve many of the complications students experience in applying for financial aid. It could also save institutions valuable time and resources, which could otherwise be used on financial literacy, student success, and retention and completion efforts.

It is also vital that we provide students with the tools necessary to make informed choices about higher education as Congress considers necessary reforms to the college application process. Earlier this year, I introduced the College Transparency Act with Senators Cassidy, Warren, and Whitehouse, which would modernize the college reporting system for postsecondary data to provide greater transparency for students, families, institutions, and policymakers. The bill would provide actionable and customizable information for students and families as they consider higher education opportunities by accurately reporting on student outcomes such as enrollment, completion, and post-college success across colleges and majors, while ensuring the privacy of individual students is securely protected. Most importantly, this information will tell students how others with their backgrounds have succeeded at an institution, and help point them toward schools best suited to their unique needs and desired outcomes.

Applying to college is the first step on the road to postsecondary education. We owe it to our students to reduce burdens that prevent access and give them the tools necessary to choose the best college that fits their educational needs. I look forward to working with Chairman Alexander and the rest of the HELP Committee to accomplish these goals and thank him for holding this hearing.

RESPONSES BY JUSTIN DRAEGER TO QUESTIONS FROM SENATOR MURKOWSKI, SENATOR WARREN, SENATOR WHITEHOUSE, AND SENATOR HASSAN

SENATOR MURKOWSKI

Question 1. What data elements are absolutely necessary to achieve the balance between simplification of and access to the FAFSA and sufficient information to ensure the appropriate distribution of Federal and other financial aid at various income levels?

Answer 1. Financial aid administrators who have studied this issue do not believe there is a "one-size-fits-all" number of questions or data elements that perfectly achieves the balance of simplification, access, and accuracy. Instead, NASFAA rec-

ommends [1] a three-tiered approach to FAFSA simplification that assesses applicants based on their predicted financial strength, asking families with the least complex financial situations the fewest number of questions, and families with complicated financial situations more questions. For example, under the NASFAA proposal, a family that indicates they are already beneficiaries of the Supplemental Nutrition Assistance Program (SNAP), another Federal means-tested program, would be eligible for a full Pell Grant with no additional financial questions asked. A family that files taxes with schedules that indicate business income, for example, would be asked more detailed questions about their financial situation. Under this proposal, all applicants would be asked fewer questions than currently exist on the FAFSA.

This proposal is based on the fact that low-income students are least likely to have complex financial situations, but most likely to be deterred by a long, intimidating form. It's a reasonable, equitable solution that aims to strike the best balance possible between simplification and ensuring the Federal Government, states, and institutions have the most accurate information about an applicant.

SENATOR WARREN

Question 1. What student-level metrics and FAFSA questions are important for states and institutions to have in order to distribute aid?

Answer 1. Institutions and states vary in the amount of data they need from students in order to distribute need-based state and institutional scholarships. The diversity of institutions of higher education, their student populations and missions, makes it difficult to narrow down the specific FAFSA data elements that would satisfy all of their needs for determining eligibility for institutional resources. Similarly, states' funding levels, policy goals, and other factors—in many cases including state law—determine which student data will meet the requirements for their awarding process.

While it's difficult to nail down the specific information that each state and institution would need, it is reasonable to predict that it would be problematic for them if the Federal Government moved toward a two-question FAFSA, as has been proposed. A model that would use only family size and adjusted gross income (AGI) would most likely not provide enough information for institutions and states. However, NASFAA's FAFSA simplification proposal was developed with a mind toward ensuring that states and institutions would still be able to pull the information they need from the FAFSA, while ensuring that the lowest-income students don't have to continue proving they are poor. [2]

Question 2. Components of the Republican tax bill seek to limit or eliminate the need for personal itemized deductions. How might this impact the accuracy of a simplified FAFSA, such as NASFAA's proposed model?

Answer 2. NASFAA's simplified FAFSA model [3] directs those families who file a tax return with schedules to complete FAFSA asset questions, on the assumption that families who aren't required to file schedules are unlikely to hold significant assets. If a family's only schedule was Schedule A (itemized deductions) and that family chooses instead to take the standard deduction in the future, NASFAA's simplification model would direct them to a simpler FAFSA filing path, without most asset questions. This would be unlikely to impact the accuracy of those families' FAFSAs since Schedule A does not contain information related to assets other than property taxes on real estate, and the value of a primary home is already excluded from need analysis. Families with significant assets, as signified by filing additional schedules that amount to more than a standard deduction, would be presented with additional questions under the NASFAA model.

Question 3. The FAFSA submission and verification process is conducted annually to ensure accuracy with students' financial status. Should certain student populations be allowed to skip the annual submission of this information?

Answer 3. While the FAFSA is currently an annual requirement to qualify for Federal student aid, verification is not required of all applicants, nor is it a certainty that a student selected for verification in 1 year will be selected in another year. Certain populations, especially low-income students, would likely benefit from the simplicity of a one-time FAFSA, especially since Pell-eligible students are more likely to be selected for verification. The data available suggest that the tradeoff of a one-time FAFSA versus accuracy may not be significant. In examining the feasibility of the move to using prior-prior year (PPY) income on the FAFSA, one study

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[1] "NASFAA FAFSA Working Group Report" NASFAA, 2015 *https://www.nasfaa.org/uploads/documents/fafsa—report—1.pdf*

[2] Ibid

[3] Ibid

found that PPY income is just 5 percent less "accurate" than prior year (PY) income in predicting current-year income (87 percent vs. 82 percent)[4]. Another study examining the distributional effects of PPY by Dynarski and Wiederspan (2012)[5], found that 77 percent of continuing students would see a Pell Grant of within $500 of their current Pell Grant award. In addition, Kelchen and Goldrick-Rab (2003)[6] observed a relatively low degree of family income mobility for students whose families were eligible for Federal means-tested benefits in eighth grade. NASFAA's own work has found that year-to-year variation in Pell Grant eligibility is linked to dependency status, institution, and family income.[7]

Ultimately, more data is needed to determine which populations could complete a one-time FAFSA without significantly impacting data accuracy. To that end, NASFAA is collaborating with the Center for American Progress (CAP) and the Association of Community College Trustees (ACCT), using funding from The Lumina Foundation, to model the impact of a one-time FAFSA by examining changes to family income and Expected Family Contribution (EFC) over several years. Results will be published in summer 2018. It is important to note that a potential drawback of the one-time FAFSA is that states and/or institutions might add a separate annual application to award non-Federal funds.

SENATOR WHITEHOUSE

Question 1. What would be the benefit of requiring all institutions to accept the FAFSA as the application for institutional aid for any student who is eligible for the maximum Pell Grant?

Answer 1. Students could benefit from the simplicity of having only a single application to complete. However, institutions with their own need-based funds to award would lose the ability to award those funds with the precision that the data on an institutional application allows. It is worth remembering that the largest source of higher education gift aid comes from institutions' grants and scholarships. Annual institutional scholarship volume is $59 billion, more than double the Federal Pell Grant ($27 billion), and even exceeding total annual Federal need-based aid from all sources ($40 billion).[8]

Given the volume of institutional aid, it is reasonable for institutions to have discretion over how they choose to award their own scholarship dollars and given the volume discrepancies, it would not make sense to require them all to use Federal methodology.

In some instances, students that qualify for Pell Grants would not qualify for institutional aid. For example, today Pell-eligible families with so-called "paper losses" on their income tax returns, or with significant home equity or retirement assets, could be eligible for need-based institutional scholarships based on the FAFSA alone, whereas a more detailed need analysis using data from an institutional application would show their true financial strength. At one large, public 4-year research institution, nearly 10 percent of their students who received Federal Pell Grants did not qualify for institutional need-based aid.[9] At this school, institutional aid is awarded using a more sophisticated financial need analysis model, suggesting that the school's assessment of need was more accurate that the Federal Government's.

Question 2. The Department of Education has announced an initiative to create a mobile app for the FAFSA and student aid information. What should be the key features of such an app? What should be required of institutions to ensure that students could use the app to receive and compare financial aid awards? How should institutions use a financial aid app to provide information and counseling to students?

Answer 2. The app should allow students and parents to complete and correct the FAFSA, provide them with information about their financial aid history and remaining aggregate eligibility, permit students to complete all required counseling, and replace institutional disclosures in instances where ED already has the information to be disclosed. It should also provide accurate loan repayment information, includ-

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[4] "HEA reauthorization issue: Using "prior-prior" year income" (Unpublished manuscript) Madzelan, D., 1998

[5] "Student aid simplification: Looking back and looking ahead" Dynarski, S., & Wiederspan, M., 2012: *http://www.nber.org/papers/w17834*

[6] "Accelerating college knowledge: Examining the feasibility of a targeted early commitment Pell Grant program" Kelchen, R., & Goldrick-Rab, S., 2013: *http://www.irp.wisc.edu/publications/dps/pdfs/dp140513.pdf*

[7] "A Tale of Two Incomes: Comparing Prior-Prior Year and Prior-Year Through Pell Grant Awards" NASFAA, 2013.

[8] Testimony of Justin S. Draeger, to the Senate Health, Education, Labor and Pensions Committee" NASFAA, 2017: *https://www.help.senate.gov/imo/media/doc/Draeger.pdf*

[9] Ibid

ing assistance with repayment plan selection, and give students the ability to change their repayment plans and make other changes that currently require the student to contact their servicer. Institutions should have the option to integrate their own financial aid awards into the app to allow students to see their complete financial aid packages. Ideally, the app could integrate with institutional systems to allow students to accept or decline aid via the app, confirm that they have been provided with required disclosures, etc. If the Federal Government is going go down this path, efforts should be taken to ensure it is a one-stop shop, which would require significant and ongoing collaborative efforts with schools.

It is important that ED develop a technology framework that permits, but does not require, institutions to utilize the app in ways that best serve their students and are within their varying technological capacities.

Question 3. What is the value of in-person counseling and guidance for students, particularly for low-income, first generation, and working adults? What are the barriers to providing in-person counseling and how can the Higher Education Act reauthorization address them?

Answer 3. There is significant value in in-person counseling for students, particularly for at-risk populations navigating a sometimes-complex financial aid ecosystem for the first time. College and university financial aid offices have staff available for students to contact with questions regarding their financial aid status. Even for students who complete online entrance counseling, institutions are required to have financial aid staff available for in-person counseling.

However, in a 2015 survey NASFAA conducted,[10] over 80 percent of respondents indicated "not [having] enough counseling staff" was a long-term resource constraint—the top long-term resource constraint identified. In that same survey, 87 percent of respondents identified "greater compliance workload" as a major factor leading to resource constraints. Of the survey's respondents, 68 percent noted resource constraints greatly or somewhat affect face-to-face counseling. Limited institutional resources combined with the administrative burden institutions face in implementing the Federal student aid programs (such as verification) hinder institutional ability to offer more robust counseling.

In addition to reducing regulatory burden associated with compliance, another way to address shortfalls in counseling without a one-size-fits-all mandate is to provide the authority for institutions to mandate additional counseling. Currently, colleges and universities cannot require students to complete any additional counseling beyond the required entrance and exit loan counseling described in the Higher Education Act, as amended. The PROSPER Act, passed out of the House Committee on Education and the Workforce in December, would mandate annual counseling. NASFAA supports the authority (not a mandate) for additional counseling as it provides institutions the flexibility to determine how best to serve and support their students—particularly low-income, first-generation, and working adult students.

Question 4. What burdens does the verification process place on students and families? What burden does this process place on institutions? Does it add additional complexity to the financial aid process? How does verification affect FAFSA completion? What steps can we take to minimize the need for verification?

Answer 4. Collecting the documents necessary for verification can be a burden for some families and students. Some students who are selected for verification and would be Pell-eligible, never complete verification out of confusion or frustration. Institutions cannot disburse aid until verification is completed, which puts the burden on students to find ways to pay their tuition, room and board, and book expenses out of pocket to avoid late fees or getting behind in classes. If the student or family can't pay out of pocket, they can be charged late fees, or have their next semester registration held.

Financial aid administrators are required to not only verify tax forms but to also notify and have parents or students make adjustments to their tax forms if they notice discrepancies, even though they are not tax professionals. While using prior-prior year (PPY) tax documentation alleviates some of the time constraints for financial aid administrators completing verification, as documents begin to flood offices before the start of the award year and tuition bills are due, extra burden is placed on administrators to complete the process as quickly as possible. In addition, Pell-eligible students are more likely to be selected for verification, creating an extra burden for institutions that serve more students from that population.

To reduce the number of verifications, ED and the Internal Revenue Service (IRS) should support the use and expansion of the IRS Data Retrieval Tool to its max-

[10] "2015 Administrative Burden Survey" NASFAA, 2015: *https://www.nasfaa.org/uploads/documents/ektron/f5fdae89-a23f–4572–9724–15e5a9f614d2/0d73bf4cd48a43a6a9414b6ec1a6ab9d2.pdf*

imum capability so institutions are receiving already verified income information from as many families as possible.

NASFAA has also suggested[11] that ED suspend and further research the verification of non-filing requirement to ensure its value in calculating the Expected Family Contribution (EFC) as it has caused a significant uptick in verifications for institutions and creates burden for low-income students and families.

More generally, NASFAA believes that ED could undertake a more nimble, thoughtful, transparent, and data-driven approach in the process it uses to decide the items to be verified and the documents required. By conducting a robust investigation of the usefulness of the required items and documents before implementation and then more frequently after implementation, ED can ensure the documents and items requested are still serving a succinct purpose for the verification of student and parent income information and not creating additional burden for institutions and families alike.

Question 5. In the past, Congress has taken steps to significantly simplify the FAFSA for our lowest income students, including by raising the income level for an automatic determination of zero expected family contribution. Some of these advances were undone when Congress faced a budget shortfall. With Republicans poised to pass a partisan tax plan that adds at least $1 trillion to our national debt, what might be the consequences for FAFSA simplification, the Pell Grant program, and other forms of Federal student aid?

Answer 5. Over the last decade we have seen a trend, in higher education and beyond, of budget politics dictating policy. Our strong preference is that policy decisions be handled through the authorizing committees to ensure a thoughtful, deliberative process. More often than not, when policy decisions get pushed through a budget process it is done to solve a funding issue, not because it was necessarily a well-thought out policy change. Anytime there is a squeeze for Federal dollars, particularly within the Labor-H funding pool, there is always a risk of damaging cuts to the Federal student aid programs. Ensuring that these important programs are funded to their maximum levels is of utmost importance to NASFAA, and is a significant component of our work each year.

SENATOR HASSAN

Question 1. One potential side effect of overly simplifying the FAFSA is that it may lead colleges to rely more on the College Scholarship Service (CSS) profile as an additional supplement for determining financial aid. This profile requires substantially more information from students, which may intimidate families who are unfamiliar with the college and financial aid process.

Question a. Do you share these concerns?

Answer 1, a. The main concern with oversimplifying the FAFSA is the impact on accuracy. If institutions—which are the largest source of grants and scholarships—do not feel they are getting enough financial information from the FAFSA, they may choose to institute their own financial aid applications. It is true that many institutions, particularly those that award a significant amount of institutional aid, use the CSS profile to supplement FAFSA information. But there are also a significant number of institutions (nearly 4,000) that do not use the CSS profile and award their own institutional aid based on at least some information from the FAFSA.[12] While we respect the right of any institution to use its own application to award institutional aid, we believe the Federal form should do as much as possible to meet the needs of schools and states so they are not incentivized to create their own separate form, which would work against the goal of simplification.

Question b. If schools do start to rely more on the CSS profile, how can we ensure that socioeconomically disadvantaged students still have the opportunity to receive as much financial aid as possible?

Answer b. Regardless of what financial aid form students are utilizing, it is important to make thoughtful and deliberate efforts to ensure the questions are not a barrier, particularly for low-income students. Many schools offer fee waivers so that students do not have to pay to fill out the CSS profile, but the most effective way to prevent more institutions from using their own form is to set up a Federal system that does not incentivize them to do so. It is important to note that NASFAA's

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[11] NASFAA Letter to Department of Education on Verification of Non-filing, 2017: *https://www.nasfaa.org/uploads/documents/NASFAALetteronVONF.pdf*

[12] "Testimony of Justin S. Draeger, to the Senate Health, Education, Labor and Pensions Committee" NASFAA, 2017: *https://www.help.senate.gov/imo/media/doc/Draeger.pdf*

FAFSA simplification proposal [13] is structured in a way that would simplify the process for the lowest-income students and families, but still provide enough information for states and institutions to utilize the data. Under this proposal, there is little risk of states and institutions moving to their own form.

Question 2. Another issue with the FAFSA is that it assumes that parents are always comfortable giving financial information to the government. One potential way to reduce this burden could be to highlight potential eligibility when parents file their taxes.

Question a. How effective do you think putting prompts for potential financial aid eligibility on tax forms would be?

Answer 2, a. NASFAA has long been interested in exploring avenues to improve the availability, transparency, and predictability of Federal student aid. We support efforts to provide additional information for students and families in creative ways, including through the tax process, which could range from providing potential eligibility information to using the tax form as the application for aid. In fact, NASFAA in 2013 recommended directing the Department of Education to perform a feasibility study with the IRS to develop a process in which the tax return could be utilized as the primary Federal financial aid application vehicle. [14] Results from the study could provide valuable insight into the efficacy of this recommendation.

Question b. Do you have any other suggestions for how to ease the burden some families feel in terms of finding out if their financials make their children eligible for certain financial aid?

Answer b. One idea to improve early information for students is to develop a "Pell Promise" program where the Federal Government would provide a "commitment" of Pell Grant dollars to low-income students in ninth grade. [15] This early information would offer a tangible incentive for at-risk students to earn their high school diplomas while providing advance information to aid in financial planning. Section 894 of the Higher Education Opportunity Act (HEOA) of 2008 authorized a demonstration program similar to the Pell Promise called the Early Federal Pell Grant Commitment Demonstration Program. Unfortunately, while the authority to enact this program exists in law, it was never given funding to get off the ground.

RESPONSES BY NANCY MCCALLIN TO QUESTIONS FROM SENATOR MURKOWSKI, SENATOR WARREN, SENATOR WHITEHOUSE, AND SENATOR HASSAN

SENATOR MURKOWSKI

Question 1. What data elements are absolutely necessary to achieve the balance between simplification of and access to the FAFSA and sufficient information to ensure the appropriate distribution of Federal and other financial aid at various income levels?

- There has been much research on the number and types of questions that should be asked and many of the panel experts are far better versed on the impacts of reducing these questions than am I, thus I would defer to their expert judgment. However, minimally, FAFSA applicants should provide demographic, dependency information, and college selection information. The majority of other data elements can be obtained through the Income Tax Return through the data retrieval tool (DRT). Students and families who meet Federal means-tested benefits such as SSI/SNAP should be automatically eligible for maximum Pell.
- In order to determine dependency status of the student (and therefore the amount the income to use in Pell determination), the following demographic data are necessary:
- Age of Student (calculated by the date of birth)
- Marital Status
- Veteran Status-is the student active duty or a veteran?
- Is the Student enrolled in a Graduate Program?
- Does the student have dependents for whom they provide more than 50 percent support?
- If a student is under 24, does he or she have extenuating circumstances that entitle him or her to independent status such as being orphaned, a foster youth,

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[13] "NASFAA FAFSA Working Group Report" NASFAA, 2015: *https://www.nasfaa.org/uploads/documents/fafsa—report—1.pdf*

[14] "NASFAA Task Force: Reauthorization Recommendations" NASFAA, 2016 (updated): *https://www.nasfaa.org/uploads/documents/updated—rtf—report.pdf*

[15] "Reimagining Financial Aid to Improve Student Access and Outcomes" NASFAA, 2013: *https://www.nasfaa.org/uploads/documents/ektron/67439aeb–419d–4e9c–9035–4278d0bbed61/d19119911e864c39abb555e99f130d122.pdf*

homeless or at-risk of being homeless, or self-supporting? Consideration should be given to lowering the age of an independent student to 21 or 22.

Other demographics needed:

- Marital status of the parents—this is used to determine whether one or both parent's incomes should be included in the calculation.
- Household size and number of students in the household in college
- Citizenship status for eligibility of Title IV
- For students and/or families who do not file a tax return, the DRT can be used to verify that no tax return was filed. We would then need to request them to self-report any income, including non-taxable income information (such as child care payments, pension exclusions, etc.)

Question 2. Can you tell us more about what verification steps your financial aid administrators have to go through and the impact it has had on your students?

Answer 2. As stated in my testimony, our financial aid administrators spend approximately 25 percent of their time supporting the FAFSA verification process. Generally, this includes preparing the verification forms, assisting students in accurately completing the verification forms, advising the students on acceptable documentation required for verification, updating the differences in the FAFSA data to conform with the information given for verification, and then reviewing the corrected data that is returned by the Federal processor to assure the proper amount of aid gets to the student. The following outlines the specific verification steps and the impact on our students.

Verification Steps:

i. The first step in verification is that the financial aid offices must read, understand, and adhere to the Federal Student Aid Handbook Application & Verification Guide (AVG) each year. For the 2017–18 award year, the AVG is 115 pages long. This guidance changes every year and has many nuances that may be subject to varying interpretations.

ii. Colleges need to develop and publish verification documents in accordance with each verification group for dependent and independent students.

iii. Once colleges begin processing applications from the FAFSA, colleges need to identify students who have been selected for verification from the U.S. Department of Education (ED).

iv. Colleges then need to contact students who have been selected for verification and request the required documents needed to review their application based upon their specific verification group and dependency status. Of the 94,169 students who applied with the FAFSA at one of our 13 colleges, 37,008 were selected for verification.

v. Once the college has received all the requested verification documents, we review the data elements submitted on the most recently received FAFSA against the documents/information submitted to the school in accordance with the Federal Student Aid Handbook Application & Verification Guide to verify the data accuracy. If data elements conflict between the most-recently submitted FAFSA and the documents submitted for verification, the college is required to make corrections to the FAFSA and send the information back to the Department of Education.

vi. The Department of Education then sends a subsequent file with the corrected information to the college financial aid offices and then the schools need to ensure no additional changes were made by the student or another school before they continue processing the aid application.

- Impact on Students:

i. For community college students, verification creates an additional barrier in regard to timely notification of their financial aid eligibility due to the document requests, processes, etc. Verification also adds more complexity to a confusing process for many of our students. Students selected for verification are generally our most vulnerable students with limited resources.

ii. In addition, all financial aid administrators need to understand broad, technical, and changing income tax data elements, filing statuses, and financial aid guidelines. Furthermore, there are times when very little guidance is provided by the Department of Education about what is acceptable documentation. This makes it difficult to communicate with students and families about what constitutes acceptable verification documentation.

SENATOR WARREN

Question 1. You mention that many of your students, who tend to be first-generation and low-income, are "loan or debt averse." Would simplifying the FAFSA improve these populations' likelihood of applying for Federal financial aid?

a. Yes, a simplified FAFSA application would increase the likelihood of students from these populations applying for financial aid. For these families, the application process is unfamiliar and difficult to navigate. Simplification would also enable improved communication from aid offices to students. Meanwhile, the type of questions and documentation asked on the FAFSA are often similar to or the same information that is typically asked when taking out a loan. Thus, we collectively need to inform and educate students and their families about the grants that are available to them through the FAFSA process.

Question 2. In your written testimony, you highlight a table that presents reasons why individuals did not apply for Federal student aid. Although 9 percent suggested the "forms were too much work," a staggering 44 percent indicated "thought ineligible" for aid was their reason for not applying. Based on this information, what else can be done to improve the likelihood of students applying for Federal financial aid—particularly Pell Grants?

a. Individuals who thought they were ineligible are likely those who believe they earn too much money to qualify for grant aid. In many of these cases, these individuals would likely qualify for some aid, even if it is a lower Pell Grant amount. Therefore, to improve the likelihood of students applying for Federal financial aid, simplifying the way students obtain their Federal Student Aid ID, the FAFSA itself, and the verification process would improve the likelihood of individuals applying for aid. On the college side, improved communication would also encourage more students to apply for aid regardless of their income level.

Question 3. Many argued that the verification process is a cumbersome additional step in the FAFSA filing process. There are proposals to move this process away from an annual requirement and to a one-time verification process. What are the positives and negatives of this proposal based on the student population CCCS serves?

a. The positives include making the process less burdensome for students and removing barriers by streamlining and utilizing more IRS data available through the Data Retrieval Tool (DRT). The possible negative is that a student's circumstances could change and that inequities could occur for aid eligibility, depending on when the one-time verification took place. Currently, financial aid administrators address circumstances surrounding life events and income changes for students and families that may alter their eligibility within the aid year and this same process could be used if you switch to one-time verification to ameliorate the concern noted above.

Question 4. You highlight in your testimony that, in Colorado, the FAFSA is utilized to establish eligibility for both state and institutional aid. Are there specific components of the FAFSA that the state and institutions rely on? Does Colorado or any colleges in Colorado currently require students to complete additional forms for financial aid?

a. For most state aid and some institutional aid, the primary components utilized are the Estimated Family Contribution or the household size, adjusted gross income (AGI) and dependency status. Our community colleges do not require additional forms for financial aid. We do not know of the aid requirements for Colorado colleges and universities outside of our 13-college system.

SENATOR WHITEHOUSE

Question 1. Based on your financial aid administrators' experience, what is your estimate for the portion of students who fill out or attempt to fill out the FAFSA on a smartphone?

a. We do not have data on this and it is our understanding that the FAFSA is not yet available on a mobile app.

Question 2. What would be the benefit of requiring all institutions to accept the FASFA as the application for institutional aid for any student who is eligible for the maximum Pell Grant?

a. Requiring all institutions to accept the FAFSA as an application for institutional aid may drive more students to complete the FAFSA.

Question 3. The Department of Education has announced an initiative to create a mobile app for the FAFSA and student aid information. What should be the key features of such an app? What should be required of institutions to ensure that students could use the app to receive and compare financial aid awards? How should institutions use a financial aid app to provide information and counseling to students?

a. First and foremost, the app should be easy to download and navigate. The app should have all the resources a student needs to apply for and obtain financial

aid, including the Federal Student Aid (FSA) ID, FAFSA, Loan Counseling, the PLUS application, and more.

b. The app should make the Federal Student Aid (FSA) ID easier for students to obtain. It is currently a complicated process and is the first step to FAFSA completion.

c. The app should have one login for everything related to the process. Currently, there are separate logins for the FSA ID, the FAFSA, the National Student Loan Data System (NSLDS) where students find information about borrowing and their borrowing status, the master promissory note (MPN) for the Direct Loan application and loan counseling, and the PLUS loan application. Currently, all of these are separate logins and any app or simplification should consolidate all of these.

d. Consistent formatting of the student's tentative award letter with defined fields and explanations of which costs are direct and which costs are indirect would be helpful. When students see the total cost of attendance, they often think this is their out-of-pocket costs, but many of these costs—such as living expenses, room, and board—would be incurred regardless of whether or not a student attends college. The shopping sheet is a good example of consistent and prescriptive award notifications.

e. For the app to be useful for institutions to provide information and better counsel students, there would need to be a link between the Federal school code on the FAFSA with the app. This would make possible linking to the college's primary website, which could allow more information exchange. The ability to link the student's personalized shopping sheet at the institution would allow a student to compare financial aid awards.

Question 4. What is the value of in-person counseling and guidance for students, particularly for low-income, first generation, and working adults? What are the barriers to providing counseling and how can the Higher Education Act reauthorization address them?

a. The value of in-person counseling and guidance is tremendous. Providing hands-on assistance to the individual student increases the likelihood of the student following through with the financial aid process and coming prepared for college. One of the primary student barriers at our community colleges is limited staffing and funding. Colorado ranks 47th in the Nation in state funding of higher education and our community colleges explicitly keep our tuition low in order to assure access. The limited funding is a key barrier to providing counseling for students. Meanwhile, aid administrators find it difficult to balance mandatory compliance items with time available for in-person counseling. Addressing unnecessary and complex regulations in the Higher Education Act reauthorization like Return of Title IV funds and verification processes, would free aid administrators up to provide more in-person counseling.

Question 5. What burdens does the verification process place on students and families? What burden does this process place on institutions? Does it add additional complexity to the financial aid process? How does verification affect FAFSA completion? What steps can we take to minimize the need for verification?

a. Within Colorado's Community College System, 94,169 students applied for financial aid through the FAFSA, but only 53,582 students completed the financial aid process. Of the 94,169 students who applied for financial aid, 37,008 were selected for verification and only 16,728 of those selected for verification completed the process.

b. Impact on Students/Families

i. For our population of students, verification creates an additional barrier to timely notification of their aid award due to the document request processes. It also adds more complexity to a confusing process for many of our students. Students selected for verification are generally our most vulnerable students with limited resources. Oftentimes, gathering the information for verification is a barrier for students.

ii. In addition, all financial aid administrators need to understand broad, technical, and changing income tax data elements, filing statuses, and financial aid guidelines. Furthermore, there are times when very little guidance is provided by the Department of Education about what is acceptable documentation. This makes it difficult to communicate with students/families about verification, which creates additional barriers for students/families.

iii. Verification increases the complexity of the process and causes students to not complete the financial aid process.

c. Impact on Colleges: As stated in my testimony, our financial aid administrators spend approximately 25 percent of their time supporting the FAFSA

verification process. Generally, this includes preparing the verification forms, assisting students in accurately completing the verification forms, advising the students on acceptable documentation required for verification, updating the differences in the FAFSA data, and then reviewing the corrected data that is returned by the Federal processor to assure the proper amount of aid gets to the student. The verification process (as outlined under 2.a for Senator Murkowski's questions) is burdensome for colleges. There are many steps and regulations, and the guidance changes each year. The time aid administrators spend keeping abreast of changing guidelines and overseeing the verification process is time not spent counseling students.

- To minimize the complexity of the verification process, we support significantly reducing the number of questions on the FAFSA. There has been much research on the number and types of questions that should be asked and many of the panel experts are far better versed on the impacts of reducing these questions than am I, thus I would defer to their expert judgment. However, as stated in Senator Murkowski's question, minimally, FAFSA applicants should provide demographic, dependency information, and college selection information. The majority of other data elements can be obtained through the Income Tax Return through the data retrieval tool (DRT). Students and families who meet Federal means-tested benefits such as SSI/SNAP should be automatically eligible for maximum Pell.
- As long as the Pell determination includes dependency status, the following information is necessary to determine dependency status of the student (and therefore which income to use in Pell determination):
  - Age of Student (calculated by the date of birth)
  - Marital Status
  - Veteran Status-is the student active duty or a veteran?
  - Is the Student is enrolled in a Graduate Program?
  - Does the student have dependents for whom they provide more than 50 percent support?

If the student is under 24, does he or she have extenuating circumstances that entitle him or her to independent status such as being orphaned, a foster youth, homeless or at-risk of being homeless, or self-supporting? Consideration should be given to lowering the age of an independent student to 21 or 22.

Other demographics requested:

- Marital status of the parents—this is used to determine whether one or both parent's incomes should be included in the calculation.
- Household size and number of students in the household in college
- Citizenship status for eligibility of Title IV
- For students and/or families who do not file a tax return, the DRT can be used to verify that no tax return was filed. We would then need to request them to self-report any income, including non-taxable income (such as child care payments, pension exclusions, etc.)

SENATOR HASSAN

Question 1. You mentioned in your testimony that many community college students do not fill out a FAFSA because they did not have the correct information about how to apply for financial aid and how to fill out the FAFSA form. Even if the FAFSA is simplified, we will still need to ensure that prospective students have access to information about financial aid availability and the process to apply.

- *Question a.* From your experience, is in-person advising during the financial aid process important to ensure that students understand what resources are available to them?

i. Yes, in-person advising is important because it increases the likelihood the student will complete the financial aid process. By lessening the burden on the college to collect documentation and verify FAFSA items, the college can focus more time on in-person advising and improved communication.

Question 2. We know that students are more likely to complete their degree or credential when they receive wrap-around services and support to help them navigate the different barriers they face. Often those barriers can include access to childcare, transportation, and housing.

- *Question a.* As this Committee considers the reauthorization of the Higher Education Act, what are some ways you think we can better assist higher education institutions like yours to meet the needs of students facing these barriers?
  - i. Reducing barriers students face in accessing higher education is an important goal of ours. To that end, decreasing the administrative burden of the FAFSA and verification removes barriers for students and frees up college

staff to spend more time addressing the needs of our students. In addition, we encourage continued and strengthened support of Department of Education grant programs like TRIO, Perkins, the Supplemental Educational Opportunity Grant, etc. These programs not only improve access to higher education, but also student success and credential attainment.

With respect to the recently introduced Higher Education Act (HEA) Reauthorization legislation from Congresswoman Foxx and Congressman Guthrie the Colorado Community College System is in favor of the following provisions:

- The allowance of Pell Grants for short-term programs. This helps address the critical skilled workforce shortage as we offer many programs that are short-term skills training in response to business needs.
- The additional $300 annual increase in Pell for students who take 15 or more credit hours.
- The restoration of access to the Pell Grant for students in the ability to benefit category—those students without a high school diploma or GED.
- Provision of financial aid access for some apprenticeship programs.
- The elimination of the Gainful Employment and state Authorization regulations. These regulations are very onerous for community colleges in terms of administrative costs; however, we do not support the elimination of the requirement that 10 percent of an institution's revenue must come from non-Title IV sources. We are also supportive of the proposed process that the Department of Education must go through in order to add and/or change regulations.
- The extension of financial aid eligibility to competency-based education.
- The simplification of the Federal Application for Federal Student Aid.

The following aspects of the bill are problematic for the Colorado Community Colleges:

- The "risk sharing" proposal that changes the Return to Title IV funds provision. These provisions would create substantial liabilities for community colleges related to students who do not complete their period of enrollment. They also have a disproportionate impact on community colleges who are open access institutions and admit students that have higher risk (both academically and financially) than traditional students with higher income and family support mechanisms.
- The requirement that students earn their financial aid and receive it in increments delivered like a paycheck will add substantial administrative burden.
- The elimination of the Supplemental Educational Opportunity Grant (SEOG). The SEOG provides $2 million in aid for our students, making college more affordable.
- The elimination of the Title III-A Strengthening Institutions grants.

RESPONSES BY KIM RUEBEN TO QUESTIONS FROM SENATOR MURKOWSKI, AND SENATOR WHITEHOUSE

SENATOR MURKOWSKI

Question 1. What data elements are absolutely necessary to achieve the balance between simplification of and access to the FAFSA and sufficient information to ensure the appropriate distribution of Federal and other financial aid at various income levels?

Answer 1. This is a great question. The answer depends in part on how much you weigh the value of simplification over potentially distributing funds to people who are cash poor but asset rich.

I think having a simplified application for Pell based either on two or three items or directly on information from 1040 tax forms is key. This will allow potential students to realize that higher education is attainable. Allowing students to estimate their expected Pell Grant while they are in junior high school or early in high school is important.

For higher-income families, and those that have complicated tax returns, answering a simple question about whether they have any earnings from assets or business gains or losses could signal or indicate that more information is needed. I would have families with capital assets (say, interest or dividends above $200) or significant earnings from business or non-wage income answer more questions about the value of their assets. For these individuals, I would want additional information based on the actual value or stock of assets rather than information from tax returns that reflect income flows.

While not based on my work, the other testimony given at the hearing was compelling. I do feel like having a one-time authorization process for homeless students

or those who have been in the foster care system would be an important step toward access and simplification.

Question 2. You have advocated for a plan that phases out eligibility for Pell Grants and ending eligibility when a family's income reaches 250 percent of the poverty level. Have any of the groups that have modeled calculations or made recommendations in this regard determined how that threshold would impact families in very high cost areas, where living at 200 or 250 percent of poverty on a national scale actually means the family is really barely able to make ends meet in their local community? If so, what recommendations have been made for adjusting the calculations to account for this?

Answer 1. Our tables and formulas use 250 percent (and other multiples) of the poverty level to phaseout Pell as an example. In our estimates, we were aiming for a largely revenue neutral alternative to our current system. With more money, this limit can be raised, but as under the current system, if eligibility increases more program funds would go to higher-income students.

I am not aware of studies that have looked at geographical differences in affordability with respect to Pell eligibility. Though the cost of living differs in different areas and the current program is more generous to people living in low-cost areas, I would discourage adding cost-of-living differences to the Pell eligibility program. Given that the Pell Grant follows the student and is not tied to a specific geographic location, other state or school sources of aid might be better targeted to address regional affordability questions.

Others, including colleagues of mine at the Urban Institute, have studied the question of regional price differences and what they mean for safety-net eligibility far more than I have, and it is an important and complicated question. See, for example, a 2013 Urban Institute report done for ASPE that considered different ways to adjust measures of poverty.[1] We could use supplemental measures of poverty that adjust for geography. But thus far there isn't consensus, and any index depends in part on which goods are considered. Many of the current price indexes do not, for example, focus on the spending patterns of low-income families.

SENATOR WHITEHOUSE

Question 1. What are the potential consequences of decoupling the application for Pell Grants from other Federal student aid?

Answer 1. Decoupling would let applicants know their calculated Pell Grant amounts first, then ask if their family filed an income tax return and if their tax return information can be accessed. This may make students more likely to continue the process. Families that are not required to file taxes could automatically be given an EFC of zero and would be done with the process after just a handful of questions.

Federal policy would set the specifics of such a system, including the maximum Pell Grant and how quickly Pell amounts decline with income. Decoupling Pell awards from the EFC would also prevent changes in Pell policy from directly affecting eligibility for other forms of aid. At the same time, states and institutions would have the information they need to award a total aid package.

There is a chance encouraging more students to participate will raise the cost of the Pell Grant program, and proposal details can be adjusted to meet desired cost targets. The actual simplification plan adopted undoubtedly would differ from the ones we modeled, but understanding the costs and tradeoffs of different changes will make simplification easier.

Question 2. Given that students who receive a Pell Grant are more likely to also borrow for their education, how would decoupling Pell Grants from loans ultimately help those students?

Answer 2. I think decoupling would not necessarily affect students who end up getting Pell Grants and who also access subsidized borrowing as they'd have to continue the process. However, I feel that if prospective students see their Pell amount and have that information in hand, they might be encouraged to continue completing the FAFSA form. There could also be ways of simplifying the loan program that could also simplify the information that is required—for example if we eliminate the subsidized loan program and instead limit borrowing but encourage students to enter income-based repayment programs.

There is an advantage of separating the two parts if this helps highlight what aid and support was coming from Pell Grants and what was provided by loans that ultimately must be paid back. Beyond simplifying both the application for Pell Grants

[1] Lisa Dubay, Laura Wheaton, and Sheila Zedlewski, Geographic Variation in the Cost of Living: Implications for the Poverty Guidelines and Program Eligibility (Washington, DC: Urban Institute, 2013).

and the FAFSA form, there should be clearer information about what types of aid students are receiving so students understand what debt they are taking on. I agree with much that was said in the recent hearing about simplification and transparency of the loan process at all stages.

Question 3. How could Congress ensure that with decoupling the Federal financial aid system did not return to the patchwork system that used to exist and that students did not have to fill out multiple, repetitive forms for financial aid from states and institutions?

Answer 3. Decoupling would actually permit a more complicated FAFSA form that reflects the information states and institutions might need. As noted in my testimony, a process like the one advocated and tested by NCAN includes fewer questions and a more user-friendly interface and allows for some state-specific questions if states want them.

With changes in technology and the adoption of prior-prior income, it will be easier for people to automatically enter their information or for institutions that want more information to use a process like the College Board Profile that similarly begins by requiring the uploading and scanning of parents' tax forms.

Indeed, some institutions now require additional information, and we want to allow them to do so—just in the least onerous way possible. For example, it seems legitimate for schools to want information on a noncustodial parent's income or assets, which private schools now largely get through requesting students fill out the College Board form. This process now largely relies on parents sending their tax forms, which seems less onerous than entering information and as a process has also become easier with the use of technology and the ability to use prior-prior year information.

Question 4. What would be the benefit of requiring all institutions to accept the FASFA as the application for institutional aid for any student who is eligible for the maximum Pell Grant?

Answer 4. As noted above, I do not think requiring all institutions to accept the FAFSA and only the FAFSA for students for institutional aid is a good idea. It seems appropriate to me for schools to request noncustodial parental tax information as long as there is a simple way for students to show the noncustodial parent is not in the picture.

Question 5. The Department of Education has announced an initiative to create a mobile app for the FAFSA and student aid information. What should be the key features of such an app? What should be required of institutions to ensure that students could use the app to receive and compare financial aid awards? How should institutions use a financial aid app to provide information and counseling to students?

Answer 1. This is an interesting proposal, and I think having an app where you can enter information like your income and number of family members and possibly including a picture of your tax return as proof would be a good start for Pell. For an app to work for the entire FAFSA system, you would need much of the information to be prefilled through something like the DRT system. Having an app that also could be individualized for each institution and include information about where students should go for help with either filling out the forms or understanding what their aid package is would be useful. This would allow students to immediately call or text for help in completing the forms. Allowing access through a cell phone or tablet would recognize and use the technology that students are increasingly most comfortable with.

Question 6. In the past, Congress has taken steps to significantly simplify the FAFSA for our lowest income students, including by raising the income level for an automatic determination of zero expected family contribution. Some of these advances were undone when Congress faced a budget shortfall. With Republicans poised to pass a partisan tax plan that adds at least $1 trillion to our national debt, what might be the consequences for FAFSA simplification, the Pell Grant program, and other forms of Federal student aid?

Answer 6. In the end, budgets (and taxes) are documents that reflect our national priorities. Much of my work involves tax policy at the Federal, state, and local levels, and I worry that a consequence of the recent tax bill (TCJA) and the future drop in Federal revenue will be less support for spending programs, including Pell Grants, in future years. While much of the discussion about the tax bill involved ways to grow our economy and strengthen our country, I firmly believe investing in the human capital of our people is a more effective way to reach these goals.

Pell funding, along with the access to higher education that it gives, can very well face cuts if Federal revenues are tight. My desire to see application for Pell Grants separated from other parts of the FAFSA is rooted in the need to expand access. But it would also help to maintain affordability and access to other financial aid

even if the Federal Government limits Pell Grants in the future. Right now, because Pell eligibility is tied to EFC, limiting levels of Pell spending might mean that calculated EFC or the amount of money families are supposed to contribute would increase. This could have unintended consequences on other forms of financial aid.

Finally, if there were limits put on Pell Grants, I hope it would be done in a way to maintain enough funding for the neediest students to access higher education.

RESPONSES BY JUDITH SCOTT-CLAYTON TO QUESTIONS FROM SENATOR MURKOWSKI, SENATOR WARREN, SENATOR WHITEHOUSE, AND SENATOR HASSAN

QUESTION FROM SENATOR MURKOWSKI

Question 1. What data elements are absolutely necessary to achieve the balance between simplification of and access to the FAFSA and sufficient information to ensure the appropriate distribution of Federal and other financial aid at various income levels?

Answer 1. **The absolute minimum elements required are adjusted gross income and family size**. All simplification proposals have included these two elements. The next most important, if the goal is to replicate the current distribution of aid, are the demographics to distinguish dependency status and family structure (i.e. marital status of student/parent, student's age, whether student is a parent, orphan, homeless, foster youth, veteran, etc.).

Number of students in college is also needed if the goal is the closely replicate the current distribution of aid; however, its role is modest and using it creates arbitrary inequity between families with the same number of children, depending upon whether their children attend college simultaneously versus sequentially. Dependent students' income is another variable that is modestly important under the current aid formula, but is not obviously a good thing to consider as it penalizes students who work while enrolled.

As important as pointing out what is absolutely necessary is pointing out what is absolutely not necessary: assets. The FAFSA question regarding savings and net worth are arguably the most challenging questions on the form to answer, yet they contribute virtually nothing to aid eligibility for the vast majority of students, due to exclusions of home equity, retirement, and further asset disregards. Dynarksi, Scott-Clayton, & Wiederspan (2013) show that dropping assets completely changes Pell eligibility by less than $100 for 97 percent of applicants, and affects EFC by $100 or less for 80 percent of applicants.

The EFC is the primary criteria used for the distribution of state and institutional aid. If dropping assets has essentially no effect on EFC for 80 percent of applicants, it will have little effect on other forms of state and institutional aid for these students. The remaining 20 percent whose EFCs are affected are concentrated in the upper ranges of EFC (i.e. above an annual expected family contribution of $50,000, well above the typical cost of college). While disregarding assets would lower EFCs for these families, the changes are not likely to be relevant for the vast majority of state/institutional aid programs. For example, a four-person family earning $160,000 and with $200,000 of eligible assets, with one dependent student in college, would see their EFC fall from about $57,000 to $47,000 if assets were completely disregarded. [1] The small number of elite institutions that do offer need-based aid to such families typically already use the more comprehensive CSS Profile rather than the FAFSA to determine awards.

SENATOR WARREN

Question 1. Through your work, have you found students' eligibility for Pell Grants or expected family contribution change dramatically from year-to-year? In other words, if a simplified FAFSA set students' Federal student aid eligibility for several years, then what is the likelihood that students who shouldn't be eligible for Pell Grants would become eligible for Pell Grants or other forms of need-based aid at the state and institution level?

Answer 1. This is a legitimate concern and one that was also raised in the context of switching from the use of prior-year tax data to the use of prior-prior year tax data for the determination of awards. Reuben, Gault, & Baum (2015) examine how Pell and EFCs would change if the formula were unchanged but were based on tax information from a prior year. They found that the resulting Pell and EFC estimates are highly correlated regardless of which year of income data is used (the correlation is about 0.90 for both Pell and EFC). Three-quarters of applicants would see Pell

[1] Estimates calculated using online calculator available vi *https://www.collegeconfidential.com/efc/*.

eligibility shift by less than $500, regardless of which year income is measured. EFC is more sensitive (with 48 percent experiencing a larger than $500 difference), but the authors show that most of this sensitivity is at very high levels of EFC that are unlikely to affect Federal, state, or institutional need-based aid.

In addition, nationally representative survey data from the U.S. Department of Education show a high degree of persistence in Pell receipt from year to year, among students who remained enrolled for at least 3 years (as far as the data currently track).[2] For example, among beginning students who do NOT receive a Pell Grant in their first year, 88 percent did not receive one in either of the next 2 years. Among those who DID receive a Pell Grant in their first year, 85 percent received a Pell in one of the two subsequent years, and two-thirds received Pell in all 3 years. Further, note that some of the variation in Pell receipt from year to year is due not to income variability but due to the failure of eligible students to consistently apply—which is one of the concerns motivating efforts to simplify.

In the case of prior-prior year income data, a consensus emerged that the benefits of making the process easier and earlier for students outweighed concerns about the modest variability of income over time. In my opinion, a similar logic holds when considering fixing aid eligibility for multiple years.

One additional concern is that if many years of aid are connected to a single year of income, it increases the incentives for some families to strategically manipulate income in the focal year. It is not clear whether this is a large enough concern to outweigh the significant benefits of fixing eligibility over time. To the extent it is a concern, however, it could be ameliorated by basing the initial EFC/Pell calculation on more than 1 year of income data (e.g., the prior-prior tax year and the year preceding that). If a simplified formula relied only on tax data and did not require a separate application, this would add little to the applicant burden and would make it much harder to strategically shift income over time.

SENATOR WHITEHOUSE

Question 1. What would be the benefit of requiring all institutions to accept the FASFA as the application for institutional aid for any student who is eligible for the maximum Pell Grant?

Answer 1. This question is primarily an issue at highly selective institutions (the majority of institutions rely on FAFSA data even for institutional aid determination). Students who apply to highly selective institutions are often required to submit an additional, more extensive financial aid application known as the CSS Profile in order to be considered for institutional aid. If the FAFSA is dramatically simplified, but low-income students applying to selective institutions still face the CSS Profile, then these students will still face significant complexity and disincentive to apply. Some of these students may decide to avoid such institutions altogether, even though they might provide a better educational match for them, in order to avoid having to fill out the CSS Profile (this may happen already, but might happen more if FAFSA simplifies and CSS Profile does not).

Requiring all institutions to accept the FAFSA for institutional aid determination, for students who are eligible for the maximum Pell, thus has some obvious appeal. This would help ensure that low-income students are not dissuaded from applying to highly selective institutions just because of their complicated aid forms. Frankly, this is a policy I would hope institutions would consider even if it were not a Federal requirement. However, some timing issues may arise: students may not have the luxury of waiting to learn whether they are eligible for the maximum Pell, before they need to begin working on the CSS Profile in case it is ultimately required.

Question 2. The Department of Education has announced an initiative to create a mobile app for the FAFSA and student aid information. What should be the key features of such an app? What should be required of institutions to ensure that students could use the app to receive and compare financial aid awards? How should institutions use a financial aid app to provide information and counseling to students?

Answer 2. Key features of such an app should include the ability to quickly estimate Federal aid eligibility, as well as state aid eligibility (for the main, large state programs). One problem with many existing aid calculators is that they require almost as much information as the full FAFSA. This takes a long time, and also can cause students to quit the app if they don't know the answer to one of the questions. Ideally, an aid estimator would enable a quick estimate based on just a few key pieces of information (family income, family size, dependency status). Students could

[2] Authors' calculations via NCES Quick Stats, using Beginning Postsecondary Students 12/14 data base (2011 first-time beginners tracked through 2013–14 school year).

then decide if they want to fill in more details to get a more accurate estimate. It's also important that student don't need to sign up or provide any identifying information in order to get an estimate.

It would also be useful to provide some definitions of basic higher education and financial aid terms, and perhaps a list of questions students should ask institutions about their financial aid. For example, many students do not recognize the difference between public, private, and for-profit institutions or realize that student loan burdens and default rates differ dramatically across these sectors. It would also be valuable to have an interactive tool linked to the College Scorecard where students could explore individual institutions.

Question 3. What is the value of in-person counseling and guidance for students, particularly for low-income, first generation, and working adults? What are the barriers to providing counseling and how can the Higher Education Act reauthorization address them?

Answer 3. The critical importance of guidance is summarized (among other places) in a Pell reform proposal I co-authored with Sandy Baum (Baum & Scott-Clayton, 2013), which recommends that the Pell program include guidance services both before and after initial enrollment, to complement its financial support. I highlight a few conclusions from that report here; see the original report for more details and complete research citations.

One problem under the current system is that the main sources of guidance prior to enrollment are high school counselors and college financial aid offices. Both of these are woefully understaffed to provide the sort of one-on-one guidance that students need. For example, many institutions have student-to-counselor ratios as high as 1,500 to 1 (Bettinger, Boatman, and Long 2013). Beyond that, many prospective students are not currently enrolled in high school, and colleges themselves cannot provide third-party guidance prior to a student's decision to enroll.

It's no surprise, then, that students' college decisions are not always well informed. Students attending community colleges and for-profit colleges often make their institutional selection haphazardly and fail to investigate more than one option. Studies have also found worrisome evidence of undermatching (in which high school students from low-and middle-income families often do not even apply to the most-selective institutions for which they academically qualify) and summer melt (in which high school seniors graduate on time, are accepted to college, apply for financial aid, and then fail to matriculate in the fall).

Students also make mistakes after enrollment, taking courses without understanding whether they meet program requirements. The choice of major field is critically important, particularly for students seeking specific occupational education, because of large variation in earnings by field of study.

As increasing amounts of information about individual institutions and programs become available online, it is becoming clear that students need more than just better information: they need guidance in choosing appropriate paths given their goals, academic preparation, and circumstances. Research on workforce development also finds that programs are most successful when participants receive not only money, but also guidance about their choices and support for managing the combination of their responsibilities.

While more in-person guidance would be valuable, evidence is also mounting that simple, low-to-modest-cost coaching interventions that reach out to students before and during enrollment can have substantial impacts. For example, in a series of randomized experiments, Castleman, Page, and Schooley (2013) found that text messaging, peer mentoring, and proactive outreach were all successful at reducing summer melt, with costs of no more than $200 per student served. A randomized study of a student coaching service provided by InsideTrack (a for-profit company that contracts with individual institutions) found significant impacts on persistence for a cost of approximately $500 per student per semester (Bettinger and Baker 2014). In addition to their modest cost, because these interventions are largely based on phone calls and/or text messages rather than relying on in-person meetings with a counselor, they are more accessible for students and potentially easier to scale up.

Just as some other Federal programs have in the past provided "navigators" to help program applicants make the best use of Federal assistance, the Higher Education Act could authorize some funds to be directed toward postsecondary navigators. The Federal Government could contract with organizations to provide such services directly, or could provide funds to institutions earmarked for guidance and support services for Federal aid recipients.

Question 4. In the past, Congress has taken steps to significantly simplify the FAFSA for our lowest income students, including by raising the income level for an automatic determination of zero expected family contribution. Some of these ad-

vances were undone when Congress faced a budget shortfall. With Republicans poised to pass a partisan tax plan that adds at least $1 trillion to our national debt, what might be the consequences for FAFSA simplification, the Pell Grant program, and other forms of Federal student aid?

Answer 4. I have two concerns. First is that the language of simplification that was used to motivate the recent tax reform may have weakened trust regarding what the term implies. This raises the importance of extensive evidence showing that when it comes to Federal student aid, it is possible to radically simplify the eligibility process without changing the overall distribution of aid, and emphasizing the degree of consensus, across the political spectrum, regarding the value of simplification for low-income, minority, and first-generation students.

With newly tightened budget constraints, higher education may become a target for cuts at both the Federal and state level. But with the returns to college as high as they have ever been, now is not the time to disinvest in college access and completion. We know that student aid has an impact on enrollment and completion, and that simplification would increase the "bang for the student aid buck." By increasing the effectiveness of every Federal dollar spent on higher education, simplification would further strengthen the argument for also increasing the level of investment overall.

SENATOR HASSAN

Question 1. As discussed in the hearing, efforts to simplify the FAFSA, and the entire college applications process, are bipartisan. Removing barriers to lower and middle-income students, including first generation college students to access postsecondary education—including high quality credentials and apprenticeships, should be one of our greatest priorities. In 2014, the New Hampshire Higher Education Assistance Foundation, "NHHEAF" launched the campaign, "I Am College Bound/ I applied." During the campaign, students in participating high schools are urged to submit at least one postsecondary admission application. Last year over 1000 students participated. Participating students receive follow-up assistance with financial aid documents, including the option to have direct counseling through the Center of College Planning (CCP) to complete the FAFSA. This campaign is part of the American College Application Campaign, which is similar to other national efforts like Better Make Room.

Question a. What role do you see for these types of programs in helping students complete the FAFSA and subsequently access a more affordable higher education?

Answer 1,a. Based on research that demonstrates the effectiveness of other programs providing application assistance and guidance (see my response to Senator Whitehouse, Question 3 above), I believe these programs have a significant impact on college access. In our current context, given the complexity of the financial aid system, many of these organizations report that a significant focus of their time and resources centers around helping students with the aid application. If the aid application could be simplified at its root, so that students did not require such intensive assistance, this would enable these organizations to spend more of their time and resources helping students navigate all of the other aspects of college-going, including how to find the right school and program, and how to navigate other logistical and academic hurdles beyond just financial aid.

Question 2. One potential side effect of overly simplifying the FAFSA is that it may lead colleges to rely more on the College Scholarship Service (CSS) profile as an additional supplement for determining financial aid. This profile requires substantially more information from students, which may intimidate families who are unfamiliar with the college and financial aid process.

• *Question a*. Do you share these concerns?

Answer 2,a. I understand the concerns, but I think it is not as serious as commonly thought. First, only 208 institutions out of 4,583 in the US currently use the CSS Profile for domestic applicants.[3] The vast majority of these schools are highly selective private institutions which have extensive endowments and significant institutional aid to distribute, including to families well above median income levels. One of the main added values of the CSS Profile is that it helps draw better distinctions between families at higher income levels, who may have more complicated financial situations. But the vast majority of institutions, serving the vast majority of students (and an even larger majority of low-income students), simply do not have

[3] The full list of current CSS Profile schools can be found here: *https://profile.collegeboard.org/profile/ppi/participatingInstitutions.aspx.*

enough institutional aid going to families at these higher income levels for requiring the CSS profile to be worthwhile.

Even if the number of institutions using the CSS Profile doubled—which I consider extremely unlikely—this would still represent less than 10 percent of institutions. I believe that the benefits of simplifying Federal aid for all students outweigh concerns about a small number of institutions opting to add the CSS Profile.

- *Question b*. If schools do start to rely more on the CSS profile, how can we ensure that socioeconomically disadvantaged students still have the opportunity to receive as much financial aid as possible?

Answer b. First, institutions must make clear that they cannot require a student to fill out the CSS profile in order for them to receive Federal student aid. Some students may be confused about this and may think that if a school uses the CSS profile, they have to submit it. Second, some have proposed that for students who qualify for the maximum EFC, institutions should be prohibited from requiring additional information in order to determine institutional aid. I am not sure whether such a prohibition would be feasible, but think that even without such a formal requirement, public pressure could be placed on institutions to adopt such a policy voluntarily.

- *Question 3*. Another issue with the FAFSA is that it assumes that parents are always comfortable giving financial information to the government. One potential way to reduce this burden could be to highlight potential eligibility when parents file their taxes.
- *Question a*. How effective do you think putting prompts for potential financial aid eligibility on tax forms would be?

Answer 1,a. I think this could be very valuable and could lead to increased college enrollment and completion. Some families/individuals may never even have heard of the Pell Grant program and may have no idea how much they could receive. Proactively communicating aid eligibility could lead more people to consider college in the first place. Evidence from the Bettinger, Oreopoulos, Long, and Sanbonmatsu (2012) experiment with H&R Block supports this idea.

- *Question b*. Do you have any other suggestions for how to ease the burden some families feel in terms of finding out if their financials make their children eligible for certain financial aid?

Answer b. This is another excellent argument for making the financial eligibility determination run automatically using IRS tax data. Parents would not need to reveal their income to their children directly, just enable them to use the IRS data retrieval tool. It could even be possible for the data to be pulled from IRS and used in the aid calculation without ever disclosing it to the child directly.

Simplifying the eligibility formula to the point that parents could quickly estimate their likely aid even before filing taxes or beginning the college application process would also help, by helping parents understand how much money is at stake for their children.

Responses by Elaine Williams to questions from Senator Whitehouse and Senator Hassan

senator whitehouse

Question 1. What would be the benefit of requiring all institutions to accept the FASFA as the application for institutional aid for any student who is eligible for the maximum Pell Grant?

Answer 1. The benefit of requiring all institutions to accept the FASFA as the application for institutional aid for any student who is eligible for maximum Pell Grant is that it will afford individuals the opportunity to be informed on the financial responsibility that the student will be taking on before committing to the institution. In addition, it will help students be able to gain knowledge of their eligibility for other state and federal aid that the student could potential received once the allotment of qualified Pell Grant is disclosed to the institution and student.

Question 2. The Department of Education has announced an initiative to create a mobile app for the FAFSA and student aid information. What should be the key features of such an app? What should be required of institutions to ensure that students could use the app to receive and compare financial aid awards? How should institutions use a financial aid app to provide information and counseling to students?

Answer 2. The key features of the mobile app should consist of an explanation of the student's award letter, a way to submit documentation for forms, reminders, information on ways to contact financial aid counselor and a Q & A section. The institution should be required to provide information to each student about the app

when arriving at the institution and through transfer orientation. It should also be readily accessible on all campus technology for individual who may not have certain devices to access the app.

Question 3. What is the value of in-person counseling and guidance for students, particularly for low-income, first generation, and working adults? What are the barriers to providing counseling and how can the Higher Education Act reauthorization address them?

Answer 3. The value of a point of contact, who works specifically with low-income, first generation, and working adults students is being able to have someone who will help them navigate the different entities of the institution while helping eliminate the challenges that prevents students from being successful. One barrier to providing adequate counseling is the lack of knowledge on laws that protects foster and homeless youth who are accessing higher education. In addition, the lack of having an access point person for youth experiencing homeless and foster youth, which makes it challenging to navigate the challenges that youth face at the institution.

SENATOR HASSAN

During the hearing, you mentioned that you had struggled in college to access the basic help you needed to truly succeed as a student—including housing and mental health services.

Question a. Can you describe how having gaps in supports affected your ability to earn your degree, and how it affects the students you work with in Richmond?

Answer a. The gaps in the support that affected my ability to earn my degree were the lack of knowledge about the services offered at the university such as mental health services, over the break housing on campus and assistance with navigating the different entities of the institution.

Question b. What kind of supports do you think would be most helpful for students navigating financial aid and on other important areas?

Answer b. The supports that would be most helpful are having mentors or point-of-contact person s who assist with explaining the process and help troubleshoot problems that may arise when navigating financial aid and other areas.

[Whereupon, at 11:38 a.m., the hearing was adjourned.]

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