Reauthorizing the Higher Education Act:
Simplifying the FAFSA and Reducing the Burden of Verification

Testimony of
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Thank you, Chairman Alexander, Ranking Member Murray, and members of the committee for this opportunity to discuss how simplifying the Free Application for Federal Student Aid (FAFSA) and reducing the burden of verification will make education after high school more accessible and attainable for all students, especially low-income and first-generation college-going students.

Alabama is the nation's sixth poorest state, and 900,000 Alabamians, 300,000 of whom are children, live below the poverty line. I lead Alabama Possible, a statewide nonprofit organization dedicated to breaking down barriers to prosperity through advocacy, education, and collaboration.

A low-income student is only half as likely as a high-income student to complete a postsecondary certificate or degree by age 26. However, those low-income Americans who do obtain a college degree are five times more likely than their peers to rise out of poverty.[1]

Alabama Possible began our college access work in 2009 with a small, direct service program that teamed high school students with college students to plan, prepare, and pursue their college education. From the very beginning, we defined college to include a broad range of valuable postsecondary credentials, including technical and academic certificates and degrees from two- and four-year colleges and universities.

We started with a misperception that students didn't want to go to college. Instead, we quickly learned that our students wanted to go to college, but they had no idea how to pay for it. They did not know that financial aid, including Pell Grants, is available for students like them.

These Alabama students' stories reflect national research findings: most low-income students who do not apply for aid do not do so because they believe that they are not eligible. That's true even though a large percentage of these students would receive aid if they filed their FAFSA.[2]

The National College Access Network wanted to know more, so they did a nationwide quantitative survey. Their findings include:

1. The whole question of "eligibility" is moot if students don't actually know anything about financial aid.
2. There is no lack of information about financial aid; it's just not getting to the students who need it most.
3. Students who did not apply for financial aid were more likely to have a negative perception of loans.
4. Males were more likely to be misinformed or uninformed about financial aid and do not want aid in general.
5. Students who did not apply for financial aid were more likely to prefer to pay for their schooling out of pocket.

6. Many students who did not apply for financial aid were not confident that they could rely on their schools for support.
7. Students who did not apply for financial aid were more likely to believe that their parents did not want to share their information.
8. Students whose parents did not attend college were as likely to apply for financial aid as those whose parents did attend college.
9. Latino students were more likely to believe that there were opportunities to receive financial aid.[3]

We listened to our students and quickly pivoted to emphasize FAFSA completion and financial aid. Today, we provide direct services to nearly 1,500 Birmingham-area students and lead the statewide Cash for College campaign, which brings together 328 high schools along with the Alabama State Department of Education, Alabama Community College System, Alabama Commission on Higher Education, the Bold Goals Coalition (a regional cradle-to-career network), and scores of other partners. Together, we build a school-wide college-going culture by raising expectations for student success and supporting all students with tools and relationships necessary to pursue their education after high school.

We aim to build a system which supports students pursuing postsecondary education, and the FAFSA presents an overwhelming barrier for too many students and families. For many families, the FAFSA is longer than their tax form.

We are in the midst of tax season. Most people get help filing their taxes from for-profit tax preparers like H&R Block and TurboTax or local nonprofits participating in the federally-funded Volunteers in Tax Assistance (VITA) program.[4]

Do we want to build a companion system for FAFSA completion, or would our limited public and private resources be better spent supporting student success?

Congress and the US Department of Education have worked together to simplify the FAFSA in recent years, and we applaud those efforts. Improvements include the FAFSA opening on October 1 instead of January 1, use of prior-prior year taxes, expanded implementation of the IRS Data Retrieval Tool, the MyStudentAid app, and access to student-level FAFSA completion data for educators.

However, by June 30 of last year, only 54.7 percent of Alabama's 2018 high school seniors completed their FAFSA. That is below the national average and ranks 31st among our fellow states.[5] As a result, Alabama families left $47.4 million in Pell Grants on the table and millions more in need- and merit-based scholarships, grants, and work-study jobs.[6]

That's why we are here to ask you to increase FASFA completion, and thus improve postsecondary attainment and workforce readiness, with three approaches:

First, streamline the FAFSA. The current FAFSA poses more than 100 questions to prospective college students.[7] Nearly one-third of the questions apply to fewer than 1 percent of all filers.[8] The FAFSA also uses terms such as "emancipated minor" that are unfamiliar to many applicants, and Federal Student Aid had to create a flow chart to determine who is a student's parent for purposes of the FAFSA.[9]

A streamlined FAFSA with 15-25 questions about the student, their family, and where they want to go to college would give the US Department of Education the ability to assess a student's need while cutting out unnecessary and often-intrusive questions.

Another opportunity to streamline the FAFSA is allowing students who are unable to provide parent information because they face parental abandonment, abuse, or neglect to submit their FAFSA as a "provisionally independent" student after answering a single screening question. The student would receive an Estimated Family Contribution (EFC) and estimated Pell Grant award amount based on the provisional independent status. The student's Institutional Student Information Record (ISIR) would indicate the provisional status, and schools would be required to reach out to admitted students to discuss the next steps for applying for a dependency override.

This situation makes me think about Caitlyn, who lives in rural Northwest Alabama. Her community has a promise scholarship to the local community college which requires that students complete the FAFSA. Caitlyn's parents are not in her life, and her grandparents raised her. However, they do not have legal custody or guardianship. During her senior year, Caitlyn filed her FASFA with the help of her school counselor. Unfortunately, she was selected for verification, and her community college asked for a copy of her father's tax transcript. Her father would not give it to her, and despite her grandfather's vocal advocacy, including writing to Alabama Governor Kay Ivey, her community college could not clear the verification. The only reason she is in college today is because the private scholarship foundation decided to cover the entire cost of her tuition. While she had a good result, most students are not as lucky as Caitlyn.

Streamlining the FAFSA will provide low-income families with the financial and emotional relief they need when preparing for college.

Second, focus the process on funds available to pay for college. Today, students who complete their FAFSA get a Student Aid Report, which informs them of their Expected Family Contribution, or EFC. That number, in turn, is used to calculate access to Pell Grants and other need-based financial aid. Focusing the process on what a family is expected to pay, instead of on grants and other assistance for which they qualify, is confusing and off-putting for the low-income families we serve.

In addition, if the neediest students had an expedited process which awarded Pell Grants to students whose families received means-tested federal benefits, such as the Supplemental Nutrition Assistance Program, then those students would know that they could pay for college without having to resubmit income data they have already provided to qualify for those benefits. One of the reasons that college promise programs

have a powerful impact is that students get a clear message that they will be able to pay for their education after high school. These recommendations could similarly impact college-going outcomes for low-income students.

Third, decrease the verification burden. Verification is an audit-like process to confirm information provided on the FAFSA. Roughly half of all filers eligible for a Pell Grant are flagged for verification. An estimated 25 percent of applicants abandon the financial aid process after being flagged for verification, making it much less likely that they will enroll in college.[10]

A shocking 59.2 percent of 2018 Birmingham City Schools graduates who filed a FAFSA were selected for verification.[11] Even with the US Department of Education's fixes to the verification algorithm[12], 37.8 percent of this year's Birmingham City Schools FAFSA filers have been selected for verification.[13]

By comparison, the IRS audits fewer than 1 percent of tax filers with an adjusted gross income of up to $500,000.[14]

Increasing data-sharing among federal agencies, particularly the Internal Revenue Service, would help repair the leaky FAFSA pipeline.[15] While families can use the IRS Data Retrieval Tool (IRS DRT) to transfer information from their federal income tax returns to the FAFSA, it is not always a smooth process.

I had my own difficulties using the IRS DRT last fall when I tried to file my FAFSA to test out the new MyStudentAid app. I could not remember what tax form I used: the 1040, 1040A, or 1040EZ. I made the wrong choice and had to start the process all over again. I graduated from law school, and I know how to fill out forms. If I had trouble, I can only imagine how difficult it can be for a first-generation student and their family.

In a day and age when our bank accounts automatically sync with our bookkeeping and tax software, we should not have to ask families to repeatedly enter and re-enter complicated financial information. Government can work more efficiently by breaking down barriers between agencies.

Applicants who cannot use the IRS DRT for some reason, such as they forget which tax form they used, are not required to file taxes, or they or their parent filed as the head of household, may be required to provide an IRS Tax Return Transcript or a Verification of Non-Filing Letter. Students selected for verification typically must also provide these documents to their school's financial aid office.

When families cannot access their tax transcript electronically, it takes up to two weeks to get it via mail. However, if the student or their family has moved or it sent to a different address from the one on their tax return two years prior, then it can take up to six weeks to receive it by mail.

IRS data sharing would simplify this process, reduce errors, and eliminate barriers to financial aid eligibility. As a result, more students who apply for financial aid would actually receive financial aid.

Simplifying the FAFSA and reducing the burden of verification is urgent, because postsecondary education is the bridge between jobs and the labor skills gap.

Next year, 65 percent of all jobs will require education beyond high school.[16] However, only 47.6 percent of working-age Americans hold postsecondary credentials.[17]

In Alabama, only 43 percent of adults had valuable postsecondary credentials as of 2017, while 51 percent of job openings will require such a credential by 2025.[18] In order to close this gap, Governor Kay Ivey set a goal of adding 500,000 individuals with valuable postsecondary credentials to the state's workforce. In her Success Plus plan to achieve this bold goal, she recognized that financial aid is a critical component of improving educational and workforce outcomes.[19]

The American economy depends on having a qualified workforce. Making postsecondary education more accessible and affordable for families by streamlining the financial aid process will result in a stronger, more prosperous nation.

Thank you again for the opportunity to share our stories and insights with you.

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