

**REAUTHORIZING THE HIGHER
EDUCATION ACT:
SIMPLIFYING THE FAFSA AND
REDUCING THE BURDEN OF VERIFICATION**

HEARING
OF THE
**COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS**
UNITED STATES SENATE
ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

ON

EXAMINING REAUTHORIZING THE HIGHER EDUCATION ACT, FOCUSING
ON SIMPLIFYING THE FREE APPLICATION FOR FEDERAL STUDENT
AID AND REDUCING THE BURDEN OF VERIFICATION

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MARCH 12, 2019
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**REAUTHORIZING THE HIGHER
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REDUCING THE BURDEN OF VERIFICATION**

Tuesday, March 12, 2019

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

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

Present: Senators Alexander [presiding], Collins, Cassidy, Scott, Braun, Baldwin, Casey, Murphy, Kaine, Hassan, Jones, and Rosen.

OPENING STATEMENT OF SENATOR ALEXANDER

The CHAIRMAN. Good morning. The hearing for the Senate Committee on Health, Education, Labor, and Pensions will please come to order. Senator Murray has asked Senator Baldwin to be the Ranking Member today, and we welcome her and her interest in this topic. And after she and I make an opening statement, I will then introduce the witnesses and we will hear from each of them.

There are not many things that United States Senators can do that will cause 20 million Americans to say thank you, but we are on the verge of doing one of those things. And that is by reducing the free application for Federal Student Aid, the FAFSA, from 108 questions to two dozen questions, and eliminate the need for families to give their financial information to the Government twice. This will help 400,000 families in Tennessee, 350,000 families in Senator Murray's Washington State, and we could go right up and down the line here among the Senators and identify the families and the students that our work could help.

A volunteer mentor with Tennessee Promise, which is our state's program that provides two years of free community college, told me that the FAFSA, the form that 20 million students fill out—for those who might not be familiar with it, this is just what it looks like. Most people fill it out online, but it is 108 questions long. This volunteer mentor told me that the FAFSA that 20 million families fill out has a chilling effect, in her words, on students and parents. The former President of Southwest Tennessee Community College in Memphis told me he believes he loses 1,500 students each semester because the FAFSA is too complicated. East Tennessee State University said a third of their applicants, approximately 10,000 are selected each year for what is called verification, a com-

plicated process that stops Pell Grant payments, while the students and their families scramble to submit their Federal tax information or prove they did not have to file taxes. Our former Governor Bill Haslam told me that Tennessee has the highest rate of filling out the FAFSA, but still the single biggest impediment to more students enrolling in Tennessee Promise. And one of the questions I hear from most students is can you please make it simpler to apply for Federal aid.

Five years ago, in a hearing before this Committee, we heard that the vast majority of questions on the FAFSA are unnecessary. So, I asked the four witnesses at that time if each could write a letter to the Committee recommending how he or she would simplify the FAFSA. The witnesses looked at each other and they said we do not have to write you four letters because we can write you one letter because we agree. And so, they did, and Senator Bennet who was then a member of the Committee said at the time, well if that is true and if there is that much agreement, then why don't we do what you recommend. So, we started talking with Senators, students, college administrators, and others about how to simplify the FAFSA. Started gaining traction. First, the Obama administration allowed families to fill out the FAFSA using their tax information from the previous year, so that they could apply to school in the fall rather than have to wait until spring. And second, the Trump administration has put the FAFSA application on a phone app. I was in Sevier County High School in Tennessee in November, Dolly Parton's high school by the way, and saw students zipping through the FAFSA on their iPhone.

Third, last year the Senate passed legislation that Senator Murray and I introduced that allows students to answer up to 22 questions on the FAFSA with just one click and will stop requiring students to give the same information to the Federal Government twice. I cannot tell you how many times families have asked me in Tennessee, why do I have to give the same information to the Federal Government twice.

The final step should be our bipartisan solution that will reduce the number of questions on the FAFSA from 108 to between 15 and 25. In 2015, Senator Bennet and I, along with Senator Booker, Burr, King, Enzi, Warner, and Isakson introduced bipartisan legislation that would have reduced the number of FAFSA question to two, but after discussions with college administrators and states, we realized we needed to keep some questions, or states and schools would have to create their own additional forms that students would need to fill out so we wouldn't have gained anything. Over the last four years, we have improved that legislation and now believe we can move forward with bipartisan legislation that would reduce the FAFSA to 15 to 25 questions.

Here is what all of these improvements meant to the 20 million families that fill out the FAFSA every year. One, it reduces the questions, 108 to between 15 and 25. Two, dramatically decreased the number of students selected for verification because students' tax data would automatically transfer to the Department of Education, which would greatly reduce the need for verification. Many students and counselors tell me the verification process is worse than filling out the FAFSA. Three, simplifying the form in the

verification process should encourage more students to apply for Federal aid, which will ensure that eligible students receive the Pell they deserve. Four, students can now complete the FAFSA on their iPhone. Five, families can now apply for Federal aid sooner because they can use information from last year's tax return. Six, students can find out as early as the eighth grade how much Pell Grant funding they may be eligible for. And seven, there is a \$6 billion advantage to tax payers. That is the amount the Department of Education estimates is issued in improper payments every year.

These are seven huge advantages and are the result of five years of bipartisan hearings and work by Senators, and work by both the Obama and the Trump administrations. These bipartisan discussions have produced a lot of agreement on simplifying the number of questions, and the purpose of this hearing is to learn what we need to know before taking the final step. Now I also hear from students, can you make repaying student loans simpler. And a large number of Senators both Republicans and Democrats have suggested streamlining the nine ways to repay student loans to two different ways. These include Senator Warner, Senator King, Rubio, Merkley, Burr, Senator Baldwin, and others. I have proposed having just two ways to repay student loans. That is the same idea that many of these other Senators have too.

One, a plan based on a borrower's income, which would never require the borrower to make payments of more than 10 percent of his or her discretionary income. If a borrower wanted to pay off their loan, the other option would be a 10-year payment plan with equal monthly payments similar to a 10-year mortgage. And under both options, a borrower's payment would come directly from their paycheck. This proposal would make it easier for more than 9 million borrowers annually and any of the current 42 million borrowers with outstanding Federal loan debt to take advantage of a simpler and more affordable way to repay their loans.

Finally, from administrators I hear, can't you do something about the jungle of red tape, the administrative burden that wastes time and money that could instead be spent on students to help administrators overwhelmed by what the Kerwin-Zeppos report called "a jungle of red tape." And I propose that we simplify Federal regulations that take time and money away from educating students, basically following the recommendations of that report. There are other steps this Committee is considering to make college worth students' time and money, but we also have the opportunity to greatly simplify the chilling effect applying for Federal aid has on students today.

Senator Baldwin.

OPENING STATEMENT OF SENATOR BALDWIN

Senator BALDWIN. Thank you, Chairman Alexander, and I would like to submit Senator Murray's opening statement for the record. The CHAIRMAN. Thank you. It will be.

[OPENING STATEMENT OF SENATOR MURRAY]

Thank you Chairman Alexander.

I am pleased this Committee is working toward a comprehensive reauthorization of the Higher Education Act that addresses some of the most important issues students are facing in higher education.

It is also a positive step that this Committee is working to find common ground—in contrast with the approach taken by the current administration. Just yesterday—the President proposed to slash more than \$200 billion in Federal student aid through cuts to

- campus-based aid,
- Pell Grant funding,
- and student debt relief
- to pay for proposals that have all been soundly rejected by Congress.

Instead of that divisive approach—we are working together to achieve a reauthorization that responds to the realities faced by our students and their families.

I have made it very clear that in order for a reauthorization to be truly comprehensive—it must address four student-centered priorities.

Making college more affordable and addressing the exploding student debt crisis ...

Holding colleges accountable for student's success ...

Increasing access and opportunities for historically underrepresented students ...

Ensuring our students are able to learn in an environment free from discrimination, harassment, and assault.

Simplifying the FAFSA would certainly help make college more affordable and accessible for some students ...

But that alone will not adequately address these challenges.

I hope during our conversation today we can approach this issue as one piece in a larger puzzle that includes providing more

- aid,
- support,
- and investment in our students.

While I am glad we are having another hearing on the Chairman's top priority ...

There are many difficult challenges at hand in this reauthorization and I look forward to digging into other issues of concern in my caucus,

- including campus safety,
- accountability,
- and more.

But today's topic at hand is potential changes we can make to the FAFSA to connect students with the support they need.

I believe one of the most beneficial things we can do to help students receive their financial aid is to reduce the burden of verification.

We're asking our students to jump through hoops to provide the same financial information over and over again ...

... and this immense burden is resulting in students leaving money on the table.

When students can't complete the overly complicated process of verification—referred to as the “verification melt”—they often drop out altogether.

We can—and should—eliminate unnecessary questions on the FAFSA form and make it seamless to transfer over tax information ...

But any changes we make must ensure that low-income students not only have access to Pell Grants, but also easy access to

- campus-based aid,
- state-based financial aid,
- and Federal benefit programs to help with the costs of food, housing, health care, and more.

This is personal for me—I wouldn't have been able to go to college without the help of Federal financial aid including Pell Grants and Work Study programs.

I'm not alone in this ...

Colleges want to ensure low-income students have the support they need

...

But if we inadvertently push them to increase the burden on students by filling out two or more forms—

- the FAFSA
- and school-specific forms ...

Low-income students could potentially struggle even more than they already do to get the help they need.

We need to ensure the questions are targeted to ensure the students who may need more support—including

- first generation college students,
- students who aren't in contact with their parents,
- homeless and foster youth,
- student parents,
- veterans and servicemembers,
- and more—
- are getting the help they need.

The data collected from the FAFSA should be used not just to connect students with financial benefits—

- but also to help students throughout their time in college.

Thankfully—we're already making progress on getting students the help they need.

At the request from Congress—the Obama administration allowed

- students to apply for financial aid earlier,
- with more accurate tax return information,
- and also streamlined the FAFSA for homeless and foster youth.

In last year's spending bill, I helped establish new methods for colleges to securely share FAFSA data with a student's consent to connect them with Federal benefits programs including,

- Medicaid,
- SNAP,
- Special Supplemental Nutrition Program for Women, Infants and Children—or WIC
- Temporary Assistance for Needy Families,
- and more.

In my home State of Washington—we're working together to get the word out about FAFSA completion and to provide students with additional support to navigate the financial aid process.

Now—students can apply for the FAFSA through an app on their phones and fill it out at their own pace.

I hope as we work to reauthorize the Higher Education Act—we can build on this progress ...

... and make it easier for students to access financial aid and the benefits and support they need to succeed in higher education.

However—as we work through this vast and complicated reauthorization, there are steps that can be taken right now to ease the burden on students.

Under the Trump administration, low-income students are being flagged for verification at a rate much higher than in previous years ...

The process to transfer over tax return information on the FAFSA is clunky and frequently doesn't work for many who try to use it.

Secretary DeVos must take steps to address these flaws and to help low-income students access the benefits and aid they need without jumping through unnecessary hoops.

Finally, I want to touch on a topic I mentioned briefly at the beginning of my statement.

Simplifying the FAFSA and easing the burden of verification are important steps to address our goals of making college more affordable and accessible to students ...

But it does not do enough to truly address the skyrocketing costs of college. Right now the maximum Pell Grant is only \$6,195—not nearly enough to cover all of the costs students incur while in higher education.

While

- the Supplemental Educational Opportunity Grant or S-E-O-G,
- Work Study,
- state financial aid,
- and other grants and scholarships can help . . .

This patchwork system usually doesn't come close to meeting the total costs of college, including

- transportation,
- textbooks,
- housing,
- food,
- child care,
- and more.

I've heard from students who are living in their cars . . .

Can't afford the hundreds of dollars they are required to spend on text books . . .

Can't find affordable child care near campus . . .

Many can't afford to even eat.

A recent study by the Government Accountability Office confirmed that hunger on college campuses is a widespread and national issue,

- but nearly two million students who were eligible for help paying for food weren't getting it.

If we are serious about connecting students to Pell Grants—we must also be serious about

- connecting them to other benefits
- and truly making college affordable through this reauthorization.

I want to thank our witnesses for being here today . . .

As we have a conversation around improving the FAFSA today—I hope we can do it with the other issues surrounding college affordability in mind. Thank you.

Senator BALDWIN. I also want to thank you, Mr. Chairman and Ranking Member Murray, for convening this important hearing and for the work toward advancing a much needed reauthorization of the Higher Education Act. I am really looking forward to hearing from our witnesses today about how this Committee can continue to improve the process by which students and their families access student aid through FAFSA. And I am particularly interested to hear more about the issue of income verification and its impact on low-income students.

While I agree we must do more to remove barriers that discourage students from seeking and receiving financial support for which they qualify under current law, doing so is only one step in making higher education more accessible and affordable. So, I believe we must also commit to strengthening and expanding our Federal financial aid programs in order to help students in need afford the true cost of college and earn a higher education without taking on suffocating debt. As we work toward a comprehensive Higher Education Act reauthorization, I hope this Committee will build on today's conversation about improving access and affordability by also focusing on strengthening and improving institu-

tional accountability, as well as addressing discrimination and safety on college campuses.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Baldwin. I am pleased to welcome our witnesses today. I turn to Senator Jones to introduce the first witness.

Senator JONES. Thank you, Chairman Alexander, I appreciate that. I am pleased to welcome this morning and introduce Ms. Kristina Scott. Ms. Scott is the Executive Director of Alabama Possible located in Birmingham, Alabama. Alabama Possible is a statewide nonprofit whose mission is to remove barriers to prosperity through education, collaboration, and advocacy. Alabama Possible has several initiatives to accomplish their goals, including Cash for College that encourages Alabama high school students to complete the FAFSA. Due to her work and others throughout the state, Alabama had the fourth highest increase in FAFSA completions from 2017 to 2018.

Today she will share some of the challenges that students face while completing the FAFSA, and broader issues surrounding college access. Ms. Scott, thank you so much for joining us today. I really look forward to hearing your testimony.

The CHAIRMAN. Thank you, Senator Jones. And on behalf of Senator Murray, it is my pleasure to introduce Michael Meotti, Executive Director of the Washington Student Achievement Council. In that role, he manages the State's Financial Aid College Readiness and College Savings Programs. Before being appointed to the Washington Student Achievement Council, he served as Commissioner of the Connecticut Department of Higher Education, Executive Vice President of the Connecticut Board of Regents for Higher Education, and President of the United Way of Connecticut. He received his bachelor's degree and JD from Georgetown University.

Senator MURPHY. I know Senator Murray likes to claim Mr. Meotti, but he is really one of ours.

The CHAIRMAN. That is true. Senator Murphy, would you like to make any comment about his time in Connecticut?

Senator MURPHY. No, you did him justice.

The CHAIRMAN. Good. Thank you very much. Our next witness, Dr. Mark Wiederspan, Executive Research Officer of the Iowa College Student Aid Commission. His research focuses on college affordability, the design of Federal and state financial aid programs. Dr. Wiederspan is an affiliated researcher at the University of Michigan's Education Policy Initiative. He was a faculty member at Arizona State University. He earned his master's and Ph.D. at the University of Michigan.

Final witness is Dr. Michelle Scott Taylor, Chief Program Officer at the College Now Greater Cleveland. College Now Greater Cleveland provides college advising, financial aid counseling, scholarship retention services to over 29,000 middle school, high school, and adult learners per year. She was coordinator of access and retention at John Carroll University. Is a senior research analyst for Cosmos Corporation. She is also the CEO and Principal of Global Learning Solutions, a consulting firm she started that provides a variety of services to small businesses and nonprofits. She earned

her degrees from Pittsburg and Kent State University and the University of Akron.

We thank all four of you for being here today. I would remind each of you if you could summarize your comments in about 5 minutes, then that will leave more time for Senators to ask you questions. Ms. Scott, let us start with you.

**STATEMENT OF KRISTINA SCOTT, EXECUTIVE DIRECTOR,
ALABAMA POSSIBLE, BIRMINGHAM, AL**

Ms. SCOTT. Thank you, Chairman Alexander, Senators Baldwin and Jones, and Members of the Committee for this opportunity to share what we have learned from students like Caitlin, who lives in rural Northwest Alabama.

Caitlin's parents are not in her life, and her grandparents raised her. However, they do not have a legal custody or guardianship relationship, which is very common. Caitlin filed her FAFSA to qualify for her local Promise scholarship, and she was selected for verification. Her father would not provide his tax transcript, and even though her grandfather wrote to the President and to Governor Kay Ivey, the community college could not clear the verification. The only reason she is in college today is because the local scholarship foundation decided to step up and pay the entire cost of her tuition. Well, she had a good result. Most students are not as lucky as Caitlin.

Alabama Possible provides direct services to nearly 1,500 Birmingham, Alabama area students, and we lead the statewide Cash-for-College FAFSA Completion Campaign, which brings together 328 high schools with the Alabama State Department of Education, community college system, Commission on Higher Education, our local Bold Goals Coalition, and scores of other partners. In our work, college includes technical and academic certificates and degrees from two-year and four-year colleges.

Congress and the U.S. Department of Education have worked together to simplify the financial aid process and thank you for those efforts. However, the FAFSA continues to be a barrier to post-secondary attainment. Most people get help filing their taxes from something like H&R Block, or we use TurboTax, or you go and get help from a federally funded volunteers and tax assistance program. And so, one of my questions is, do we need to build a similar system for FAFSA completion, or would our limited public and private resources be better spent supporting students' success? That is why we ask you to increase financial aid form completion and thus improve post-secondary attainment and workforce readiness with three approaches.

First, streamline the FAFSA. The FAFSA has more than 100 questions, but nearly one-third apply to fewer than 1 percent of filers. The FAFSA also uses confusing terms like emancipated minor, and Federal student aid had to create a flowchart in order to explain who a student's parent is, for purposes of filing the FAFSA. A streamline FAFSA with 15 to 25 questions about the student, their family, and where they want to go to college will give the Department the ability to assess a student's need. Another opportunity to streamline the FAFSA is allowing students who face parental abandonment, abuse, or neglect, like Caitlin, to submit their

FAFSA as a provisionally independent student after answering one screening question. Colleges would be required to contact their admitted students to discuss the next steps for applying for a dependency override. So, the burden would be placed on the college rather than on the student.

Second, focus the process on funds available to pay for college. Students who complete their FAFSA get a student aid report with their expected family contribution. I have seen this over and over again that focusing the financial aid process in what a family is expected to pay rather than the aid they qualify for is a barrier to college access and success. In addition, if the neediest students had an expedited process which awarded Pell Grants to those students whose families received means-tested Federal benefits such as the SNAP, then those students would know that they could pay for college without having to resubmit income data. 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 and means testing could have a similar impact for low-income students.

Third, decrease of verification burden. Roughly half of all Pell-eligible filers are flagged for verification, an estimated 25 percent of applicants then abandon the financial aid process, making it less likely that they will enroll in college. A shocking 59 percent of Birmingham city schools graduates last year who filed a FAFSA, were selected for verification. And even with the fixes to the verification algorithm, 38 percent of this year's Birmingham city schools FAFSA filers have been selected for verification. By comparison, the IRS audits fewer than 1 percent of tax filers with an adjusted gross income of up to \$500,000.

Today, our bank accounts connect with our budgeting and tax software, and we should not have to ask family to continually re-enter complicated financial information. This is unnecessary red tape. And not—all students can even use the data retrieval tool. Perhaps they do not file taxes, or they file as head of household, they have to provide a verification letter or a tax transcript, and that is an extra hurdle to jump through. IRS data sharing could fix these issues both on the filing side and on the verification side. The American economy depends on having a qualified workforce. Making post-secondary education more accessible and affordable for families would streamline the financial aid process and result in a stronger and more prosperous Nation.

Thank you.

[The prepared statement of Ms. Scott follows:]

PREPARED STATEMENT OF KRISTINA SCOTT

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 Ameri-

cans 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

¹ Postsecondary Attainment: Differences by Socioeconomic Status (2015). Institute of Education Sciences, U.S. Department of Education. nces.ed.gov/programs/coe/indicator_tva.asp.

² Radwin, D., Wine, J., Siegel, P., and Bryan, M. (2013). 2011–12 National Postsecondary Student Aid Study (NPSAS:12): Student Financial Aid Estimates for 2011–12 (NCES 2013–165). Institute of Education Sciences, U.S. Department of Education. nces.ed.gov/pubs2013/2013165.pdf.

³ Cook, K., Morgan, E., Ciaramella, A., Keller, M., Kantrowitz, M., Jones, K., Schlaikjer, E., and Ahern, M. (2016). Financial Aid Eligibility Mindsets Among Low-Income Students: Why Do Some Believe They Can't Receive Financial Aid for College? National College Access Network and Huge. collegeaccess.org/images/documents/HugeResearch.pdf.

⁴ IRS Urges Taxpayers to Choose a Tax Preparer Wisely for the Filing Season Ahead (2014). Internal Revenue Service. irs.gov/newsroom/irs-urges-taxpayers-to-choose-a-tax-preparer-wisely-for-the-filing-season-ahead.

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 FAFSA 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 FAFSA 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

⁵ Form Your Future FAFSA Tracker (2018). National College Access Network. public.tableau.com/profile/bill.debaun.national.college.access.network#!/vizhome/FormYourFutureFAFSA-Tracker-2018-19FAFSACycleThroughJune292018/CurrentWeekRanking.

⁶ Helhoski, A. (2018). Students Missed Out on \$2.6 Billion in Free College Money. nerdwallet.com/blog/2018-fafsa-study/.

⁷ 2019–20 Free Application for Federal Student Aid (2018). U.S. Department of Education. studentaid.ed.gov/sa/sites/default/files/2019-20-fafsa.pdf.

⁸ Better for Students: Simplifying the Federal Financial Aid Process (2015). Bill and Melinda Gates Foundation. postsecondary.gatesfoundation.org/wp-content/uploads/2015/07/FAFSA-Approach_FINAL_7_7_15.pdf.

⁹ Who’s My Parent When I Fill Out the FAFSA? U.S. Department of Education. studentaid.ed.gov/sa/sites/default/files/who-is-my-parent.png.

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 book-keeping 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.

¹⁰ Warick, C. (2018) FAFSA Verification: Good Government or Red Tape? National College Access Network. collegeaccess.org/images/documents/Verification_White_Paper_2018.pdf.

¹¹ FAFSA Completion. Alabama Commission on Higher Education. fafsa.ache.edu.

¹² McCarthy, K. (2018). ED Adjusts Verification Selection Algorithm, Selection Rates to Normalize. National Association of Student Financial Aid Administrators. nasfaa.org/news-item/14035/ED_Adjusts_Verification_Selection_Algorithm_Selection_Rates_to_Normalize.

¹³ FAFSA Completion. Alabama Commission on Higher Education. fafsa.ache.edu.

¹⁴ Enforcement: Examinations. Internal Revenue Service. www.irs.gov/statistics/enforcement-examinations.

¹⁵ The Leaky FAFSA Pipeline (2017). National College Access Network. collegeaccess.org/images/documents/leakyFAFSAPipeline.jpg.

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.

[SUMMARY STATEMENT OF KRISTINA SCOTT]

We are here to ask you to simplify the Free Application for Federal Student Aid (FAFSA) and reduce the burden of verification with three approaches:

First, streamline the FAFSA. The current FAFSA poses more than 100 questions to prospective college students. Nearly one-third of the questions apply to fewer than 1 percent of all filers. 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. 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.

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 is confusing and off-putting.

In addition, if the neediest students had an expedited process which awarded Pell Grants if they already receive means-tested Federal benefits, 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.

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

Increasing data-sharing among Federal agencies, particularly the Internal Revenue Service, would help repair the leaky FAFSA pipeline. 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. We should not have to ask families to repeatedly enter and re-enter complicated financial informa-

¹⁶ Carnevale, A., Smith, N., Strohl, J. (2013). Recovery: Job Growth and Education Requirements Through 2020. Georgetown University Center on Education and the Workforce. cew.georgetown.edu/recovery2020.

¹⁷ A Stronger Nation: Learning Beyond High School Builds American Talent. Lumina Foundation. strongernation.luminafoundation.org/report/2019/#nation.

¹⁸ Success Plus Dashboard. Alabama Workforce Council. alabamaworks.com/successplus/.

¹⁹ Alabama statewide Attainment Committee (2018). Success Plus: Preparing Alabama's Workforce for Opportunities and Growth. Alabama Workforce Council. alabamaworks.com/wp-content/uploads/2018/04/30_SuccessPlus.pdf.

tion. Government can work more efficiently by breaking down barriers between agencies.

Applicants who cannot use the IRS DRT for some reason 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.

The CHAIRMAN. Thank you, Ms. Scott.
Mr. Meotti.

**STATEMENT OF MICHAEL MEOTTI, EXECUTIVE DIRECTOR,
WASHINGTON STUDENT ACHIEVEMENT COUNCIL, OLYMPIA,
WA**

Mr. MEOTTI. Thank you, Mr. Chairman.

Student Achievement Council is a State Higher Education Agency. It is somewhat of an unusual name, but I have had the privilege of working with my peers around the country, including some of my colleagues from every state around the table right now in terms of Committee Members. And we are involved in financial aid and a full range of higher education policy issues. Washington is a very strong partner with the Federal Government in financial aid and higher education in general. Our total state grant programs are almost equal to the total Pell investment for Washington residents attending Washington public and private institutions. It is a 54–46 split. Governor Inslee has proposed a College Promise scholarship model pending in the legislature right now. If that passes, it will turn that grant, aid program into an entitlement and I am sure we will probably, ultimately become a majority partner financially when measured against grant aid on the state and Federal level.

We are also a very strong partner in the actual work of helping young people, and older and returning adults, understand the availability of financial aid and access to higher education. We started in 7th and 8th grade with our College Bound Scholarship, which is a very simple process for students and families to become a part of. We get data from every school in the state on their free and reduced price lunch population. We pre-populate a form, print it, send the forms in bulk back to the schools, the schools give it to students' parents, they check a couple of boxes and sign it. One of the boxes is a pledge to fill out the FAFSA when they get to 12th grade. We now have over 70 percent of our free and reduced price lunch populations statewide in the College Bound Scholarship Program. The problem though is when they get to 12th grade. A third of those who enrolled in College Bound do not fill out a FAFSA and do not access those funds because we use FAFSA in the state as part of—as the process for awarding financial aid in the state.

In order to help deal with that, a few years ago we launched a web portal. So, we update on a weekly basis to every high school in the state on an individual student level, whether or not a stu-

dent has filed the FAFSA, and if they have, they will know if it is in error-state. And so, we work very closely with them not only to try and increase the rate of filing, but also to try to manage the error rate and get that as low as possible.

We do a lot of technical assistance for our 12-year campaign with high schools and community organizations and want to thank Senator Murray for her constant support of messaging our work, including just recently taping a public service announcement for the campaign. We, like every place in the country, have a laundry list of stories of people struggling with verification. People in our Native American tribes earn substantial income from exercising their treaty rights and things like fisheries. They do not have the tax documents to respond to verification. Foster youth are frequently asked to get court orders of dependency, and many young people are stuck with trying to get a W-2 from a few years ago from a national branded fast food chain who they think they work for, and they do not realize they work for franchisee “z”—this office is maybe who knows where. And that is where they get any documentation on the W-2. It is really not a fair partnership to have students, schools, and states to compensate for a broken verification system.

We also believe strongly in making the most of all the investments to support lower-income Americans. We do use the free and reduced price lunch system as a way to deal with our College Bound Program. We are also working closely with our sister state agencies in Medicaid, SNAP, TANF, and the like, to coordinate around the possibility of doing faster completion and program cross enrollment for the families that they serve. Americans do not live in the silos of these Government programs. We have an obligation in our state-Federal partnership to break through those barriers. Just let me close by sharing four recommendations. Probably get a unanimous feeling across the board here that simplifying the FAFSA is good but right now I think the real problem is the verification system.

Second, we need to connect students to all available public support, especially the major public assistance programs that are already part of a state-Federal partnership. We need to increase investment in Pell and other grant programs. And we need to leverage the Federal investment to increase state support for higher education, including building more student friendly pathways to financial aid. Washington State stands ready to work with this Washington and the Federal Government to build a vibrant partnership on these essential issues.

Thank you.

[The prepared statement of Mr. Meotti follows:]

PREPARED STATEMENT OF MICHAEL P. MEOTTI

Introduction

Chairman Alexander, Ranking Member Murray, and distinguished Members of the Committee, I appreciate the opportunity to testify today on the state partnership with the Federal Government to expand access to post-secondary education through financial aid.

My name is Michael Meotti, and I am the Executive Director of the Washington Student Achievement Council (WSAC). WSAC is the state’s higher education agency and plays a leadership role in state higher education policy. We also manage a wide variety of state financial aid programs, college readiness programs including GEAR

UP, the state's 529 plans. We also conduct research that informs state decision making and community practice.

I served in leadership roles in a state higher education agency and public higher education system in another state. I have worked closely with colleagues and other stakeholders around the country in various initiatives to increase student access and success. And before my work in higher education, I led nonprofit organizations that worked to increase economic success for lower income households with a focus on how to connect people to the Federal, state and community resources.

Building a stronger state-Federal partnership

The state of Washington is already a strong partner with the Federal Government in expanding access to higher education especially for students from lower income households. Our state's investment in student grants to Washington residents going to college in state almost matches the total Pell grants awarded to these students. We rank #2 among all states in state need-based aid per full time equivalent undergraduate student.

But we need to do more to build an environment in which all Americans can achieve their life goals in an affordable and student-friendly educational environment. As we sit here today, the state legislature is moving forward on Governor Jay Inslee's proposal to fully fund our state need grant. If passed, the rechristened College Promise Scholarship Program will match the entitlement of the Pell grant so that we can serve all eligible students.

The Federal partnership with states must go beyond the investment in aid. Just making financial aid available is not sufficient to overcome the challenges that face students from lower income and first generation households and students of color. While states such as Washington do collaborate with the Federal Government in concept, we could benefit from a more formal partnership supported with funding to promote additional investments in affordability and accessibility for higher education. The good news is that modest investments and Federal incentives to states to support outreach, counseling and support programs can go a long way to maximize the return on investment on our financial aid dollars.

Partnering in the work to support access to financial aid

Washington invests in an extensive body of work to support access to financial aid. Much of our work focuses on supporting high schools in their efforts to increase high school graduation and college enrollment. We are also launching a new initiative to help adults understand their program options and available financial support for educational pathways.

Washington's work to support access to financial aid starts in middle school. We are one of the few states that have a state funded college promise program. Our College Bound Scholarship (CBS) engages 7th and 8th grade students from lower income households to consider a college going path and to understand that financial aid is there to make it affordable.

The College Bound enrollment process is simple. Almost all schools in the state upload a student roster to our agency so that we can pre-populate a "sign up" form. WSAC then prints these forms in bulk and sends the forms to our schools who distribute them to students and parents. Students and parents need only sign the form (sample attached) after checking a few boxes to attest to income level, commit to getting good grades and completing a FAFSA or WASFA (application for state aid for undocumented students) in 12th grade.

In the 11 years since College Bound started enrolling middle school students, the statewide sign up rate reached 70+ percent of all students in the free and reduced price lunch program. Early cohorts enrolled in CBS have graduated from high school and enrolled in college at higher rates than their peers.

Despite these good signs of progress by College Bound students, WSAC staff realized that more than a third were not completing a financial aid application in their senior year. We launched our 12th Year Campaign several years ago to help high schools increase FAFSA and WASFA completion rates among all students.

WSAC provides a web-based FAFSA data portal to all high schools in the state. Approximately 95 percent of high schools have signed data sharing agreements to have access to the portal. School staff can see which students have filed a FAFSA and if any applications are in "error state" which may mean that a student needs to correct some information. We update this data on a weekly basis throughout the school year so that school-based staff has almost real time access to the status of their students.

Both WSAC and high school staff help students make the necessary corrections to resolve whatever has put an application into error state. Last year, the statewide

error rate in FAFSA applications filed by high school seniors declined to 4.4 percent. I am hopeful that we can soon add verification rate information in the data available to WSAC and high schools to help us support students through this process as well.

The 12th Year Campaign currently provides technical assistance and outreach materials to 197 partners (165 high schools and 27 community organizations). The number of partners has been growing annually. Partner high schools report a FAFSA completion rate 10 percentage points higher than non-partner schools. WSAC launched the Plus 5 Push initiative to encourage partners to work toward an annual increase of 5 points in their application rates. Our staff has developed a variety of school recognition techniques to motivate higher performance as we can continue to explore how we can better achieve our goals.

We are particularly proud to work with our state's US Senators and congressional delegation to include their leadership voices to encourage students. Just this year, Senator Murray recorded a Public Service Announcement urging students to continue their education and reach out to supports that can help them receive the financial aid that makes that possible.

Struggling with the added complexity of the FAFSA verification process

We know that the FAFSA verification process is now a major obstacle to getting financial aid. Our analysis of US Department of Education data shows that 31 percent of FAFSA applications or over 155,000 in total, filed in 2017–2018 were selected for verification. The data system won't allow us to determine how many of these applicants never received financial aid, but the stories from our frontline partners paint a horror story.

Washington is the home of 29 federally recognized Indian tribes. Many of our educational institutions have staff working directly with tribal governments and their members to support access to higher education. One community college staff member reports that almost every tribal member who files a FAFSA is selected for verification. Many of these students earn a living by exercising tribal rights in fisheries and other economic activity and are not subject to taxes. This makes verification very complicated. In addition, many of these students do not participate in the types of financial transactions that are used to enable online verification and must use mail verification. In her words, "many of my students are already apprehensive about college and are almost looking for an excuse to not continue."

The state of Washington is deeply committed to supporting educational success for foster youth. They are automatically enrolled in our College Bound program and are eligible for additional supports along their educational pathway. A local non-profit that provides some of these supports has too many frustrating stories to tell about foster youth required to obtain dependency court orders and tax transcripts to get financial aid. Obviously, this is a world of government process and forms that would befuddle even highly educated adults, let alone some of our most fragile youth seeking to continue their education.

One of our high school partners in GEAR UP and the 12th Year Campaign shared a story about how many challenging steps can exist in the verification process. A student was selected for verification. High school staff helped him obtain the requested tax transcript thinking that would resolve the issue. Weeks later an additional verification request asked for the student's W-2 from work at a fast food restaurant two years earlier. Like most high school students (and probably many Americans), he had no idea how to go about getting a tax form from a former employer and didn't understand that he hadn't worked for the nationally recognized chain but for another corporation that was the franchisee. High school staff helped him navigate to the franchisee's corporate office to get his W-2. There were additional requests for more information even up until a few days before he was able to enroll in a community college with a financial aid package.

WSAC is committed to better understanding and helping to resolve the challenges caused by the verification process. However, we do all of this work on the College Bound Scholarship and 12th Year Campaign with just a few staff positions. The budget pending in our state legislature does add an additional position to our work. But it is not a fair partnership to ask states, high schools or colleges to compensate for what is clearly a broken and counterproductive verification process.

Making the most of our investments to support low income students

Many state and Federal programs that do not have the word "education" anywhere in their title can support educational success among the low-income populations they serve. Better alignment across all these programs with state and Federal financial aid programs can significantly help students meet the total cost of en-

rolling in higher education programs. Washington already uses the free and reduced price lunch system to support a more student-friendly enrollment process in our College Bound program.

WSAC is working with our sister state agencies that manage the Washington Medicaid, WIC, SNAP, TANF and childcare subsidy programs to understand how we can collaborate on our shared goals of success for the state residents we all serve. The issues under discussion are broad ranging but do include cooperating at a program operation level to help, for example, both young people and adults in Medicaid households to maximize state and Federal financial aid for college. We are also building on an existing body of work at many campuses to maximize student enrollment in all public support programs for which they are eligible. We believe that states can build coordinated systems to do this rather than rely on random individual supports.

Americans don't live their lives in the silos of government programs. We can, and must, make the different investments work together to help all Americans succeed in the educational pathways that help them achieve their dreams.

Closing

Washington is an active partner with the Federal Government in both the money and the work that needed to support educational success for all Americans. We in Washington know that we have a lot to do to make our state a fully supportive environment for all students. We know we have to invest more and work harder and smarter. And, respectfully, so does the Federal Government.

Our state has adopted an ambitious goal that 70 percent of Washington adults in the first half of their career (25–44 years old) should have a post-secondary credential. This would be a big step up but it would create enormous benefit for the people, families, employers, communities and regions of our state. Many states across the country have adopted similar ambitious goals.

In order to achieve these goals, we must overcome many obstacles that stand in the way of access and success to higher education. These obstacles are particularly severe for low-income families, students of color, first generation students and most adults seeking their first postsecondary credential. We will not achieve our goals without significantly increasing educational attainment among lower income students of all ages, including working adults.

Too often, the higher education debate focuses on tuition and fees that are the nominal price tag for college. The cost of going to college is much more than that. College takes time. For most Americans, that is time taken away from their ability to contribute to their household's basic needs for a place to live, food, transportation and more. We will not significantly increase educational success without understanding and meeting those essential needs.

Both states and the Federal Government need bold solutions and new investments to put college within reach for working families. As the Committee works on the historic reauthorization of the Higher Education Act, I would recommend four specific proposals for your consideration:

1. Simplifying the FAFSA and verification process by transferring tax information more seamlessly for applicants
2. Connecting students with all of the sources of financial support that might be available to support their financial needs, including means-tested benefit programs available at the Federal, state, and local levels
3. Increasing the overall investment in Federal financial aid like Pell, SEOG, and Work-Study, and making it easier for students to access these programs
4. Leveraging the Federal investment to get states to provide additional support for higher education and conduct additional outreach and support of FAFSA completion through a state-Federal partnership.

Washington state will do its part to help address the needs students face, but it needs a partner here in the other Washington.

[SUMMARY STATEMENT OF MICHAEL P. MEOTTI]

Building a stronger state-Federal partnership

Washington is a full financial partner with the Federal Government as measured by total spending on need-based grants to state residents enrolled in public and pri-

vate institutions. Washington ranks second among all states on undergraduate need-based aid per FTE student.

Partnering in the work to support access to financial aid

Washington invests in an extensive body of work to support access to financial aid. Historically most of our work focuses on supporting high school students. We are launching a new initiative to help returning adults.

Our College Bound Scholarship (CBS) engages 7th and 8th grade students in a simplified enrollment process based on forms pre-populated with data provided by school districts. The 12th Year Campaign provides technical assistance and outreach materials to 197 partners (165 high schools and 27 community organizations). Senator Murray recorded a Public Service Announcement urging students to apply for financial aid.

Struggling with the added complexity of the FAFSA verification process

Federal data shows 31 percent of FAFSA applications in Washington filed in 2017–2018 were selected for verification. The data system won't allow us to determine how many of these applicants never received financial aid, but the stories from our frontline partners paint a horror story. The verification system is very difficult for members of tribal nations, foster youth and others.

Making the most of our investments to support low income students

WSAC is working with our sister state agencies that manage the Washington Medicaid, WIC, SNAP, TANF and childcare subsidy programs to understand how we can collaborate on our shared goals of success for the state residents we all serve.

Closing

We recommend four specific proposals for your consideration:

1. Simplifying the FAFSA and verification process by transferring tax information more seamlessly for applicants
2. Connecting students with all of the sources of financial support that might be available to support their financial needs
3. Increasing the overall investment in Federal financial aid like Pell, SEOG, and Work-Study, and making it easier for students to access these programs
4. Leveraging the Federal investment to get states to provide additional support for higher education and conduct additional outreach and support of FAFSA completion.

The CHAIRMAN. Thank you, Mr. Meotti, and thank you for flying all the way across the country to be with us today.

Dr. Wiederspan, welcome.

STATEMENT OF MARK WIEDERSPAN, EXECUTIVE RESEARCH OFFICER, IOWA STUDENT AID, DES MOINES, IOWA

Dr. WIEDERSPAN. Chairman Alexander, Senator Baldwin and Members of the Committee, we have a motto at Iowa College Aid, and it is that college changes everything. And indeed, it does.

Individuals who obtain a post-secondary degree not only earn more over their lifetime, but also obtain a range of non-monetary benefits, such as lower unemployment rates, increased life expectancy, and improved quality of life for their children. Any individual should have the same opportunity to obtain these benefits. However, trends in college enrollment indicate that the likelihood of attending college depends on one's family income, and race and ethnicity. One of the explanations for these gaps relates to the complexities in our financial aid system, which creates a significant barrier to college enrollment.

Over the past decade, there have been significant efforts to simplify the FAFSA, and I applaud those who have made those changes possible. However, the application is still long and con-

tains many questions, which are still complicated to answer. Students are still not aware that after completing that, how information they provide calculates in the EFC, nor how it determines their financial aid eligibility. Even after completing the FAFSA, some students may be required to provide additional information because of verification. Roughly 30 percent of FAFSA filers are selected for verification annually. Unfortunately, there is no public information available on the Department of Education's criteria for determining who is selected for verification.

Through my research, I have found that verification is targeting the individuals who need financial aid the most. For 2017–18 academic year in Iowa, roughly 55 percent of Pell eligible students were selected for verification in comparison to 6 percent of non-Pell eligible students. Students selected for verification many times are unaware of their selection or lack the knowledge to complete it. If a student can complete the paperwork, the student may be delayed in receiving their financial aid because of the institution's time spent completing the process. Because selection for verification is highly associated with Pell eligibility, institutions that have a high share of Pell students carry a heavier burden in verifying students. Using Iowa FAFSA filers as an example, for 2017–18, 47 percent of filers intending to attend a community college were selected for verification, compared to approximately 17 percent at a public four-year institution. Verification is not only a burden, but it creates an enrollment barrier.

I have analyzed the extent to which selection for verification impacts students likelihood to enroll in college. Through my examination, I have found that Pell eligible students selected for verification are significantly less likely to enroll than their Pell eligible counterparts who are not selected for verification. And the impact is greater at community college, a sector that has a large Pell population. Creating a streamline FAFSA that is easy for students to understand is possible. Research, such as my own, has demonstrated that EFC and Pell eligibility can be approximated with a high level of precision with only a handful of elements that are gathered from their current income tax form. But the success of simplification depends on students' ability to use DRT. In recent years, some individuals were not able to use DRT because of outages or the IRS suspending its use, which occurred in 2017.

Based on the information I have presented in my testimony, my general recommendation for FAFSA and verification simplification is this. One, determine EFC and Pell eligibility and awards on a limited number of questions, and use the data elements that are available from the IRS as needed. Two, create and support more data transfer between the IRS and the U.S. Department of Education to the DRT transfer. The exchange of more information between the two agencies can help alleviate the need for verification. This also means expansion of DRT to institutions and all students. For example, non-tax filers currently must receive a letter confirming their non tax filing status, which then they need to provide to their institution. A process could be developed where this letter is automatically pushed to institutions rather than having students download the letter, sign it, and then submit it to their institutions.

Three, work with states to determine which non-financial data elements on the FASFA are needed to determine state aid eligibility. In my written testimony, I have provided you with a list and an example of some of the non-financial elements that my state, at a minimum, would need to determine the state aid eligibility. Four, reinstate the 30 percent verification cap at institutions, which would reduce the verification burden for institutions that have a high number of Pell eligible students. And five, so long as the CPS is selecting systems to be verified, they should make the selection process more transparent by providing students with more information on why they were selected for verification and make the criteria or formula to determine verification known.

My written testimony has more details. Thank you for providing me the opportunity to appear before you today. I look forward to any questions that you may have.

[The prepared statement of Dr. Wiederspan follows:]

PREPARED STATEMENT OF MARK WIEDERSPAN

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

My name is Mark Wiederspan, Executive Research Director for the Iowa College Student Aid Commission (Iowa College Aid), which is a state agency dedicated to increasing college access, success, and completion in Iowa. Prior to and during my tenure at Iowa College Aid, I conducted and published several research studies examining the feasibility of simplifying the Free Application for Federal Student Aid (FAFSA) and the impact of verification on college enrollment for Iowa FAFSA filers. Thank you for providing me the opportunity to testify on both of these topics and to suggest possible reforms that could enhance our current financial aid system.

Importance of Going to College and Significance of the College Enrollment Problems

Higher education has long been recognized as providing individuals with a diverse range of economic and social benefits. In 2015, full-time workers with an Associate's degree earned roughly \$10,000 more annually than workers with a high school diploma (Ma, Pender, and Welch, 2016). The benefits are even larger for Bachelor's degree recipients, as they experience an earnings gain of roughly \$24,600 annually. In addition to these monetary benefits, individuals with a postsecondary degree also obtain a range of non-monetary benefits in the form of lower unemployment rates, improved health, increased life expectancy, and an improved quality of life for their children (Ma, Pender, and Welch, 2016).

Any individual, regardless of income and race, should have the same opportunity to obtain these benefits. However, national trends in college enrollment indicate that the likelihood of attending college varies according to one's family income and race/ethnicity, with a higher percentage of higher-income and white students attending college than lower-income students and students of color (Bailey & Dynarski, 2011; NCES, 2018). In my state of Iowa, for the graduating high school classes between 2014 and 2016, there was a 27 percentage point difference in college enrollment between non-recipients of free and reduced price lunch (77 percent) and recipients (50 percent) (IDE, 2018). Regarding race and ethnicity, roughly 71 percent of whites attended college right after high school graduation, compared with 55 and 58 percent for Latino and African American students, respectively.

What explains these enrollment gaps? Broadly speaking, researchers have put forth several explanations. Some suggest that as a result of inequality in access to resources, some students are less academically prepared for college-level coursework, which affects their access to and success in college (Bettinger & Long, 2009; Ellwood & Kane, 2000; Greene & Foster, 2003). Others suggest the increasing inability of students to finance their college education due to rising tuition prices, a decrease in the purchasing power and availability of financial aid, and rising unmet financial need are key factors (College Board, 2018a, 2018b; Goldrick-Rab, 2016; Hemelt & Marcotte, 2011). A third explanation is that the complexities in our financial aid system, coupled with students' information constraints and lack of financial aid knowledge to overcome these complexities, creates a significant barrier

to college enrollment. This last explanation bears further elaboration and is the focus of my testimony today.

Completing the FAFSA is Confusing and Complex

In its current form, the FAFSA is more than five pages long and contains over 100 questions, longer than the 1040A or the 1040EZ. To complete the form, students need access to paperwork pertaining to their income and savings, parents' income and savings (if a dependent), their receipt of government assistance programs, and their amounts of untaxed income and other liabilities (such as education tax credits and child support paid or received). Even after they fill out the FAFSA, students are not provided clear information regarding how the information they submitted determines their financial aid eligibility.

The FAFSA complexity and its impact on college enrollment can be illustrated through a well-known and frequently cited randomly controlled experiment (Bettinger, et al., 2012). Students from low-income families who visited tax-preparation centers and received personal assistance in completing the FAFSA (the intervention) were significantly more likely to enroll in college and obtain a Pell Grant than students from families who did not receive such service.

The complexity of the FAFSA makes it hard to reach students who need it the most. Many students do not have the resources or knowledge to complete the form. As Heroff and Feeney (2010) report, "low-income students and those who are first generation or who have lower access to guidance counselors are significantly less likely to complete the FAFSA on time and therefore access important financial aid" (p. 19).

Over the past decade there have been significant efforts to simplify the FAFSA. We have seen the elimination of questions, introduction of "skip-logic," the ability to automatically import tax information from the IRS through the Data Retrieval Tool (DRT), and the use of prior-prior income tax information, which allows students to apply months earlier than they could before.

I applaud those who made these changes possible, as they are a step in the right direction. However, the application is still long and contains complicated questions (such as untaxed income, value of investments, and the amount of child support paid or received). Students are still not aware of how the information they provide calculates an Expected Family Contribution (EFC), nor how it determines their financial aid eligibility. Students do have the opportunity to collect necessary documents and to complete the FAFSA on the Web Worksheet prior to beginning the online form. This allows students to know what is going to be on the application. But it remains uncertain whether this proactive step reduces the time, confusion, and overall complexity of the form.

FAFSA Verification is a Burden for Students and Institutions

Even after completing the FAFSA, students wanting to go to college can still face barriers. Some students may be required to provide additional information because of verification, a process in which postsecondary institutions need to verify that the information students have provided on the FAFSA is correct.

Roughly 30 percent of FAFSA filers are selected for verification annually. Unfortunately, there is no public information available on the U.S. Department of Education's formula or criteria for determining who is selected for verification. Due to Iowa College Aid's administration of state-funded scholarship and grant programs, our agency receives Institutional Student Information Records (ISIR) from the U.S. Department of Education's (ED) Central Processing System (CPS) for all Iowans who file the FAFSA. With this data, I am able to provide some insight into who is more likely to be selected for verification.

Unfortunately, the results demonstrate that verification is targeting the poorest individuals who need financial aid the most. For the 2017–18 academic year, approximately 33 percent of all Iowa filers were selected for verification. However, being Pell-eligible significantly increases a student's likelihood of being selected, as roughly 55 percent of Pell-eligible students were selected for verification, in comparison to the 6 percent of non-Pell-eligible students. I find that this gap in selection between Pell-eligible and non-eligible students is consistent with previous FAFSA submission years and mirrors findings of previous studies examining verification (Cochrane, et al., 2010; Warick, 2018). Because of this sharp difference in verification selection, I will focus the remainder of my discussion on Pell-eligible students.

Among Pell-eligible filers in Iowa, there is substantial variation in who is selected for verification:

- Filers who successfully used the IRS Data Retrieval Tool (DRT) to file their FAFSA were less likely to be selected for verification than filers who did not or were not eligible to use DRT (31 percent vs 64 percent).
- Non-tax filers were more likely to be selected than tax filers (62 percent vs 53 percent).
- Filers who were not eligible for an automatic zero EFC or whose EFC was calculated with the full needs test were more likely to be selected than their auto-zero or simplified needs counterparts.¹
- Independent students were more likely to be selected for verification than dependent students (65 percent vs 40 percent). This selection difference is attributed to independent students being less likely to use the DRT and more likely to be non-tax filers.

Because the Pell Grant is the largest federally funded financial aid program, verification is done to ensure that Pell awards are given to students who have the greatest financial need. However, the process of having students collect additional information to verify that their FAFSA is correct can be a burden and time-consuming, both for the student and the institution performing the verification.

Students selected for verification many times are unaware of their selection or lack information needed to complete the process (Davidson, 2015; Cochrane, et al., 2010). If a student can submit the necessary verification paperwork, the student may be delayed in receiving their financial aid because of the institution's time spent completing the verification process, which can take over a week (MacCallum, 2008).

Starting in 2012–13, institutions were no longer required to verify 30 percent of their FAFSA filers; selection is now determined through the CPS. In eliminating this 30 percent cap, institutions are now required to complete the verification process for every selected student. This means that the distribution of selected students can vary across institutions. Because selection for verification is highly associated with Pell eligibility, institutions that have a high share of Pell students carry a heavier burden in verifying students than institutions with a small share of Pell students. Using Iowa FAFSA filers as an example, 47 percent of students intending to attend a community college were selected for verification during the 2017–18 academic year, compared to the approximately 17 percent and 25 percent at 4-year public and private non-profit colleges, respectively.

Verification is not only a burden but also creates an enrollment barrier (Wiederspan, 2019). In my most recent research, I analyzed the extent to which selection for FAFSA verification impacts students' likelihood to enroll in college.² Through my examination of all Iowans who filed the FAFSA for the first time from the 2012–13 to the 2016–17 academic year and were Pell-eligible, I found:

- Pell-eligible students selected for verification were roughly 2.3 percentage points less likely to enroll than their Pell-eligible counterparts who were not selected for verification.
- The impact of verification is greater at community colleges, the sector with the largest Pell-eligible population and the largest share of students selected for verification in the state. Pell-eligible students who indicated a community college on their FAFSA and were selected for verification were 3 percentage points less likely to enroll than students who indicated a community college but were not selected.
- Students who received an automatic zero EFC or had an EFC calculated under the simplified needs test were less likely to be selected for verification. However, students who were selected for verification and received an automatic zero EFC or an EFC that was calculated under the simplified needs test were significantly less likely to enroll than their nonverification, full needs test counterparts. The difference in enrollment rates between these two groups ranged from 4 percentage points at public 4-year institutions to roughly 7 percentage points at community colleges.

¹ A simplified needs test formula considers asset information, whereas the full needs test does not.

² A copy of this paper is available at: https://www.iowacollegeaid.gov/sites/default/files/Impact_of_Verification_on_Iowa_FAFSA_Filers.pdf. Appendix is available at https://www.iowacollegeaid.gov/sites/default/files/Impact_of_Verification_on_Iowa_FAFSA_Filers_APPENDIX.pdf.

- Among the Pell-eligible students who were selected for verification and refiled their FAFSA, over 90 percent did not experience a change in their Pell-eligibility status.

Verification complexity is not limited to students and their families. Iowa provides FAFSA reports to *all public high schools* in the state, an initiative that Iowa College Aid oversees. Through these reports, school counselors can know which students have completed the FAFSA and identify which students have been selected for verification. While most counselors know what the FAFSA is, our agency has been fielding questions from school counselors about verification. Many school counselors are unfamiliar with verification and unsure of the assistance they can provide students. Through the development of reference materials and conference phone calls, Iowa College Aid is doing its best to advise these school counselors on how they can help students.

Feasibility of Simplification

Creating a streamlined FAFSA that is easier for students to understand is possible. With my co-authors Dr. Susan Dynarski at the University of Michigan and Dr. Judith Scott-Clayton at Columbia University, my research has demonstrated that most of the financial information collected on the FAFSA does little to determine aid eligibility (Dynarski & Wiederspan, 2012, 2015; Dynarski, Scott-Clayton, & Wiederspan, 2013). EFC and Pell eligibility can be approximated with a high level of precision with only a handful of elements: adjusted gross income (of parents and students), taxes paid, state of residence, family size, parents' and independent students' marital status, type of income tax form file, and the number of family members in college. Most of these elements can be gathered from the current income tax form.

In one of our calculated simulations, where we used only a handful of these elements with prior-year income tax return information, we found that almost 70 percent of applicants experience no change in their Pell eligibility (Dynarski & Wiederspan, 2012). In terms of the actual award they could receive, the simulated change in Pell amounts was less than \$500 for 78 percent of applicants.

Additional research examining FAFSA simplification has found consistent results: even with a reduced number of questions, the application can still target those whom financial aid is intended to serve (Baum, et al., 2012; Dynarski & Scott-Clayton, 2007; Kelchen & Jones, 2015; Reuben, Gault, & Baum, 2015).

The success of simplification also depends on the students' ability to use the DRT. Being able to automatically import tax information from the IRS to the FAFSA creates a less burdensome process in gathering the necessary tax information and should be able to reduce time for completing the form. However, DRT can only succeed if there is adequate support for this function. In recent years, some individuals were not able to use DRT because of outages or the IRS suspending its use, which occurred in 2017.

Addressing Simplification Concerns

Should there be a change to a more simplified form with fewer questions, some worry states will lack the detailed information they need to administer their own financial aid programs. Previous research from Pingel (2017) found most states use three of five major FAFSA elements to administer state aid programs. These five elements are demographic information, EFC, other income or asset information, date the application was filed, and institutions listed on the form, although the specific elements used varied across states.

Many states, like Iowa, rely on the EFC to determine financial aid eligibility. We have a separate application to assist students in identifying their eligibility for specific Iowa aid programs, but this application does not replace the FAFSA. As I discussed previously, results demonstrated that an EFC calculated with a simplified form can be closely approximated to an EFC under the full FAFSA. Given this, many states should be able to target their aid programs appropriately. Previous research from Baum and colleagues (2012) found that minor changes in EFC have little to no effect on the distribution of state aid.

State aid administrators will likely be more concerned with the reduction of non-financial questions in the application, as some of the demographic questions help to identify state aid eligibility. Should a more simplified FAFSA be used, the U.S. Department of Education will need to work with states to determine the essential non-financial elements. For Iowa, we have determined that, at a minimum, we would need elements that determine (1) citizenship status; (2) length of residency

in the state; (3) grade level; (4) degree or program being pursued; and (5) the list of schools that students report to receive their FAFSA information.

Concluding Recommendations

Based on the information presented in this testimony, my general recommendations for FAFSA and verification simplification are to:

- Determine Pell eligibility and awards on a limited number of questions and use the data elements that are available from the IRS as needed.
- Create and support more data transfer between the IRS and U.S. Department of Education through the DRT transfer. The exchange of more information between the two agencies can help alleviate the need for verification.
- Expand the use of the DRT transfer to allow institutions and individuals, regardless of their tax filing status, to utilize the tool. For example, non-tax filers currently must receive a letter confirming their non-tax filing status, which they then need to provide to their institution. A process could be developed where this letter is automatically pushed to institutions rather than having students download the letter, sign it, and then submit it to their institution.
- Work with states to determine which FAFSA non-financial data elements are needed to determine state aid eligibility and eliminate nonessential elements.
- Reinstate the 30 percent verification cap at institutions, which would reduce the verification burden for institutions with a high number of Pell-eligible students.
- As long as CPS selects students to be verified, they should make the selection process more transparent by providing students with more information on why they were selected for verification and making the criteria or formula determining selection known.

Thank you again for providing me this opportunity to speak with you today. I look forward to your questions.

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[SUMMARY STATEMENT OF MARK WIEDERSPAN]

Importance of Going to College and Significance of the College Enrollment Problems

- Higher education offers individuals a range of economic and social benefits.
- There are significant income and race/ethnicity gaps in who is attending college.
- Many students are deterred from going to college because of the complexities and burdens in our financial aid system.

Completing the FAFSA is Confusing and Complex

- Despite recent changes to the FAFSA application process, the form is still longer and more burdensome than Federal income tax forms.
- Many low-income students do not have the resources nor the knowledge to complete the form.
- Studies have demonstrated that the FAFSA is a barrier to college and undermines the effectiveness of financial aid.

FAFSA Verification is a Burden for Students and Institutions

- Even after completing the FAFSA, students can still face barriers because of verification.
- Research demonstrates that verification is targeting the poorest individuals who need financial aid the most.
- Institutions with a high share of Pell-eligible students carry a heavier burden in verifying students than institutions with a smaller share of Pell-eligible students.
- Filers selected for verification are significantly less likely to enroll in college than their non-verification counterparts.

Feasibility of Simplification

- Research has demonstrated that EFC and Pell eligibility can be approximated to a high degree with only a handful of questions.
- The use of DRT holds promise in making the FAFSA easier to complete, but DRT success depends on the adequate support for this function.

Concluding Recommendations

- Determine Pell eligibility and awards from a limited number of questions and use the data elements that are available from the IRS as needed.
- Create and support more data transfer between the IRS and U.S. Department of Education through the DRT transfer. The exchange of more information between the two agencies can help alleviate the need for verification.
- Expand the use of the DRT transfer to allow institutions and individuals, regardless of their tax filing status, to utilize the tool. For example, non-tax filers currently must receive a letter confirming their non-tax filing status, which they then need to provide to their institution. A process could be developed where this letter is automatically pushed to institutions rather than having students download the letter, sign it, and then submit it to their institution.
- Work with states to determine which FAFSA non-financial data elements are needed to determine state aid eligibility and eliminate nonessential elements.
- Reinstate the 30 percent verification cap at institutions, which would reduce the verification burden for institutions that have a high number of Pell-eligible students.

The CHAIRMAN. Thank you, Dr. Wiederspan.
Dr. Scott Taylor, welcome.

STATEMENT OF MICHELE SCOTT TAYLOR, CHIEF PROGRAM OFFICER, COLLEGE NOW CLEVELAND, CLEVELAND, OH

Dr. SCOTT TAYLOR. Good morning, Chairman Alexander, Senator Baldwin, and Members of this distinguished Committee. Thank you for the opportunity to provide testimony on the barriers to accessing financial aid as students and adults pursue post-secondary opportunities.

College costs and issues of affordability are significant challenges facing young people and adults. The reauthorization of The Higher Education Act can address key policy levers critical to ensuring

that more low-income students, and increasingly middle-income students, can afford higher education. In Ohio, these challenges are specially pronounced due to the state's higher-than-average cost of attendance. To enroll in post-secondary, most Ohioans must borrow loans or qualify for grants. These resources in addition to even institutional merit aid and scholarships can only be accessed through the completion of the FAFSA. Unfortunately, both the real and perceived complexity of the FAFSA form, often followed by an unwieldy verification process, serves as a hindrance to college access for the students who need it the most, including our homeless and at-risk for homeless youth, foster youth, and young adults aging out of the foster care system.

Each year only 45 percent of low-income students complete the FAFSA. Of the Pell eligible students, 25 percent are lost in the verification process and ultimately do not enroll. So, simplifying the FAFSA form and reducing or redesigning the verification process is needed, but it is not enough. We must continue to support comprehensive strategies that make post-secondary more accessible and affordable. Federally supported programs like GEAR UP and TRIO, implement and iterate on best practices for promoting early college access and awareness about college affordability. In addition, we must continue to increase the Federal investment in the Pell Grant, which now only covers about 29 percent of the total cost of attendance at a four-year institution as compared to 79 percent back in 1975. We also encourage the publishing of more data by the Federal Government, disaggregated by race and ethnicity to fully understand who is using existing Federal programs and who is being left behind. This helps organizations like College Now ensure we are not exacerbating already whitening equity gaps.

I am the Chief Program Officer at College Now Greater Cleveland where our mission is to increase educational attainment. It is the first of its kind in the Nation since our inception in 1967. We have become the largest college access provider in Ohio, and we remain one of the largest in the Nation, currently serving 29,000 students. My role is to provide leadership for our programs and services, but in addition to providing direct service to high school and middle school students, I have spent much of my career working with adult learners and students on college campuses. For many students who I have personally supported, mentored, mothered, coached, and dragged across the finish line, as well as for thousands of students that College Now serves, I can assure you that getting to and through college is a full-time job just beyond being a college student. And I can say this because I have witnessed it, and I have lived it.

Coming from a poor family where neither of my parents nor immediate family members had earned a college degree, I was not exposed to what David Connolly calls college knowledge and transition information. I had been told my entire life that if I did well in school, I can go to Harvard for free. Well I did do well in school, but it was in the context of a lower resourced public school system and an equally low-resourced family. I was not provided enough information about affording college or the process of getting there. So, I navigated my way through with enough Pell Grant dollars and work-study to allow me to focus on my academics. I did not

have to worry so much about my school bill, however I did apply to become an RA so that I could get free room and board.

This is the very reason why I work in higher education, and that is where College Now comes in, to help students like me and students like Brandon. So, Brandon, he is a student who is eager to raise himself and his family out of poverty. He attempts to complete the FAFSA himself and not with a College Now advisor, but we later find out that he answers numerous questions incorrectly, such as his family size, such as his dependency status. He thinks because he contributes to the family household by paying rent and buying groceries that he should be declared independent, but we all know that is not true when it comes to the FAFSA. Subsequently, he finds out about these errors and he is selected for verification, but it is after importing scholarship deadlines have passed. So, we helped him correct the FAFSA. We gave him a College Now scholarship, but then we banned him from doing the FAFSA alone again in the future.

[Laughter.]

Dr. SCOTT TAYLOR. Did you know that low-income students are more likely to be selected for verification when they have a zero EFC? When selected for verification, a student should be able to provide proof of enrollment in other means-tested Government benefits such as SNAP, as discussed earlier. Not only that, if you are selected for verification at one institution, you are likely to be selected at multiple. But there is some hope. Just being here today and sharing this with you gives me hope.

In places like Ohio and other states, we are setting aggressive goals for increasing educational attainment. We are implementing strategies to mitigate barriers, such as applying and competing for Federal grants to increase awareness and preparedness, raising millions of dollars in scholarship dollars, working with state agencies to increase support for post-secondary, and making community college free, such as in the great state of Tennessee, and many other activities. In Cleveland specifically, we were recently named a Say Yes to Education city, the final of four chapters to be established, raising enough scholarship funding for two generations of students.

I would like to thank you for this opportunity. If there is any additional information I can provide, please ask. I am here, do not hesitate, and I am proud and honored to be of service to you and your deliberations today.

Thank you.

[The prepared statement of Dr. Scott Taylor follows:]

PREPARED STATEMENT OF MICHELE SCOTT TAYLOR

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

Thank you for the opportunity to provide testimony on the barriers that students face when accessing financial aid and, in turn, pursuing postsecondary opportunities.

College costs and issues of affordability are a significant challenge facing our young people and our adults. The reauthorization of the Higher Education Act can address key policy levers critical to ensuring that more low-income students—and increasingly—those from middle-income backgrounds as well can afford higher education.

In Ohio, these challenges are especially pronounced due to the state's higher than average "cost of attendance." According to a 2016 report by Vanderbilt University's

Peabody College of Education and Human Development and the Penn State University Graduate School of Education, Ohio ranks 45th in the Nation in key college affordability metrics (Institute for Research on Higher Education, 2016). The average cost of attendance at a public college or university for an Ohio resident in 2018–19 was \$26,275 (College Now, 2019). This compares to \$20,770 nationally (Value Penguin, 2019). To afford to enroll in postsecondary, most Ohioans must borrow loans or qualify for grants. These resources, in addition to even institutional merit aid and scholarships, can be accessed only through successfully completing the Free Application for Federal Student Aid, or the FAFSA—an oft-used measure of need by financial aid providers and not just the Federal Government.

Unfortunately, both the real and perceived complexity of the FAFSA form, often followed by an unwieldy verification process, serves as a hindrance to college access for the most in-need students, including our homeless and at-risk for homeless youth, foster youth, and young adults aging out of the foster care system. Each year, only 45 percent of low-income students complete the FAFSA, missing out on \$24 billion in financial aid (Kofoed, 2016). Of those students who do successfully complete the form and are deemed Pell eligible, a total of 25 percent are lost to the verification process and do not enroll (Warick, 2018). It is critical that Congress continues to simplify the FAFSA and the resulting verification process so that more students, especially those who are first-generation and low-income, can actually pursue postsecondary education.

Simplifying the Federal financial aid process is key; but not enough. We must think comprehensively about strategies for making postsecondary more accessible and affordable to vulnerable populations. Federally supported programs like GEAR-UP and TRiO (which includes Talent Search and Upward Bound, for example) implement and iterate on best practices for promoting much earlier college access and awareness about college affordability. In addition, we must continue to increase the Federal investment in the Pell grant—which now only covers 29 percent of the total cost of attendance at a four-year school for an in-state student. This is a staggering decline from 1975, when the Pell grant covered 79 percent of the cost of attendance (Center on Budget & Policy Priorities, 2018). We also encourage the publishing of more data by the Federal Government—disaggregated by race and ethnicity to fully understand who is utilizing existing Federal programs—and who is being left behind. The availability of such information can help ensure nonprofits, like College Now, are serving the most in need and directly addressing known equity gaps.

My name is Dr. Michele Scott Taylor, and I have served as the Chief Program Officer at College Now Greater Cleveland for more than eight years. In this role, I provide strategic leadership for the organization’s comprehensive and diverse programmatic efforts, including school-based and community-based college access and success advising programs, as well as Federal programs such as Talent Search, GEAR UP, Upward Bound, and 21st Century Community Learning Centers. I work to ensure that our programs and services represent best practices and are on the cutting-edge of college access and success research, policy, and practice. In addition to providing direct service to high school students as recently as last night, I have just as much, or even more experience, working with adult learners and college students—having served in diverse functional areas on college campuses including in student affairs, admissions and financial aid, and multicultural/diversity affairs. I also teach in undergraduate and graduate programs. For many students whom I personally have supported, mentored, mothered, coached, and dragged across the finish line, as well as for thousands of students that College Now serves, getting to and through college is a full-time job beyond the academics. I can say this because I have witnessed it and lived it.

Coming from a family with low-income, where neither of my parents nor immediate family members earned a degree, I was not exposed to what David Conley calls college knowledge and transition information.¹ I had been told my entire life that if I did well in school, I can go to Harvard for free. While I did do well, it was within the context of a lower resourced public-school system and an equally low-resourced family! I was not provided enough information about affording college or the process of getting there! So, I navigated my way through with enough Pell grant dollars and aid to allow me to focus on my academics. I didn’t consume myself with worry about my school bill (though I did become an RA to get free room and board!) This, in honesty, is the reason why I have committed my life to working in higher education, first on college campuses and now in that space where high school students and adults prepare for and pursue all kinds of postsecondary opportunities

¹ *C:-Users-mscottaylor-OneDrive-College-Now-Greater-Cleveland-4Keys-Conley.pdf.*

and become successful. That's where College Now comes in and helps students like Symone . . .

Symone is a second semester freshman at a large public institution currently struggling to pay her spring school bill. She filled out the FAFSA twice now and was not awarded the Pell grant either time, which is frustrating because her father is a construction worker and her mother is unemployed. On paper, it appears that her family has more money than they actually do. She has expressed that the government does not take into account the realities of her life (a common reality of the FAFSA). Her parents have other children and siblings of their own that they help out financially when it is necessary which, unfortunately, is quite often. Symone has applied to countless scholarships and received some of them, however, she was not eligible for countless others as a result of the FAFSA's calculation of her "need." Symone is mentally and emotionally stressed from trying to figure this out. We are working to keep her in school as long as possible and hopefully to degree completion.

College Now's mission is to increase postsecondary educational attainment through college and career access advising, financial aid counseling, and scholarship and retention services. It was the first organization of its kind in the Nation—providing scholarships and college access services to support students going into higher education. Since our inception in 1967, we have become the largest college access provider in Ohio and remain one of the largest in the nation. College Now is a national leader, including serving as a founding member of the National College Access Network in 1995 and as a model for other organizations around the country.

We assist over 29,000 individuals—middle and high school students as well as adult learners—helping them pursue their dreams of going to and succeeding in some form of education beyond high school. Many of our students are from low-income families and are first-generation college goers. We provide important services to adults pursuing higher education for the first time, attempting to go back and finish, or seeking to retool their skills in light of rapid changes in the world of work. For us, serving adults is critical to the success of developing our region's talent and closing our existing skills gap. As in many parts of the country, there are simply not enough 18-year-olds graduating from high school and heading to postsecondary educations to meet current and projected employer demands.

By 2025, 65 percent of jobs will require some postsecondary degrees, but today only 44 percent of Ohio working-age adults have any education or training beyond a high school diploma. In Northeast Ohio alone, there are approximately 500,000 people who have some college but no degree. In Cleveland, educational attainment is just ridiculous at only 27 percent. Time after time, while we seek to support those looking to improve their lives, affording needed further education rings loud as a key barrier. An additional—albeit an unnecessary and yet easier to remove—barrier is the current process through which students can even access financial aid that is available: the FAFSA form and verification process.

While Symone's story about affording college is very common, those from Melina and Brandon, which are about actually completing the FAFSA form, are stories we experience every day—getting tax and financial information from "parents."

Melina has DACA, but her parents are undocumented. While they pay taxes, they are concerned about using the data retrieval tool because they are worried about being deported. Melina has already received a scholarship from her college that will allow her to attend, but she is scared of asking the wrong person for help with her next step in verification. Therefore, she doesn't take the next steps.

Brandon, a student who is eager to raise himself and his family out of poverty, attempts to complete the FAFSA himself (and not with our College Now advisor). We later find out that he answered questions wrong such as family size and dependency status (he thinks because he supports his family financially and pays his own living expenses, he should be considered independent). Subsequently, he finds out about these errors and his selection for verification post important scholarship deadlines. Now what does he do!

Having Federal financial aid is crucial to the college-going process but completing the FAFSA form is a barrier for many students. Not all students are fortunate enough to have a relative, school counselor, or college access advisor available to help them through the process. And as with filing your taxes, help is frequently needed.

Given the impact on students' ability to attend college, simplifying the FAFSA form is a necessary step in the quest to make college more affordable. Several organizations have promoted a system to simplify the form that would group students based on their financial strengths and then have them follow pathways with respect

to their FAFSA completion based on their unique circumstances with the ultimate objective of allowing for a far shorter FAFSA form.

To be fair, creating the FAFSA form was well intended. One of the goals was to have a universal form because before 1992, students could use various forms to apply for Federal financial aid. But they also had to complete a separate state form and additional forms for each institution to which they applied. And yet creating the FAFSA was not enough. Fast forward to today, approximately 300 selective postsecondary institutions also require that students, yearly, complete the CSS profile and/or their own form before awarding their institutional aid because they believe the FAFSA is inadequate.

Further simplifying the FAFSA form isn't enough. We must also work to address issues related to verification. Verification occurs when students who submit the FAFSA are asked to submit additional documents to the college's financial aid office to support the information entered on the FAFSA. The process is intended to reduce fraud and ensure the integrity of these distributions. Once selected for verification, financial aid cannot be dispersed until the process is complete.

The process itself is cumbersome to students causing upwards of 25 percent of Pell eligible students to "melt" between being selected for verification and their enrollment. Furthermore, low-income students are more likely to be selected for verification because students who are calculated to have a zero expected family contribution (EFC) (meaning their household income is less than \$25,000) have a higher chance of being selected for verification than their wealthier peers. While it seems abundantly reasonable that the Federal Government and/or a college or university would want to conduct its due diligence before awarding financial aid dollars, if selected for verification, a student should be able to provide as sufficient evidence proof of enrollment in another means-tested government benefit (e.g., SNAP).

Not only that, the current verification selection algorithm also means that if you're selected for verification at one institution, you are likely to be selected at multiple institutions. This increases the barriers to getting aid because each college has its own verification process usually requiring students to submit a combination of tax returns, W-2 statements, 1099 forms, and other legal documents.

There is Deanna . . .

Deanna is currently a student at local Northeast Ohio community college studying to become a nurse. Deanna has relied on the Pell grant for the last 2 years. She turned in all the required paperwork and registered for classes. After the semester began, she was notified that she had been dropped from her classes because she owed a balance. When she spoke with her Financial Aid office, she learned that all her Federal aid had been revoked. The Financial Aid office claimed to have not received her necessary paperwork by its verification deadline. Because the school year had already started and Deanna had been attending classes, she had to re-pay the Federal aid for which she was eligible. As long as there was an outstanding debt on her account, she would also be ineligible to receive any future Federal aid.

This missed verification deadline cost Deanna thousands of dollars. She not only lost her Federal aid last year, she also lost a scholarship that required an award letter and proof of Pell grant eligibility. On top of all of that, she now had to pay for her tuition out-of-pocket while also trying to make payments on the debt she shouldn't have owed in the first place.

Our receiving colleges are burdened with the task of verifying student information impacting their student yield rates by creating additional processes that serve as barriers.

Communities, students, families, school districts, and postsecondary institutions are working to help students surmount these and other barriers to education. The consequences of not doing so are evident in educational attainment rates, the skills gaps, earning potentials of family members, rates of poverty (especially among kids), and the list goes on and on.

But there is some hope—just being here and sharing this with you gives me hope. In places like Ohio and other states, we are setting aggressive goals for increasing educational attainment. We are implementing strategies to mitigate the barriers: such as competing for Federal grants to increase awareness and preparedness of student and families; raising millions in scholarship dollars; working with state agencies to increase state support for post-secondary; and making community college free, among many other activities. In Cleveland specifically, we were recently named a Say Yes to Education city, the final of four chapters to be established. Our theory of action is to provide comprehensive wrap-around services along students' K-12 educational paths and then offer last-dollar tuition scholarships for graduating

high school seniors. In Cleveland, the community has raised enough scholarship funding for two generations of students! Completing the FAFSA is a requirement for receiving the Say Yes scholarship, and College Now's commitment is to ensure that we provide enough support to help these students get through the form and verification process!

The Federal Government has also taken steps to mitigate barriers to post-secondary including: the use of Prior-Prior year taxes, which supports student completing the FAFSA earlier; opening the FAFSA form in October versus January; implementing the IRS Data Retrieval Tool; and creating a mobile responsive website and app, with partners such as NCAN. Likewise, funding continues for programs such as GEAR UP and TRiO (but not enough), but there is so much more that needs to be done ...

Congress can address issues related to the FAFSA and verification process including:

- decrease the number of data elements on the FAFSA, thus decreasing the number of items that need to be verified;
- allow FAFSA filers receiving means-tested benefits to receive an auto zero EFC, and not selecting those students for verification, based on their means-tested benefits receipt
- use data-sharing across Federal agencies to confirm the receipt of the means-tested benefits; and
- amend Internal Revenue Code Section 6103 to allow for direct sharing of data between the Departments of Treasury and Education.

In addition to these direct fixes, Congress can legislate numerous recommendations to force the enactment of the changes by the Department of Education and through the NRMP.

Opportunities abound to support kids and adults across the Nation and especially in Ohio with necessary post-secondary education. Our ability to compete as a region, a state, and a nation requires more of our students (who come from low-income backgrounds and/or are first-generation goers) to increase their educational attainment. We are the rising demographic.

Thank you again for this opportunity. If there is any additional information that I can provide to support your work on higher education and college access issues, please do not hesitate to contact me. I am proud and honored to be of service to your deliberations.

[SUMMARY STATEMENT OF MICHELE SCOTT TAYLOR]

College costs and issues of affordability are a significant challenge facing our young people and our adults. The reauthorization of the Higher Education Act can address key policy levers critical to ensuring that more low-income students—and increasingly—those from middle-income backgrounds as well can afford higher education.

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Unfortunately, both the real and perceived complexity of the FAFSA form, often followed by an unwieldy verification process, serves as a hindrance to college access for the most in-need students, including our homeless and at-risk for homeless youth, foster youth, and young adults aging out of the foster care system. Each year, only 45 percent of low-income students complete the FAFSA, missing out on \$24 billion in financial aid (Kofoed, 2016). Of those students who do successfully complete the form and are deemed Pell eligible, a total of 25 percent are lost to the verification process and do not enroll (Warick, 2018). It is critical that Congress continues to simplify the FAFSA and the resulting verification process so that more

students, especially those who are first-generation and low-income, can actually pursue postsecondary education.

Simplifying the Federal financial aid process is key; but not enough. We must think comprehensively about strategies for making postsecondary more accessible and affordable to vulnerable populations. Federally supported programs like GEAR-UP and TRiO (which includes Talent Search and Upward Bound, for example) implement and iterate on best practices for promoting much earlier college access and awareness about college affordability. In addition, we must continue to increase the Federal investment in the Pell grant—which now only covers 29 percent of the total cost of attendance at a four-year school for an in-state student. This is a staggering decline from 1975, when the Pell grant covered 79 percent of the cost of attendance (Center on Budget & Policy Priorities, 2018). We also encourage the publishing of more data by the Federal Government—disaggregated by race and ethnicity to fully understand who is utilizing existing Federal programs—and who is being left behind. The availability of such information can help ensure nonprofits, like College Now, are serving the most in need and directly addressing known equity gaps.

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In addition to these direct fixes, Congress can legislate numerous recommendations to force the enactment of the changes by the Department of Education and through the NRMP.

The CHAIRMAN. Thank you, Dr. Scott Taylor. Thanks to each of you. Why don't we now go to a round of five-minute questions, and I will ask you to keep your questions and answers within the five minutes so everybody can have a chance. I will begin.

Let us start with, we have been at this for five years now, and you would think after five years we could go ahead and do it. That might be something that—and I think there has been a real benefit to that. I remember when Senator Bennet and I listened to the same testimony and we asked the four witnesses, would you each write us a letter about how to fix the FAFSA, and they all looked at each other and said, we do not need to. You know, we agree. We will write you one letter. And since then, we have gone through the process that I described in my opening statement.

I think we are pretty close to agreement with many Senators understanding it. Two things I want to focus on today. One is, and my question, verification and expected family contribution. Now, one of the complaints is that, in regard to today, is that the verification process is focused on low-income students disproportionately, but Senator Murray and I introduced legislation which passed the Senate, and we hope we can persuade the House to do that, which would allow people who filled out the FAFSA to, with one click, answer the 22 questions that can be answered by IRS data.

Dr. Wiederspan, you have done lots of study on this. Wouldn't that exchange of information from the IRS to the Education Department greatly reduce the need for verification? Wouldn't there just be a lot less of it?

Dr. WIEDERSPAN. Yes.

The CHAIRMAN. Because is it not that the information that is basically being verified when you fill out the same information here, the same information there. They are catching you to see if you make a mistake.

Dr. WIEDERSPAN. Yes. In fact, one of my last papers was looking at the feasibility of using prior income tax return information with those exact elements that you were talking about, based on the bill that you and Senator Bennet had introduced. And basically, we had found that 70 percent of students would notice no change in their Pell eligibility, and it would definitely reduce the need for verification because the elements that they are being flagged for verification is coming from the IRS. So, there would be no need to have them report that information again.

The CHAIRMAN. Mr. Meotti, you talked about verification too. There is also the issue of self-reported data that some students are asked, like untaxed income for example. If we eliminate that and if we also made it so you do not have to give information to the Government twice, the bill Senator Murray and I have sponsored, wouldn't that in your—what effect would that have on “verification” in Washington State and in Connecticut were you have worked?

Mr. MEOTTI. Yes. I think the challenge can be greatly diminished if we, just look at a comprehensive refund, just basically a common sense approach, most Americans would feel if you looked at this and said yes, the Federal Government is asking you to—one agency of the Federal Government is asking you to get a document for another agency of the Federal Government to prove to you what they already filed with them under penalty of law at the IRS, right. And I also think there are also a whole series of common circumstances that are associated with the families that tend to be very low income that were then causing them to go through extra effort to document, only to ultimately verify that they are eligible but with loss of students along the way. So, I think it all could be done.

The CHAIRMAN. The Department of Education also estimates that there are about \$6 billion in mistakes each year with the current system. Some students are paid a little more than they should be, some paid a little less, so eliminating most of the current verification system and replacing it with the exchange of information between the IRS and the Education Department should reduce those mistakes. Let me move to another confusing part of the Federal Student Aid Application. That is the expected family contribution. Now, that is a mystifying thing as well. Isn't it possible that we could use some simpler table or simpler calculation rather than putting students through the so called expected family contribution maze of the number of questions in order to calculate it for a typical high school student? That student would need to answer fifty questions and use seven charts to complete the calculation. How can we simplify that? Anyone?

Mr. MEOTTI. Speaking from our perspective in Washington, I think there is a lot of opportunities to identify people by status and some other program like the way we use free and reduced price lunch. If you are in it, we get the data and we make you eligible. We do ask you to sign to attest to that, and that is it. So, I do think

that those kinds of approaches would address kind of the issues that you raised.

The CHAIRMAN. Well, my time is up, but I want to thank Senator Murray for her leadership in working with a number of us to try to stop the practice of the 420 million families who fill out the FAFSA every year, having to give the Federal Government the same information twice, and I hope we can persuade the House of Representatives that that is a good idea.

Senator Baldwin.

Senator BALDWIN. Thank you, Mr. Chairman. Want to have a little bit of feedback from you, Mr. Meotti, about the so called work penalty. We have had previous hearings on FAFSA simplification and identification of need in this process. And there has been a recognition from witnesses that those students who must work while attending school in order to meet the true needs not just of the cost of college but also food, housing, transportation, health care, child care, and more, that the current system includes a work penalty that can reduce a student's need-based aid if he or she obtains too much money from work, putting him or her in an impossible situation. While ideally students would not have to work in order to afford college, I believe that we need to take steps to ensure that those who must work are not pushed further into financial difficulty by losing their Pell Grants or other need-based aid.

I am going to be soon re-introducing the Working Students Act, which would increase the income protection allowance, the amount a student can earn from work without endangering his or her need-based aid. But, Mr. Meotti, do you agree that we need to address this barrier that some students face when we evaluate their need in accessing Federal financial aid?

Mr. MEOTTI. Yes. I mean, I think there is still in the background culture in all this notion that college students are 18 to 22 years old and dependent members of a household where someone else is paying the bills. The reality, like in our financial aid programs, a third or more of the students we serve are over the age of 25. They are not dependents. Someone else is not paying the bills for the household. They are working. They probably have children. A quarter or more of our air recipients have children, very similar to Pell, I am sure.

The reality is if we want to, serve the labor markets we have now in this country, there are going to have to be people of all ages. Many of them will be getting their first undergraduate credential, maybe a certificate or an associate's degree, let alone a baccalaureate. They have to work, that is absolutely imperative of life for them.

We have to have a system that recognizes it is not what higher education might have looked like in the late 40's and 50's. And even then, I think it was not quite what we thought it was then. But clearly now, it is not.

Senator BALDWIN. Thank you. For a first-generation college student without family or other supports, even the simplest FAFSA will likely not be enough to get them to understand that college could be for them, let alone how they should go about affording it. I am a big supporter of Federal TRIO and GEAR UP Programs, which help low-income and first-generation students explorer col-

lege options, successfully apply and enroll, persist through their programs, and even explore graduate education.

I also strongly support the 21st Century Community Learning Centers Program, which funds after school activities that include things like mentoring, career exploration, and skill building that helps younger students begin that path to a higher education. Dr. Scott Taylor, do you agree that investing in these programs and the supports that they provide for students are also an important strategy to get more students connected to the Federal aid that will help them afford college?

Dr. SCOTT TAYLOR. Absolutely. Programs like TRIO, GEAR UP, and 21st Learning Community Centers Programs, which we do have at College Now, provide earlier access, and what we are able to do is have much deeper and earlier conversations about what it takes to finance a college education. Waiting until students are in high school or till adult learners come up against a barrier is just simply too late.

Programs like TRIO, GEAR UP, and 21st Century Learning Centers allow us to work with students, and not only the students, their families, by providing exposure opportunities, giving students and families college knowledge because it is not just going to college and doing your school work, there is a culture to higher education that most people do not talk about. It is very invisible, and it is more often than not a middle-class income culture. And so, if you are not from that culture, it could be very difficult navigating the pathways to successfully complete.

Programs like these, which we are very fortunate to have, and I hope we continue funding them, do help students kind of enter into that culture so that they can learn navigate, and be successful, and persist to completion. So yes, absolutely. These programs are essential, and I hope that you all will continue to fund them because they are critical for low-income students like myself and others.

The CHAIRMAN. Thank you, Senator Baldwin. I ask consent to enter two statements in the record. The first from Mike Kraus, Executive Director of the Tennessee Higher Education Commission, key leader behind the Tennessee Promise initiative. And the second is from the National Association of Student Financial Aid Administrators. They will be entered into the record.

The CHAIRMAN. Senator Braun.

Senator BRAUN. Thank you, Mr. Chairman. Testimony makes it patently clear that we need to do this. It is disappointing to me as a main stream entrepreneur, School Board member for 10 years and coming from a state like Indiana, that this would take this long to dispatch. So, thank you Mr. Chairman, for moving it along.

I want to spend my time to talk about the bigger picture affecting student loans in general, and that is the cost of post-secondary education has gotten to where it is feeding into a debt load that is unsustainable. The \$1.4 trillion that we have out there in Federal student loans is a bubble.

The next thing that is going to occur that even if the form is a lot simpler to get access to, we got a much bigger problem. I look to see what is happening in post-secondary education and other than just a few spots, maybe like Mitch Daniels at Purdue Univer-

sity, we do like we do here on many things, stick our heads in the sand. Let it turn into a calamity, and then we try to pick up the pieces. So, I think that is the key issue that we need to get figured out, how to bring cost down. It would take more than the time I have got allotted to tell you some of the good ideas somebody like Mitch Daniels has put into place.

Second, per the reference to four-year degrees, and access to them, and their affordability, paramount, but it also begs the question of what are the other alternatives. And I know in my home state, we are exporting about half of our four year degrees. We do not need them. We are filling those slots well, and that is not to disparage at all that aspiration of trying to reach for it, but again, it is the attainability and what do you do with it. Many of them do not find a market. You know, my own daughter got a journalism degree, and I wish somebody had guided differently to were—that trajectory would have been different. There would have been many other great options. CTE degrees that are not four years in nature that require a lot less money, I think, need to get a little higher profile if we are going to turn around the trajectory that I see, where again this thing is going to blow up with some type of major problem.

Brings me to the number three concern and something I hope all Senators here address with more sobriety coming up, and that is our budget. Because what I mentioned before CTE and the affordability, that is specific to this Committee and discussion. But we are looking at a Federal budget that even from the President, we are looking trillion dollar deficits over the next few years, and we are looking seven, eight, nine years down the road where it is \$1.5 trillion. All I can tell you, all of the good discussions we have here, and I have been a part of many of them, are kind of academic. If we do not get the reality check that we cannot keep heading down the road to were whatever we want to do for the good of the American public, we are doing it in the context which is to me deceptive that you are going to be good in anything. And it is going to be there in the long run if we do not find a way to get this institution to live like most others do. It should set the example for everyone.

We should not be out here talking about student debt and, it is interesting the form and the particularity of what we are talking about here. That should have been solved a long time ago. But if we do not start to make hard choices and quit deluding the public that we can keep doing what we are doing without bringing in not only our balance sheet to where it is going to be sustainable, but especially our P&L 4.4 trillion, and we only raise resources just to cover \$3.3 trillion to \$3.4 trillion of that, it is not going to end well.

I am going to keep harping on this whenever I can bring it into the conversation because all of the good things that we talk about in committees are not going to have any relevance unless we take—especially this year, I am on the budget committee, and I think there is a real need to put the sobriety test to it and start to reign in this institution where it is going to be there for people to depend upon it, if we accomplished that, start the process, we have done a lot as Senators. Thank you, and I yield my ten seconds.

The CHAIRMAN. Thank you, Senator Braun.

Senator Hassan.

Senator HASSAN. Well, thank you, Chairman Alexander, and I am grateful to you and our Ranking Member for holding this hearing. I am really grateful to our witnesses not only for being here today, but for the work you do and for being willing to share your expertise with this panel. And I am really happy that my colleagues and I largely agree that students should be able to more seamlessly apply for Federal financial aid through a simplified application process. I was proud to co-sponsor the FAFSA Act and I look forward to working with both the HELP and Finance committees on how we can continue to improve data sharing with the FSA and the IRS to make the student aid application process easier for students.

That being said, higher education remains out of reach for many not because they cannot fill out their FAFSA, but because they do not have the resources to cover the full cost of attendance. While we should continue to work together on simplifying the student aid process, we also have to find ways to ensure that students get the support they need without being harnessed with untenable amounts of student debt. I was talking to a young man in Salem, New Hampshire just a couple of weeks ago. He is 32 years old carrying \$102,000 worth of debt. You know, there are ideas that members of the Senate have on, for instance, allowing students to refinance their debt at a lower rate just as a starting point, and I think we are going to need to continue to think about ways of really addressing that burden as well. But I did want to touch base with all of you on some of the work you are doing.

Ms. Scott, in your testimony you outline ways that Congress could simplify the FAFSA application process and in turn remove barriers to students receiving the student aid that they are eligible for. Do you think these barriers to financial aid deter some students from pursuing higher education all together, and what are some of the strategies that Alabama Promise uses to ensure that students do not give up on that process?

Ms. SCOTT. Thank you, Senator. I know that the process of applying for financial aid deter students from going to college. And some of the strategies that we use provide in school workshops in the Birmingham area, which is where we are located. We also work statewide, and so we are working closely with our community college system and our local school system to make sure that the community colleges that have a great interest in increased FAFSA completion and really provide an important proving ground for the workforce that Alabama needs, that they have a relationship with the State Department of Education and that the local community colleges have relationships with the high schools.

We also do a lot of media. I go on the news all the time. We do social media. We try to make the language very simple because words like emancipated minor, trying to figure out who your parent is, we really try to bring it down to a 7th grade level and that is not always easy. And if we could get some help from the Federal Government on that, and we have even had to simplify the FSAs, who your parent chart is because we realized there were plain points in it, so we made it even more elegant and simple. And so, if we could reduce the number of questions, use plain English, have

data-sharing ability with the IRS and means-testing, all of that would communicate the message to students and parents that post-secondary education is a possibility, and there is help to pay for it.

Senator HASSAN. Well, thank you. I appreciate that very much. I know that you are also taking steps to alleviate poverty on campus, and I know a number of you are doing that. At the University of New Hampshire, one student who identified food insecurity on-campus spearheaded a program that allows students to donate their extra meal passes to a pool so that a student in need can anonymously access food through the dining service. I wanted to turn to you Dr. Scott Taylor in just the minute I have left, because in addition to that kind of creative community support for each other, one of my priorities has been to ensure that students are aware of the services and benefits that they are eligible for on and off campus.

Last Congress, I introduced the Gateway to Careers Act, which would help fund wraparound services to students enrolled in career pathway programs at community colleges, including helping students navigate programs like SNAP, and affordable housing. Dr. Scott Taylor, what are some of the barriers that you see that students and their families face to connecting to means-tested public benefits that they may be eligible for, and how can the Federal Government states and institutions reduce those barriers?

Dr. SCOTT TAYLOR. Thank you so much for the question. I think one thing that we can do in a community and then with help from the Federal Government is cross-training providers on how to use the platform that access Government benefits. What we did in Cleveland, Ohio some years ago is we trained our college access advisors on how to use the platforms so if a parent or student was accessing say SNAP or other Federal benefits that they can also complete the FAFSA at the same time, and where we can refer them and direct them. Kind of giving them a smoother hand off because, again, they do not use the Government services and silos, and the more that we can show the connection to you can get this therefore you can get that.

It is amazing how many times we have had parents who apply for Government benefits realize that they are actually eligible for financial aid and they can go back and get some education so that they can improve their situation, which is what I think is very important. And we would like to see more of that happen.

Senator HASSAN. Thank you very much. And thank you, Mr. Chairman for your indulgence.

The CHAIRMAN. Thank you, Senator Hassan.

Senator COLLINS.

Senator COLLINS. Thank you, Mr. Chairman. Dr. Wiederspan, according to the finance authority of Maine, about 91 percent of Maine students who are selected for verification are eligible for Pell Grants. In your testimony, you noted that Pell eligible students selected for verification are less likely to end up enrolling in college than those Pell eligible students who are not selected for verification. The financial aid professionals with whom we have talked called this verification melt. In other words, many of these students simply do not complete the process and they do not end up going to school. What is your one biggest recommendation that

you would have for us to try to deal with the problem of verification melt?

Dr. WIEDERSPAN. One thing that I also did mention is that there is other aspects of who gets selected for verification amongst Pell eligible students, and one of them is that students who use DRT are less likely to be selected for verification. But in many cases, a lot of those students that are Pell eligible and that use DRT are still getting flagged for verification even though it is coming directly from the IRS, and they still need to verify that what I reported to the IRS on my FAFSA is correct. So that is just one example of where we could definitely reduce the number of those Pell eligible students that use the DRT that they do not necessarily need to be verified as much as they are.

Senator COLLINS. Thank you. Ms. Scott, you mentioned in your testimony a young woman who was in the care of her grandparents who are not her legal guardians. This issue is coming up more and more often in the State of Maine, sadly because of the Opioid Crisis where grandparents have stepped in to raise their grandchildren. So, then the grandchildren get to senior year in high school, their grandparents are not their legal guardians, their legal parents may be out of the picture, however, and there is lots of confusion about whether the grandparents' income counts toward the expected family contribution. We are having more and more calls to our state offices about this. What would you suggest that we could do to better inform grandparents about the financial aid process?

Ms. SCOTT. Well I would simplify the system by allowing students who are being raised by their grandparents but through no legal obligation, really because the grandparents have decided to take the grandchildren into their home because it is the right thing to do. And most of the communities we work in, there is no legal custody relationship. It is a small town. Everyone knows each other. Alabama is a rural state like Maine, and the student shows up to school and manages to get through 12 years of school without any issues with being abandoned or neglected by their parents.

But I have heard from multiple students who faced complicated parental situations that if they were allowed to apply as provisionally independent and then their college was able to work with them to get a letter from the school counselor or school social worker, to simplify the process so that these students are not held back because of their family status. It is not—the student who wants to go to college should not be impacted negatively because of their family situation. Those are the students we should be lifting up and easing through the process instead of making it more complicated for them.

Senator COLLINS. Thank you. Dr. Scott Taylor, when I heard you talk about your own experience, it reminded me of the experience of so many families in Maine who simply do not have experience with higher education. The administrators at the university, they tell me that they see many errors on the questions regarding grade level and degrees for which students are applying.

For example, some students graduating from high school mistakenly believe that they are graduate students and students applying for different kinds of schools may not accurately answer questions about whether they are working toward an associate degree or a

baccalaureate degree. This is a strange new world for them if they have not gone through the TRIO program or similar programs. But this raises the question in my mind for these first-generation college students, if we are merely calculating a family's estimated contribution toward the degree for this student one year at a time, do we really need those kinds of questions on the form?

Dr. SCOTT TAYLOR. Of course, I would agree with my colleagues and say no, I think that the form can be simplified, and questions can be reduced. If a student is deemed eligible for Federal aid in their first year, chances are that does not change often particularly for first generation college goers. So, I think in the spirit of making the process easier and uplifting students who need the most help, I think reducing the number of questions that really do not assist in us determining whether or not they are eligible for aid would be a tremendous step in the right direction, particularly that question around what type of degree are you pursuing. Most kids who we work with do not even know the difference just yet between associate's, bachelor's, etc.

Senator COLLINS. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Collins.

Senator JONES.

Senator JONES. Thank you, Mr. Chairman. You know and thank you for the hearing and for the work your staff is doing with mine on this important issue. I do find it, I will tell you, a little ironic that we are talking about barriers to college with primarily low-income folks and people that cannot do this, is that I am sitting here, I get a Washington Post note that says that the FBI chooses some 30 wealthy parents, including celebrities, in a college entrance bribery scheme. I guess the barriers to a really good college that you can afford are a lot different than what we are doing. So, I appreciate your testimony and trying to get folks into college that truly want that education and need that.

Ms. Scott, again thank you in particular for all the work you are doing in Alabama to help raise the number of FASFA applications. My office has started doing some workshops, I think, with you and others to try to get this process until we can get this legislatively. One thing you mentioned in your testimony, kind of piggy-back to some of what Senator Collins and Ms. Scott were talking about a minute ago. You talk about the focus on funds available rather we should focus on funds available rather than what is the family expected to pay. Could you elaborate on that just a little bit, the importance of that?

Ms. SCOTT. For low-income families where students don't think there is any money available for them to go to college, and when we started this work almost 10 years ago, we thought that the issue in Alabama and our low educational attainment rate was because students did not want to go to college. But we quickly learned that is not the case. It is that our students did not know how to pay for college. And so, there was an idea that I am not even going to think about going to college because there is no way for me to pay for it.

College Promise programs like Tennessee's, like the Kalamazoo Promise, have a very powerful message that says no matter who you are, no matter who is in your family, no matter what is going

on, if you fill out a form, we are going to ensure that you can go to college. And again, that the two year or four year technical academic program, I do not care. I think one of our issues is that we need to elevate technical education so that parents are just as confident sending their student to a community college to be a welder, as they are to send them to Harvard do pre-med. But if we can simplify the message that there are funds available and do it like Washington has where instead you are on free and reduced lunch, you can probably qualify for financial aid if you fill out this form.

The form is still a barrier, but you are able to have the message that there is a way available to pay to go to college. And so that simplifying that message and making it clear and making the process work for students instead of—I do not know who the process works for right now because I am in a financial aid administrators Facebook group and they complain about the process all the time. And I know that as direct service providers the process does not work for my folks and the process is not working for students.

I really question if the process is itself a barrier to that college going culture and that understanding that there is a way available to pay for it. And the more that we can communicate, you get SNAP if you are on free and reduced lunch, this is what you will qualify for. Somebody suggested that there be a chart. If you are in a family of four and your adjusted gross income is less than, I am just going to make up a number, \$60,000 then you will qualify for a grant to go to college. The simpler we can make it, the better. Our banks have gotten good at this. TurboTax is good at this. We can do better.

Senator JONES. Alright, thank you Ms. Scott. As we all know, we talked about the student debt crisis and research shows it impacts students of color harder than others. And in early January I sent a letter to a number of stakeholders asking how we can improve policies to deal with that. In the short time we have got remaining, I know that Alabama Possible and the College Now Greater Cleveland both answered those questions. Could you give just briefly, talk about on a record here, your responses of how we can do that? How we can be better for people of color to pay their loans? Ms. Scott, real quick.

Ms. SCOTT. In addition to streamlining the FAFSA, making the language clear, tying the Pell Grant to the cost of college so that it reflects today's cost of college, there is also a very important issue for HBCUs which is that Title III mandatory funding is set to expire, and that is critical for students of color in order to be successful.

Dr. SCOTT TAYLOR. I would say simplify the language. Make it much more accessible and start with families much earlier. There is an intersection between students who are first gen, low income, and race, as we talked about. So just aggregating Federal data so that we can understand what those disparities are so that we can really target our efforts and our approaches. But making the message simpler, communicating it earlier, so that students and families are aware of what it takes to finance an education and have opportunities to start the process much earlier than signing their promissory note not even understanding what they are signing.

Senator JONES. Great. Well, thank you. Thanks again to all the witnesses and thanks for responding to our letter. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Jones.
Senator KAINE.

Senator KAINE. Thank you to the witnesses. Great hearing. And Ms. Scott, you were just talking about the need to elevate career and technical education. Senator Braun talked about the same thing. Senator Portman and I have a bill called the Jobs Act, which is heavily supported especially by America's community colleges that would allow Pell Grants to be used for shorter-term, high-quality, validated, verified career and technical programs, and we hope to have that as part of the discussion as we are in the Higher Education Act reauthorization. I want to ask about a question also related to something Ms. Scott just mentioned.

I am all for the simplification efforts and I like the fact that there is some good bipartisanship around this table on those. I want to focus on a different form of simplification. You can simplify the form for families, or you can essentially say, if your family is on food stamps you should be able to qualify for a Pell Grant without having to fill out and get a whole lot of things verified because you have already been verified for a means-tested program. If you are on free and reduced lunch, there is a verification for that. That should count when you are going to college. If you are in the foster care system where there has been a court order that you need to be placed with a different, set of adults because your family is not capable of supporting you, an order like that should be able to be a proxy for the elaborate FAFSA form.

I would just like each of you to address, simplification we should do it, but how about accepting other verifications and validations on means-tested programs as a proxy to enable students who have already qualified for those programs to be considered for financial aid, Pell Grant, or other kinds of need-based financial aid?

Dr. SCOTT TAYLOR. We agree with everything you just said.

Senator KAINE. As part of doing this, we should definitely explore those alternate validations.

Dr. SCOTT TAYLOR. Absolutely. And then find ways for us to share the data so that we can, as service providers, help families understand that if you are eligible for this, you are eligible for that. So, kind of cross-pollinating the knowledge about the opportunity.

Senator KAINE. Dr. Wiederspan?

Dr. WIEDERSPAN. I agree. And also, if you just look at it from a budgeting perspective that if you know there is this share of many people, you would know. It would allow states such as Iowa to at least know, well this is how much money we are going to need to set aside for this particular program. I think that would be very beneficial for that.

Senator KAINE. Mr. Meotti.

Mr. MEOTTI. Yes, absolutely Senator. I mean, I think first of all we do it a little bit in Washington where we work with a free and reduced price lunch population on one of our state grant programs. But there is no question that there is probably so much more gain not only for the students, but when you think of all the time that Americans whether they are students or in financial aid offices and

others, they are putting into this system right now to know really clear public policy benefit, to be able to use these markers, as indicators of need, I think is where there is tremendous opportunity.

Senator Kaine. This is sort of a pet peeve of mine, much broader than this question, different agencies control their own security clearance process. Why can't my security clearance that I got for the Department of Defense, why is that not sufficient to give me the security clearance when I apply for the Department of Homeland Security? Does it have to be done all over again? And I think validation of family income and assets for means-tested programs, that ought to be the kind of information we share.

Ms. Scott.

Ms. SCOTT. I would also say there is an opportunity for what is called intrusive advising which might be a different way to call wraparound services, but for institutions to communicate clearly with students and families about benefits they are eligible for, and so that every student gets screened to see if they might be eligible for SNAP benefits while they are in college, particularly as we have more and more adult, truly independent learners. What is the child care situation? We have increased funding for childcare on college campuses but what about other options for low-cost or no-cost child care? That is a crisis on college campuses today. And I would also like to ask you Senator to think about those quality guardrails with short-term Pell Grants to ensure that students are not going to institutions and getting a short-term certificate, but actually may be going into it more debt than they need to and not have the job outcomes that is really expected from a Federal investment for a Pell Grant.

Senator Kaine. I think that is extremely important for short-term, medium-term, long-term, when where the Federal investor and students getting degrees, the degrees should be high quality degrees. However long the course was or however many classroom hours, there has got to be independent validation. I completely agree with that.

Then finally I would just say to Dr. Scott Taylor, you talked about the severe information deficit that a lot of low-income families face. They are trying to grapple with the cost question, and can I afford it. I talk to a lot of middle-class families who also feel—and even if they have resources and some savvy and they might have been to college themselves, it is so complicated as they are now getting to this question of their own children's education. The goal is simplification that is this Committee's goal, is something that is going to help families of all levels is really important.

Dr. SCOTT TAYLOR. Right. I worked with a lot of families whose parents attended more selective institutions when they were in undergrad, realizing now that their children cannot afford to go to those same types of selective institutions. And as you can imagine, it is very heartbreaking when you think your child is going to go to your alma mater or school comparable to the one you went to get a comparable education, and they are finding that they cannot afford to send their children there.

Senator Kaine. Right. Thank you. Thanks, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Kaine.

Senator Baldwin, any other comments?

Senator BALDWIN. I have another question and if we can—

The CHAIRMAN. Sure.

Senator BALDWIN. I appreciate, Mr. Chairman. I am a strong supporter of three campus-based programs in our Federal financial aid system, including the Perkins Loan Program, which has been allowed to lapse. I continue to hear from institutions in my state of Wisconsin about the value of Perkins loans in targeting small amounts of aids to students in need, including Pell recipients. These students faced a shortfall that meant the difference between staying enrolled and dropping out. Unfortunately, there is simply nothing in the Federal financial aid tool box that fills the same and critical role. While we can and should look at ways to improve and better target aid through Perkins and other campus-based programs, I believe these unique programs should continue to be a part of a robust Federal financial aid system.

I wonder, I would love to hear from you Mr. Meotti and other witnesses, about the role that the Perkins Loan Program played in helping particularly needy students meet the true costs of college.

Mr. MEOTTI. I do think Senator you are speaking to a very important point of the campus-based aid programs, as they are called, have sort of not gotten the attention that I think they should. They allow institutions to have a fair amount of flexibility in how they meet the challenges on the ground that they face. I think I would also include in that, the work-study program. You know, we actually have a state work-study program that supplements the Federal program and we are trying to do much more creative work with that around aligning to not only student pathways but workforce needs, targeting lower income eligible populations. And it gives you the flexibility to do things, and things like Perkins and work-study and others, that is harder to do in a large-scale grant program that would be Pell or state need grant.

Senator BALDWIN. Any other comments?

[No response.]

Senator BALDWIN. Okay. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Baldwin.

Senator CASEY.

Senator CASEY. Thanks very much, and thanks for the panel. We are grateful for your testimony today. I am sorry I was not here for the duration of the testimony. We are doing a little hearing juggling today, so we are catching up, but I wanted to focus on this issue of complication and the issue of students not getting the aid that they would be entitled to because of some of the impediments.

We heard testimony that 45 percent of low-income students complete the FAFSA, missing out on something like \$24 billion in grants, and loans, and institutional aid each year. There was also testimony about 50 percent of Pell eligible students being flagged for verification, and that of those students flagged for verification, an estimated 25 percent of students abandon the financial aid process. We all want to ensure that students get the need assistance and we also want to make sure that forms are less complicated. We have got to do it the right way and that is why I am particularly concerned that students who do not apply or drop out of verification, concerned about that in particular.

I guess the question I have is directed at Ms. Scott about recommendations. Some of these I am sure you covered in one way or another, but I wanted to reiterate them. Recommendations for how we can better educate, counsel, and assist students, particularly low-income students and first-generation students as they apply for financial aid.

Ms. SCOTT. Simplification has a powerful impact, and as I mentioned, Promise programs are really known for having that clear message that has positive impacts not just on the college access piece but also in the college success piece because we do not want to see students just to start college, we need them to finish their post-secondary program.

Another issue around simplification is only filing the form once. As Dr. Scott Taylor mentioned, students' aid status does not vary that much from year to year. We create a tremendous bureaucracy in having students renew their FAFSA every year, and it would be a great relief to students and families if they filed their FAFSA once when they started in an institution, and then had the same award throughout their career at that institution. I could see a situation if you started at a two-year college, Lawson State Community College in Birmingham, and then you are going to transfer to UAB or Auburn or Alabama, that you would fill it out again. But as long as a student is at the same institution, tuition does not change that much. The family's financial situation does not change that much, but if they had a guarantee, that would be very helpful.

Senator CASEY. Anyone else have recommendations?

Dr. SCOTT TAYLOR. I would say in terms of advising and counseling students and families, one thing that we try to do is, because we know there is a disproportionate amount of students from low-income backgrounds being pulled for verification, we try to pull the information together even before they get the flag. So, if we know that a student is at risk for homelessness or is homeless or is a foster youth, we try to get the appropriate legal documents because we have been through this for a while now that we know what they are, that we try to help students sooner prepare those materials so that when the flag comes, they can more quickly get it to their college institutions.

We also try to work with, or we do work with institutions to ensure that the same documents we use for one college could be used at our partner institutions or colleagues at other colleges and universities. So, working a little bit in advance and pulling the verification materials together beforehand seems to have an impact on reducing the number of students who melt during verification because nine times out of ten, or what the percentage is, we know it is coming.

Senator CASEY. Thanks, Doctor. The last question I have in the time I have is for Ms. Scott again. I wanted to get back to this question of simplification even when it is streamlined and even when you have got reforms that lead to that, what are the—if you could walk through again, what are some of the limitations of FAFSA simplification?

Ms. SCOTT. It is a form you have to fill out. That is very intimidating for low-income families, and not just reducing the number of questions. So, reducing the number of questions from more than

100 to 15 to 25 can have a huge impact. In addition to that, means testing and IRS data sharing so that the Government talks to each other, it works more efficiently, and there is fewer prospects for errors, could all be very helpful in making this process work for students, families, and our workforce system.

Senator CASEY. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Kaine, do you have any other comment? You know, I am thinking listening to this, I think each of us probably has several hundred thousand families in each of our states who would say to us, if the entire educational community, counselors, and others have been telling you for five years that you can simplify the FAFSA form and by doing so make it easier for low-income students to have the kind of college experience that the Pell Grant was set up to create, then why don't you do it? I think that would be what most of them would say to us and if any of the students who go through this verification process—which is fundamentally seeing if the Government can catch you giving one set of financial information to the Education Department and another set of answers to the same questions to the IRS, which is easy to make a mistake on. You might leave an initial off. You might leave a number wrong. And that is what Senator Casey was talking about, the large number of low-income students that targets. Well, the legislation Senator Murray and I introduced in the Senate passed, eliminated most of that by eliminating most of the so called verification because you do not have to compare those two things. They give it back.

Then the expected family contribution. That is a mystifying thing even for a college graduate, and if we can demystify that and go to a table or set of simple calculations, all of those things are things that we should be capable of doing this year. I think it is probably a good idea that we took some time to think this through. At first it seemed tantalizing we might be able to do it down to two questions, but the more we got into it, that was not really practical because that would just force Washington, and Alabama, and the various states to then come up with their own sets of questions for their state aid and their institutional aid. So, I think we have benefited from listening to the entire community, but we have pretty well got this done.

Senator Murray and I are doing our best over the next few months working with Members on the Title VI legislation. Senator Baldwin has a short-term Pell suggestion. Senator Kaine has—we have got a number of good ideas. We have got a number of good ideas on repaying student loans. The archaic nine different ways to repay it, many Senators left and right, Republican and Democrat, say let's get that down to two different ways to do it, and we will make one of them income-based in some form. There is broad agreement on that.

We are going to see what we can agree on and hopefully we can agree on a lot. That is what we try to do in reauthorization of higher education, but if we cannot agree on this much but can only agree on this much, I hope we go ahead and do it. And I hope one of those things is the simplification of the FASFA and the Murray-Alexander legislation that deals with saying to our constituents, you do not have to give the Federal Government information twice.

You can give it to us once and we are smart enough to figure out what to do with it once we have it.

Thanks to the witnesses. I would encourage each of you if something has come up that you would like us to consider, that you did not get to say, we welcome your written statement or follow-up letter. We thank you for your time and preparation, and for coming here.

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

The CHAIRMAN. I would like to thank Senator Baldwin for being Ranking Member today and for her contributions to our higher education reauthorization effort and to the Committee. The next hearing will be implementing the 21st Century Cures Act, making electronic health information available to patients and providers on Tuesday, March 26.

Thank you for being here.

The Committee will stand adjourned.

ADDENDUM TO THE TESTIMONY OF KRISTINA SCOTT

Thank you, Chairman Alexander, Ranking Member Murray, and Members of the Committee for the opportunity to submit this addendum to my testimony regarding reauthorization of the Higher Education Act presented to the U.S. Senate Committee on Health, Education, Labor and Pensions on March 12, 2019.

I seek to elaborate on two issues. First, I want to emphasize the importance of supporting Historical Black Colleges and Universities (HBCUs) in order to reduce the disproportionate debt burden for student borrowers of color. Second, I would like to submit Alabama's definition of quality postsecondary credentials for your consideration as you consider authorizing Pell Grants funding for short-term credentials.

Title III Funding, HBCUs, and College Affordability

HBCUs play an essential role in boosting access and success for African American students. In fact, even though HBCUs represent just 3 percent of two-year and four-year public and private nonprofit institutions eligible for Federal dollars, they award 17 percent of all bachelor's degrees earned by African American students.¹ Furthermore, HBCUs have conferred 24 percent of the bachelor's degrees earned by black students in science, technology, engineering, and mathematics fields since the early 2000's.² Thus, HBCUs' track record with regards to postsecondary attainment warrants the allocation of an increased amount of taxpayer dollars.

A critical means of supporting this extraordinary attainment at HBCUs is the Empowering HBCU Grant Program in Title III-B, Section 323 of the Higher Education Act (HEA). These formula-based grant dollars are authorized for—among other things—academic resources and endowment capacity building, and the formula is weighted heavily toward how well the institution enrolls and serves Pell students.

As noted below, this program faced decreases in appropriations from fiscal year 2012 to fiscal year 2013, fiscal year 2013 to fiscal year 2014, fiscal year 2014 to fiscal year 2015, and fiscal year 2016 to fiscal year 2017. Furthermore, the mandatory spending for this program in Title III-F, Section 371 of HEA expired in fiscal year 2019 (FY19).³ Thus, a significant source of funding for a demonstrably successful program is set to disappear if Congress does not act before the 2020 appropriations

¹ Williams, K. and Davis, B. (2019). Public and Private Investments and Divestments in Historically Black Colleges and Universities. American Council on Education and United Negro College Fund. <https://www.acenet.edu/news-room/Documents/public-and-private-investments-and-divestments-in-hbcus.pdf>.

² Preston, DeShawn C. (2017). Historically Black Colleges and Universities (HBCUs) Serving as a Community Cultural Wealth for African Americans Who Enroll in STEM Doctoral Programs. Clemson University. https://tigerprints.clemson.edu/all_dissertations/1931.

³ United States Department of Education Budget Tables. <https://www2.ed.gov/about/overview/budget/tables.html>.

have concluded. The figure below depicts the appropriations negotiations outcomes for this program from fiscal year 2011 through the most recent omnibus.

***Strengthening HBCU Grant Program Appropriations, fiscal year 2011–2019
(in millions)***⁴

| Fiscal Year | Discretionary Appropriations | Mandatory Appropriations | Total Appropriations | Mandatory Approps. as % of Total |
|-------------|------------------------------|--------------------------|----------------------|----------------------------------|
| 2019 | \$282,420 | 79,730 | 362,150 | 22 |
| 2018 | 279,624 | 79,390 | 359,014 | 22 |
| 2017 | 244,694 | 79,135 | 323,829 | 24 |
| 2016 | 244,694 | 79,220 | 323,914 | 25 |
| 2015 | 227,524 | 78,795 | 306,319 | 26 |
| 2014 | 223,783 | 78,880 | 302,663 | 26 |
| 2013 | 216,056 | 80,665 | 296,721 | 27 |
| 2012 | 227,980 | 85,000 | 312,980 | 27 |
| 2011 | 236,991 | 85,000 | 321,991 | 26 |

Absent a significant increase in discretionary spending in fiscal year 2020 or an agreement reached outside appropriations negotiations, the very foundation of this soon-to-be expired program will fracture. A drastic decrease in funding for this program will inevitably force HBCUs to turn to alternative revenue streams, potentially leaving students with a higher bill for tuition and fees than anticipated. Raising tuition and fees would be especially problematic for HBCU students, who already borrow nearly twice as much as their peers enrolled at non-HBCU institutions.⁵ To avoid that unacceptable outcome, we ask that, once reauthorized, mandatory appropriations for this program should be indexed to inflation to ensure at least moderate year-over-year increases, unlike the cuts resulting from the majority of the last eight budget cycles.

It is essential that the investments made in this program reflect the outstanding nature of the outcomes to which it has contributed. Thus, we urge you and your colleagues to earnestly prioritize this truly pressing need during the forthcoming HEA and appropriations negotiations.

The JOBS Act, Short-Term Pell Grants, and Quality Postsecondary Credentials

Currently, low-income students can use Pell grants to pay for bachelor's degrees, associate degrees, and certificate programs that last more than 600 clock hours or at least 15 weeks. The Jumpstart Our Businesses by Supporting Students (JOBS) Act would close the skills gap in the labor market by expanding Pell Grant eligibility to cover high-quality and rigorous short-term certificate programs so workers can afford high-demand credentials.

However, the JOBS Act does not clearly define what constitutes "high-quality and rigorous" short-term certificate programs. As a result, this legislation puts at risk both Federal investments in Pell Grant dollars and student investments in time, money, and deferred earnings.

The Alabama Workforce Council and its statewide Educational Attainment Committee reflected on how to ensure better outcomes for individuals, business and industry, and the overall economy as it wrote its Success Plus strategic plan to add 500,000 highly skilled individuals to the state's workforce by 2025. Success Plus relies on the following indicia of quality credentials:

⁴ Ibid.

⁵ Saunders, K.M., Williams, K.L., & Smith, C. L. (2016). Fewer Resources More Debt: Loan Debt Burdens Students at Historically Black Colleges & Universities. United Negro College Fund Frederick D. Patterson Research Institute. http://images.uncf.org/production/reports/FINAL_HBCU_Loan_Debt_Burden_Report.pdf.

- **Valuable**—Leads to increased wages that are at least 20 percent higher than those earned by an individual with a high school diploma alone; provides for career advancement and increased job security.
- **Portable**—Transferable to multiple employers and provides broad workforce opportunities; recognized as skills necessary to be successful in the state’s economy.
- **Stackable**—Provides a base for additional, continuous, or advanced training and/or education that can expand expertise and create additional wage value.
- **Trackable**—Can be quantifiably tracked by the state to ensure that awarded certificates align with industry needs and provide continued value to the bearer.
- **Skills-Based**—Awarded by professional groups, industry, vendors, and government agencies to individuals demonstrating measurable technical or occupational skills.
- **In Demand**—Responds to a demonstrated need by employers in Alabama to meet current and future workforce needs of the state’s evolving economy.⁶

Including a robust definition of “high-quality and rigorous” short-term certificates in the JOBS Act would enhance outcomes and return on investment for education and workforce stakeholders.

You have a significant opportunity to make postsecondary education more accessible and affordable for today’s students and families. Thank you for considering practitioners’ perspectives.

⁶ Alabama Workforce Council Statewide Attainment Committee (2018). Preparing Alabama’s Workforce for Opportunity & Growth. <http://www.madeinalabama.com/assets/2018/05/Success-Plus.pdf>.

WASHINGTON STATE COLLEGE BOUND SIGN UP FORM EXAMPLE

EXAMPLE



SMITH, JOHN
 7/2018-2019
 DOB: 04/04/2006
 Jefferson Middle School (OLYMPIA)
 School Code: 3133
 Home language: English

500717
 PARENT/GUARDIAN OF JOHN SMITH
 123 CHERRY ST NE
 OLYMPIA WA 98501

DEADLINE - August 31, 2020

You must **complete, sign and return** this form to finish your application.

REQUIRED: CHECK ONE BOX BELOW

- During 7th or 8th grade, household income from all sources (taxable and nontaxable) is less than or equal to the amounts in the chart.
- Student is currently in foster care or a dependent of the state.
- Student's family receives basic food/TANF benefits.
- OR**
- None of the above applies or not interested.

| Household Size | Annual Income Guidelines* | Monthly Income* | Weekly Income* |
|----------------------------------|---------------------------|-----------------|----------------|
| 2 | \$30,451 | \$2,538 | \$586 |
| 3 | \$38,443 | \$3,204 | \$740 |
| 4 | \$46,435 | \$3,870 | \$893 |
| 5 | \$54,427 | \$4,536 | \$1,047 |
| 6 | \$62,419 | \$5,202 | \$1,201 |
| 7 | \$70,411 | \$5,868 | \$1,355 |
| 8 | \$78,403 | \$6,534 | \$1,508 |
| Each additional household member | Add \$7,992 | Add \$668 | Add \$154 |

*Household income must be less than or equal to this amount.

STUDENT INFORMATION

Social Security Number (optional): _____ - _____ - _____

The Washington Student Achievement Council is required by law to keep this number secure.

Email Address: _____

Cell Phone: _____

PARENT/GUARDIAN INFORMATION

Email Address: _____

Phone Number: _____

- Highest education level completed by parent/guardian:
- Less than a high school diploma
 - Certificate/Associate degree
 - High school diploma/GED
 - Bachelor's degree
 - Some college
 - Master's/doctorate



SMITH, JOHN

| | |
|--|-----------------------|
| <p>Requirement to Share Information</p> <p>I authorize the Washington Student Achievement Council (WSAC) to receive and share my student's application and scholarship eligibility information with select partners only for the purpose of providing College Bound Scholarship (CBS) assistance, academic support, and determining CBS eligibility. These partners could include the Office of Superintendent of Public Instruction, my student's middle/high school, and colleges/universities that participate in CBS.</p> <p>The information shared may include my student's name, address, birth date, school, school ID number, grade point average and high school graduation date. I understand my student cannot receive CBS without sharing this information.</p> <p>Sharing Information with Approved Public and Non-Profit Organizations</p> <p>I authorize my student's information to be shared with approved organizations that have agreed to privacy guidelines. Information will only be used to provide CBS assistance and academic support. I may decline these services by checking the box below.</p> <p><input type="checkbox"/> No, I do not authorize WSAC to share my student's information with approved organizations. My student's information will only be shared with educational entities.</p> | |
| <p>STUDENT PLEDGE - Yes, I am College Bound! I pledge to:</p> <ul style="list-style-type: none"> • Graduate from a Washington high school or home school program with a cumulative grade point average of 2.0 or higher. • Have no felony convictions. • Apply for financial aid by completing the FAFSA or WASFA beginning my senior year. <p>Final eligibility to receive funds will be determined when you complete the FAFSA or WASFA.</p> | |
| <p>ACKNOWLEDGEMENT - The student and parent/guardian must sign this before submitting to WSAC.</p> <ul style="list-style-type: none"> • I, the parent/guardian, and I, the student, have read, understand and agree to the information on this application and it is true to the best of our knowledge. • We understand that the student will be eligible for the scholarship if program and income requirements are met when entering college. <p>OR</p> <ul style="list-style-type: none"> • I, the parent/guardian, have indicated my student is not eligible or I am not interested. | |
| <p>_____ Student Signature</p> | <p>_____ Date</p> |
| <p>_____ Parent/Guardian Signature</p> | <p>_____ Date</p> |



College Bound Scholarship
 PO Box 43430 Olympia, WA 98504-3430
 888-535-0747, option 1
 Fax (360) 704-6218
 collegebound@wsac.wa.gov
 www.collegebound.wa.gov



QUESTIONS AND ANSWERS

RESPONSE BY KRISTINA SCOTT TO QUESTIONS FROM SENATOR WARREN, AND SENATOR ROSEN

SENATOR ELIZABETH WARREN

Question 1. Almost half of today’s students are financially independent, but Congress built the Federal financial aid system as if these students are the exception. How should lawmakers consider financially independent students when revising or simplifying the FAFSA?

Answer 1. Our recommendations to streamline the FAFSA, focus the process on funds available to pay for postsecondary education, and decrease the verification burden apply to both dependent and independent students.

In addition, as I discussed in my written testimony, allowing financially independent students under the age of 24 to file as “provisionally independent” would make it easier for them to stay in or return to school.

For financially independent adults, enrolling in postsecondary education is frequently preceded by a change in income and/or employment status. Congress could consider the needs of financially independent students over the age of 24 by permitting them to submit both prior-prior year and prior year tax information. Congress could also work with the Department of Education to provide clear, actionable guidance to financial aid administrators regarding the use of professional judgment to take into account more recent changes in economic circumstances that might not be reflected on tax returns.

Question 2. Of the 1.8 million low-income high school seniors, 968,000 will submit a FAFSA, and 50 percent of them will be selected for income verification. In the 2015–2016 academic year, nationally, failure to complete the verification process kept one in five Pell-eligible students from receiving the Pell Grant. In your experience, has income verification prevented low-income students from attending college or increased college costs? How should lawmakers address this problem?

Answer 2. We provide direct services to Birmingham City Schools students, and 60 percent of the Birmingham City Schools Class of 2018 filed their FAFSA. A shocking 59.2 percent of the Birmingham City Schools Class of 2018 who filed a FAFSA were selected for verification.¹ Early analysis of our internal data indicates that only 38 percent of Birmingham City Schools Class of 2018 enrolled in college immediately after high school. The numbers alone tell a story of melt.

This data comes to life during the summer months, when we work with students to navigate the college enrollment process. More than half the students we see have been selected for verification and need extra assistance to meet the requirements of their college’s financial aid office.

¹ FAFSA Completion. Alabama Commission on Higher Education. fafsa.ache.edu.

As I discussed in my written testimony, increasing data-sharing among Federal agencies, particularly the Internal Revenue Service, would help repair the leaky FAFSA pipeline.²

I would also be interested to hear financial aid administrators' perspectives on how to change the verification process to serve students and families better.

Question 3. If Congress were to lower the required threshold of those selected for income verification (currently at 30 percent) would you expect this reduction to address the income verification issue?

Answer 3. Lowering the required threshold of those selected for income verification would be preferable to the current threshold. However, we question whether it would be enough to solve the verification barrier for the roughly half of all Pell-eligible filers who are flagged for verification.³ We would prefer to see increased data-sharing among Federal agencies so that students and their families are not required to enter and re-enter confusing financial information.

Question 4. Does income verification have an impact on the student loan debt load of students?

Answer 4. In our experience, students who are selected for verification, cannot timely resolve their verification status, and actually enroll in college turn to private loans and/or credit cards to close the gap between college expenses and available financial aid. That in turn adds to their overall debt load.

Question 5. Currently, the Expected Family Contribution (EFC) may disadvantage today's students who have dependents (including small children) or existing debt. Do you think the current EFC formula rightly accounts for all of the costs that today's students—especially those who are parents—face when they are trying to afford college?

Answer 5. Our work is primarily with very low-income high school students and returning adults who qualify for a full or nearly fully Pell Grant. We would not be in favor of adding questions to the FAFSA regarding dependents and/or existing debt for these FAFSA filers. The families we serve would benefit the most from an expedited process which awarded Pell Grants to families who already receive means-tested Federal benefits, such as the Supplemental Nutrition Assistance Program and from a simplified FAFSA form.

SENATOR JACKY ROSEN

Question 1. Starting with the FAFSA for the 2015–2016 academic year, foster youth and former foster youth were able to check a box identifying their background information when they filled out their financial aid forms. The purpose of this change was to simplify the process and help identify resources available for youth

² The Leaky FAFSA Pipeline (2017). National College Access Network. collegeaccess.org/images/documents/leakyFAFSAPipeline.jpg.

³ Warick, C. (2018) FAFSA Verification: Good Government or Red Tape? National College Access Network. collegeaccess.org/images/documents/Verification_White_Paper_2018.pdf.

who had spent time in the foster care system, in order to increase the number who were both applying to and attending college.

a. To all of the witnesses, can any of you provide the Committee with data on how many foster youth or former foster youth apply to college each year in your state and how this compares with youth who have not spent time in foster care.

b. What specific recommendations do you have to increase the number of foster youth applying to college? What specific barriers do you see and what recommendations do you have for this Committee? I would also be very interested in hearing what steps you are each doing to reach foster youth and other vulnerable populations to improve the current rates of application and graduation.

Answer 1. Currently, 20,000–25,000 foster youth age out of the foster care system each year. According to the most recent studies, 20 percent of foster youth enroll in higher education (so if the numbers stayed consistent to today, that would be roughly 4,000–5,000 foster youth per year); about 60 percent of other students enroll in higher education. Another study said that if foster youth graduated high school and attended institutions of higher education at the same rate as their peers, there would be an additional 100,000 former foster youth from the ages of 18–25 attending institutions of higher education. Overall, 2–9 percent of former foster youth obtain a bachelor's degree.⁴ The number of foster youth in the country also continues to rise.⁵

In Alabama in recent years, 62–65 percent of graduating high school years enroll in postsecondary education during the year immediately after they graduate from high school.⁶ Alabama does not publish data on overall college-going rates for foster youth or former foster youth, and Alabama Possible does not specifically target its services and outreach to foster youth or former foster youth.

Students who are in the foster care system when they earn a high school diploma or GED and those adopted from Alabama foster care after age 14 are eligible for Alabama's Fostering Hope Scholarship, which covers tuition and fees for postsecondary certificate or degree programs at 2-or 4-year public colleges in Alabama. Students who register for the scholarship are also teamed with a mentor to assist with postsecondary planning. According to the Alabama Department of Human Resources, there are approximately 6,000 foster youth of all ages in the State of Alabama, 163 students are participating in the Fostering Hope Scholarship program during the Spring 2019 semester, and a total of 303 students have participated since the program's launch during the 2016–2017 school year.

⁴ Fostering Success in Education: National Factsheet on the Educational Outcomes of Children in Foster Care. (2014) National Working Group on Foster Care and Education. cdn.fc2success.org/wp-content/uploads/2012/05/National-Fact-Sheet-on-the-Educational-Outcomes-of-Children-in-Foster-Care-Jan-2014.pdf.

⁵ The AFCARS Report. (2017) U.S. Department of Health and Human Services, Administration for Children and Families, Administration on Children, Youth and Families, Children's Bureau. <https://www.acf.hhs.gov/sites/default/files/cb/afcarsreport24.pdf>.

⁶ Spencer, T. (2019) College-Going Rates for Alabama High Schools. Public Affairs Research Council of Alabama. <http://parcalabama.org/college-going-rates-for-alabama-high-schools-2/>.

California, New York, Pennsylvania, and Michigan have passed legislation to assist foster youth with transitioning to postsecondary education.

RESPONSE BY MARK WIEDERSPAN TO QUESTIONS FROM SENATOR WARREN, AND SENATOR ROSEN

SENATOR ELIZABETH WARREN

Question 1. Almost half of today's students are financially independent, but Congress built the Federal financial aid system as if these students are the exception. How should lawmakers consider financially independent students when revising or simplifying the FAFSA?

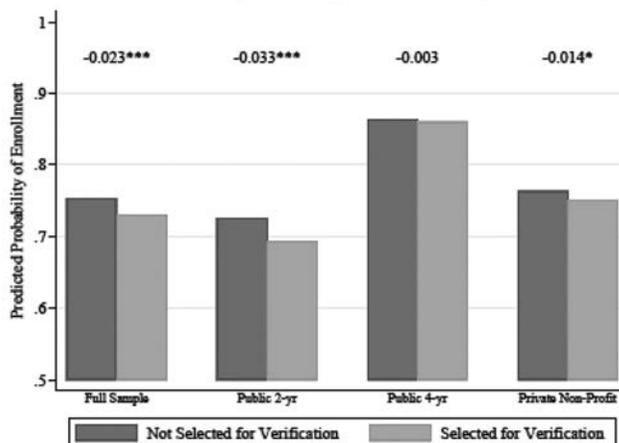
Answer 1. Previous research, such as my own, has demonstrated that most of the financial information collected on the FAFSA does little to determine aid eligibility. In fact, EFC and financial aid eligibility can be approximated with a high level of precision with only a handful of elements: adjusted gross income, taxes paid, state of residence, family size, marital status, type of income tax form filed, and the number of family members in college. All of this information could accurately estimate aid eligibility regardless of dependency status. That said, there would be no need for specialized questions tailored to independent students.

Question 2. Of the 1.8 million low-income high school seniors, 968,000 will submit a FAFSA, and 50 percent of them will be selected for income verification. In the 2015–2016 academic year, nationally, failure to complete the verification process kept one in five Pell-eligible students from receiving the Pell Grant. In your experience, has income verification prevented low-income students from attending college or increased college costs? How should lawmakers address this problem?

Answer 2. My research provides evidence that income verification does prevent low-income students from attending college. Due to Iowa College Aid's management of state aid programs, our agency receives Institutional Student Information Records (ISIR) for all Iowans who file the Free Application for Federal Student Aid (FAFSA). For my analysis, I used ISIR records for first-time FAFSA filers from the 2012–13 to 2016–17 academic years. This dataset not only includes detailed measures that are used to calculate filers' EFC, but also variables identifying which filers were selected for verification. This data was then matched to the student-level data base maintained by the National Student Clearinghouse (NSC), which allows for identification on filers' postsecondary enrollment.

Through a series of logistic regressions, I estimated the predicted probability of college enrollment between Pell-eligible filers selected for verification and Pell-eligible filers not selected for verification. Figure 1 below displays the results for these two groups. Above each predicted probability is the average marginal effect, which provides the statistical difference in college enrollment.

Figure 1: Predicted Probability of College Enrollment by Verification Status



Note: Each column reflects results from a separate regression. Regressions includes demographic controls, such as gender, automatic zero EFC status, SNT status, first generation status, EFC, dependency status, institutional sector, year in college, and academic year. * $p < .10$, ** $p < .05$, *** $p < .01$

Pell-eligible filers who were selected for verification were roughly 2.3 percentage points less likely to enroll in college than their counterparts who were not selected for verification. The enrollment difference, however, changes when examining across institutional sectors. Verification had the biggest impact for Pell-eligible students who were intending to attend a community college (public 2-year)—filers selected for verification were significantly less likely to enroll by 3 percentage points.

The exact reason selected filers do not enroll is unknown—the aforementioned analysis examines only the association between verification selection and college enrollment. However, enrollment decisions could be based on financial aid receipt. Filers need to complete the verification process before financial aid can be disbursed. If students do not have the tools to complete the verification process, they will not be able to receive financial aid. Thus, college prices will be higher for those who do not complete the verification process, and the inability to pay those prices could deter lower-income students from attending college.

My written testimony has recommendations for how the Committee can address this problem. But I would specifically recommend that lawmakers (a) utilize the IRS Data Retrieval Tool (DRT) not only to make the FAFSA more simple but also to reduce the need for verification, and (b) make the selection for verification more transparent by providing filers with more information on why they were selected for verification and making the criteria or formula determining selection known.

Question 3. If Congress were to lower the required threshold of those selected for income verification (currently at 30 percent) would you expect this reduction to address the income verification issue?

Answer 3. While it is true that roughly 30 percent of filers are selected for verification annually, institutions that have a large share of Pell-eligible students carry a heavier load in the verification process. Starting in 2012–13, postsecondary institutions were no longer required to verify 30 percent of their FAFSA filers. Rather, institutions are now required to complete the verification process for every selected filer. This means that distribution of selected students varies across institutions. Because verification is highly associated with Pell eligibility, institutions with a high share of Pell-eligible students carry a heavier verification burden than institutions with a small share. Because community colleges have a large share of Pell-eligible students, this sector often has more filers to verify. Using Iowa FAFSA filers during 2017–18 as an example, 47 percent of filers intending to attend a community college were selected for verification, compared to 17 percent at 4-year public and 25 percent at private non-profit colleges.

I would expect that any alleviation in the 30 percent that are selected for verification annually would help improve college enrollment rates, especially at postsecondary institutions that have a large Pell-eligible population.

Question 4. Does income verification have an impact on the student loan debt load of students?

I am not aware of any research or evidence that demonstrates a direct impact of verification on student loan debt. However, should filers not complete the verification process, they would be ineligible to receive Federal Stafford loans. In this instance, filers could potentially use non-Federal loans, which may have higher interest rates.

Question 5. Currently, the Expected Family Contribution (EFC) may disadvantage today's students who have dependents (including small children) or existing debt. Do you think the current EFC formula rightly accounts for all of the costs that today's students—especially those who are parents—face when they are trying to afford college?

By design of the current EFC calculation formula, independent students who have dependents should have a smaller EFC than similar students who do not have dependents. Independent students with dependents are eligible to have their EFC calculated through the simplified needs test and are eligible for an automatic zero EFC, whereas independent students without dependents are not.

Within the EFC formula, there is a financial offset that accounts for the basic costs of maintaining family members in the home while in college. This allowance is based on cost of living estimates from the Bureau of Labor Statistics. Independent students with dependents have a higher income protection allowance than dependent students and independent students without dependents. If there were a change in the EFC to rightly account for the costs, it could be reflected in a change to this income protection allowance. However, I am not able to make a judgment on whether this current offset amount accurately reflects costs that students are facing today. Instead, I think that more inspection could be done on colleges' cost of attendance measures. Previous research has

demonstrated that these cost of attendance measures may not necessarily reflect the true costs of attending a postsecondary institution, as some researchers have argued that the estimated costs are smaller than the true costs.

SENATOR JACKY ROSEN

Question 1. Starting with the FAFSA for the 2015–2016 academic year, foster youth and former foster youth were able to check a box identifying their background information when they filled out their financial aid forms. The purpose of this change was to simplify the process and help identify resources available for youth who had spent time in the foster care system, in order to increase the number who were both applying to and attending college.

a. To all of the witnesses, can any of you provide the committee with data on how many foster youth or former foster youth apply to college each year in your state and how this compares with youth who have not spent time in foster care?

b. What specific recommendations do you have to increase the number of foster youth applying to college? What specific barriers do you see and what recommendations do you have for this Committee? I would also be very interested in hearing what steps you are each doing to reach foster youth and other vulnerable populations to improve the current rates of application and graduation.

Answer 1. Unfortunately I do not have data on the college enrollment rates for all foster youth in the state of Iowa. My analysis is limited to Iowans who file the FAFSA. Internal agency data does suggest that, on an annually basis, roughly 1 percent of Iowa FAFSA filers are orphans or wards of the state in foster care. That equates to approximately 1,100 to 1,700 foster students filing the FAFSA annually. Among that 1 percent, roughly 51 percent enroll in college. In comparison to youth not in foster care and who file the FAFSA, the enrollment rate is closer to 75 percent.

As the agency in charge of administering the state of Iowa's grants and scholarship programs, we do oversee Iowa's Education Training Voucher (ETV), a federally funded aid program through the John H. Chafee Foster Care Independent Program. In recent years, there have been changes to the aid program that have allowed for a larger share of foster students to be ETV eligible. Specifically, the age restriction changed from 23 to 26 years of age. However, there is still a 5 year maximum lifetime eligibility for this aid program. We have discovered that many foster students enroll part-time, which can lead to these foster students extending their time to degree beyond 5 years. One possible recommendation for the Committee would be to modify this 5 year limit to a 5 full-time equivalent year limit. This small adjustment would not only take into account periods where foster students are enrolled part-time, but would also allow for an extension in their aid eligibility that could cover their time to degree.

RESPONSE BY MICHELE SCOTT TAYLOR TO QUESTIONS FROM
SENATOR WARREN, AND SENATOR ROSEN

SENATOR ELIZABETH WARREN

Question 1. Almost half of today's students are financially independent, but Congress built the Federal financial aid system as if these students are the exception. How should lawmakers consider financially independent students when revising or simplifying the FAFSA?

Answer 1. College Now serves many students who lack any financial support from their parents, but due to Federal rules, are unable to qualify for independent status. This issue becomes especially pronounced when students are trying to complete the FAFSA. It is not uncommon for parents to withhold his or her tax information from their child. The reasons are varied, but often include lack of familiarity with the process and/or concerns with turning over personal information to school. This unfortunately can then prevent their child from being able to access postsecondary.

Alex is a student from Cleveland who is currently enrolled at Baldwin Wallace. She summed up her experience as a dependent student:

"My parents do not provide any financial support in my life whatsoever, and that's how it has been since I was 16. The government does not take into consideration that there are different circumstances in every person's life which can limit their ability to afford college. My parents didn't give me the luxury of helping me pay for school or surprising me with a bank account with thousands of dollars when I turned 18. But until I am 24, I am included on my parents' taxes, even if I live on my own—and the only way I can become eligible is if I have a child or get married."

Alex's suggestion was to simply "provide an option on the FAFSA that allows you to check "yes" or "no" regarding parental financial support through college." While we recognize the process cannot be so simple, we do believe there should be an easier path to proving independence and revising the current formula that determines a family's EFC.

Question 2. Of the 1.8 million low-income high school seniors, 968,000 will submit a FAFSA, and 50 percent of them will be selected for income verification. In the 2015–2016 academic year, nationally, failure to complete the verification process kept one in five Pell-eligible students from receiving the Pell Grant. In your experience, has income verification prevented low-income students from attending college or increased college costs? How should lawmakers address this problem?

Answer 2. Income verification ABSOLUTELY prevents low-income students from attending college and it has increased college costs. It is alarming that while 30 percent of all FAFSA filers are selected for verification, 50 percent of Pell eligible students are selected. Of those who are Pell-eligible and selected for verification only 56 percent go on to receive a Pell Grant compared to 81 percent of Pell-eligible students not selected for verification. This represents a 25 percentage point "melt" (Warick, 2018). There is little evidence to show that the verification process actually has the de-

sired results: reducing improper payments and ensuring accountability within the financial aid process. For example, Pell overpayment accounts for 95 percent of improper payments. However, according to the U.S. Department of Education, 63 percent of those overpayments are due to administrative or process errors while only 37 percent are due to failure to verify financial data (2017). Further, there is evidence that families with higher incomes (over \$75,000), if selected for verification, would be more likely to receive a major change in their financial aid package than those with zero EFC's (46 percent vs 7 percent, respectively) (Warick, 2017). It is clear that the verification process unfairly targets those who are low-income.

At College Now, we work with 29,000 students annually throughout financial aid process including financial aid education, FAFSA completion assistance, verification support, and loan repayment. We know from this direct service, that verification is a major barrier to college enrollment for low-income and first-generation students and work diligently to help students selected for verification complete the complicated process. However, there are times when these efforts fail to prevent students from melting.

Verification can also contribute to a student delaying or even losing his or her award, as the U.S. Department of Education cannot disperse any Federal funds until the student completes the process. The verification process can take several months and force students to find alternative means of funding to pay for academic or housing deposits, as they wait for the funds to be awarded.

John was planning on attending Cleveland State University. He is the first in his family to attend college and therefore relied heavily on College Now advice and support. Neither of his parents work, although they are married. Together, his family and the College Now advisor completed the necessary paperwork and requested a copy of proof for non-filing—the 4506 form for his mother. We mailed several copies of this form before we eventually heard back.

Sadly, John started college in the Fall without his financial aid being squared away. He was dropped from his classes and required to re-register and he started the classes without having the money to purchase his textbooks. After he dropped the first semester classes he works at various fast-food jobs and works at the Indians Stadium when they are in-season and at first he talked about transferring to Tri-C, but now he just wants to work.

To address the challenges of verification, and ensure that future students like John are able to enroll without these additional hurdles, we recommend that Congress:

- a. simplify the FAFSA to reduce the number of thresholds for verification,
- b. use qualifying for means-tested benefits as evidence of a student's financial situation (too often, we require students and their families to prove over and over that they are in fact poor. This can be streamlined through stronger data sharing between agencies and by giving FAFSA filers who receive means tested benefits an auto zero EFC and exemption from verification),

c. amend IRS Code Section 6103 be amended to allow for direct sharing between the Department of Treasury and Education; and

d. legislate the re-establishment of a verification cap. Historically, institutes of higher education were allowed to cap the number of students they verified at 30 percent. That cap was removed in 2012. While we'd like to reinstate some sort of cap, we concur with the National Association Financial Aid Administrators, that a 30 percent verification rate is unnecessarily high to ensure that the program is being implemented with integrity. In contrast, the IRS verifies less than 1 percent of filers with adjusted gross incomes of \$1 to \$500,000.

Another major verification challenge is that once a student is selected for verification at one school, they are likely to be selected for verification at multiple schools. The processes are burdensome work for the student and their families.

e. We recommend that the verification process be standardized or that the Department create a one-stop verification clearinghouse so that students only need to complete the process once.

In addition to these recommendations, we ask that Congress take further action to ensure that verification achieves the desired impact of reducing improper payments and that more be done to prevent the burden of verification from falling on the most vulnerable students.

To that end, Congress should consider the following two questions as it considers HEA reauthorization. *Is verification having the desired results? Further, could verification be structured in a way that targets fewer students and lowers the burden on both families and institutions of higher education?*

Question 3. If Congress were to lower the required threshold of those selected for income verification (currently at 30 percent) would you expect this reduction to address the income verification issue?

We think that lowering the required threshold for income verification is one of many steps needed to reduce the impact of verification (see question 2). However, for this to be equitable and effective, it would need to be implemented in conjunction with the reinstatement of a verification cap at the institutional level. In 2012, the Department removed the 30 percent verification cap for institutions of higher education. This in turn, raised the verification burden for schools that attract a high number of Pell eligible students, like our partners Cuyahoga Community College, and Cleveland State University. This has forced schools like these to redeploy resources from supporting success and completion to administrative tasks to meet the rising verification burden.

Lowering the caps at the Departmental level and for institutions, would allow institutions of higher education, to refocus their energy on more appropriately meeting the needs of students, not administrative work.

Question 4. Does income verification have an impact on the student loan debt load of students?

Answer 4. Income verification can have a negative impact on the student loan debt loads of students. If a student is unable to complete the verification process, they are then unable to access Federal grants and scholarships and also state grants like the Ohio College Opportunity Grant and private scholarships like the College Now Scholarship. This in turn, could lead a student to take out private student loans at a higher rate than they would otherwise.

Question 5. Currently, the Expected Family Contribution (EFC) may disadvantage today's students who have dependents (including small children) or existing debt. Do you think the current EFC formula rightly accounts for all of the costs that today's students—especially those who are parents—face when they are trying to afford college?

Answer 5. Absolutely Not! While the rationale for using a formula to calculate the EFC is laudable—it standardizes the use of Federal financial aid and it is a more systematic approach to ensuring fairness and perhaps “equality”—it is not equitable, and there is a huge difference between equality and equity. The ability to afford college is predicated on a number of variables that are not currently accounted for or believed to be necessary in helping students access higher education. Existing debt is the most significant one!

SENATOR JACKY ROSEN

Question 1. Starting with the FAFSA for the 2015–2016 academic year, foster youth and former foster youth were able to check a box identifying their background information when they filled out their financial aid forms. The purpose of this change was to simplify the process and help identify resources available for youth who had spent time in the foster care system, in order to increase the number who were both applying to and attending college.

a. To all of the witnesses, can any of you provide the Committee with data on how many foster youth or former foster youth apply to college each year in your state and how this compares with youth who have not spent time in foster care?

Answer 1a. We do not specifically disaggregate our data regarding foster youth and formerly foster youth seeking to gain access to higher education. However, overall, the rate of foster care placement is on the rise in Ohio. In 2018, 26,700 children were placed in foster care at some point—an increase of 3,184—in just five years.¹ In Cuyahoga County, where College Now is headquartered and most of our services are provided, there are 1,394 children in either a DCFS or a Network Foster Home. In Ohio, 978 children aged out of out-of-home care in 2015.² Sadly, Ohio has long ranked last in the Nation in state funding for Children Service agencies.

¹ <https://www.dispatch.com/news/20190329/ohio-child-welfare-system-in-crisis-advocates-say>.

² <https://www.cwla.org/wp-content/uploads/2018/04/Ohio.pdf>.

There is a clear need to make sure that these students are provided with access to postsecondary and the supports necessary to accomplish their goals. According to the nonprofit, Foster Care to Success, only 10 percent of formerly foster youth graduate from college. Unfortunately, there is little attention being brought at a state-wide level to this gap, and we were unfortunately, unable to determine the college application rates of these students compared to their peers in Ohio.

Question 1b. What specific recommendations do you have to increase the number of foster youth applying to college?

Answer 1b. To increase the number of foster youth applying to college, we recommend increasing Federal grant funding (i.e. a larger maximum Pell Grant) for foster youth, as college costs can be a major barrier to higher education. The average young adult relies on their families for emotional support and some financial assistance until they are 26 years old. Most foster youth do not have this support network.

While we are grateful that Congress continues to increase Pell, its purchasing power has declined tremendously since its establishment. In 1980 the Pell Grant covered 68 percent of college costs. In comparison, in 2016–17 it covered only 25 percent of costs. If Pell were to maintain its purchasing power from 40 years ago, the maximum grant would be \$15,471; for the 2018–19 school year maximum Pell was \$6,095. Even with state need-based aid and private scholarships, many formerly foster youth will view postsecondary as out of reach.

We also suggest that Congress simplify the FAFSA and resulting verification process which can serve as a major barrier to college access for these youth. Congress should use qualifying for means-tested benefits as evidence of a student's financial situation. Too often, we require students and their families to prove over and over that they are in fact poor or in a difficult situation. This can be further streamlined through stronger data sharing between agencies and by giving FAFSA filers who receive means tested benefits an auto zero EFC and exemption from verification. One College Now Advisors shared this story about how the verification process can become a major barrier to foster youth:

Foster kids are even more challenging. While they usually have the documentation they need if they're verified—and I've seen way fewer kids all the way through verification for foster care—they're usually dealing with so many other things trying to keep their lives stable as they age out that school isn't super important and verification is usually enough to knock them off track. Most foster kids I've seen in the Resource Center spent the first few years after high school trying to get their lives stable and miss out on critical scholarship money.

We also recommend that private scholarship providers take into the unique needs of these students. For example, college advocated for the needs of foster youth as part of Cleveland's Say Yes to Education Scholarship. There is a residency requirement for Say Yes scholars, and College Now advocated to eliminate this requirement for those who are in foster care or are homeless.

Finally, we ask that our higher education partners provide more support for these students once enrolled. For example, Cleveland State University offers foster youth the Sullivan/Deckard scholarship. The Sullivan/Deckard scholarship guides youth who age out of the foster care system through the college application process. Once enrolled, these scholars benefit from a comprehensive support system and scholarship that covers tuition, room and board, and on campus employment through Federal-Work Study. This is a unique scholarship program with support services that are not found on many campuses.

Question 1c. What specific barriers do you see and what recommendations do you have for this Committee? I would also be very interested in hearing what steps you are each doing to reach foster youth and other vulnerable populations to improve the current rates of application and graduation.

Answer 1c. College Now Greater Cleveland pays close attention to the needs of foster youth serving them in the schools and through our two Resource Centers which are open to the public. Our advisors work with these students ensure they have the support needed to complete college applications and the FAFSA as well as relevant scholarships. We also, when funding is available, work with area colleges to provide scholarships and or waivers so that these students can live on campus during the times when residence halls are closed for most students (spring break, summer break, etc.). In addition, we partner with local nonprofits who work with this population to educate them on the issues and needs of these students matriculating and persisting in college. This information helps the broader community advocate for services to support these students. This Committee could be helpful in developing opportunities for cross collaboration among healthcare, social service and educational providers who can work with students holistically and mitigate the need for students to navigate multiple systems essentially.

In our direct service work, we utilize a case-management approach to ensure each student meets with a College Now Advisor at least once a month. We recognize that before the career and college readiness conversations can occur, these students often have other needs that must be met like food, health and secured housing. For this reason, our staff first provide referrals to these services. Once those basic needs are met, they will begin to have conversations with these students about their postsecondary plans and financial concerns.

This Committee could be helpful in developing opportunities for cross collaboration among healthcare, social service and educational providers who can work with students holistically and mitigate the need for students to navigate multiple systems (essentially leveraging the resources to achieve greater sustainable impact).

We believe that TRIO and GEAR UP provide best practices because they utilize cohort models and because they provide wrap around services including funding. We recommend continued and increased funding for these programs. We also recommend continue researched on best practices in higher education access and comple-

tion. We also recommend continued researched on best practices in higher education access and completion using data disaggregated by vulnerable populations so that the magnitude of this problem can be more easily demonstrated, understood and acted upon.

[Whereupon, at 11:31 a.m., the hearing was adjourned.]

