

MEMORANDUM**TO: ASAHP Members****FROM: Kristen Truong****DATE: March 12, 2019****RE: Senate Committee on Health, Education, Labor & Pensions Committee Hearing on “Reauthorizing the Higher Education Act: Simplifying the FAFSA and Reducing the Burden of Verification”**

March 12, 2019, 10:00 AM, 430 Dirksen

[\[HEARING LINK\]](#)**Overview:**

The Senate Committee on Health, Education, Labor & Pensions Committee held a hearing on “Reauthorizing the Higher Education Act: Simplifying the FAFSA and Reducing the Burden of Verification”. There was bipartisan support for reducing the number of FAFSA questions, sharing data between the IRS and FSA, expanding Pell to short-term programs, and introducing CTE and community colleges to middle and high school students. Concern was expressed for first generation students and students of color who get selected for verification and may end up not going to college because they just stop the process, while the questions flagged for verification could be answered with data sharing between the IRS and FSA.

Opening Statements:**Chairman Lamar Alexander (R-TN) [\[Full Statement\]](#)**

After five years of work, we are ready to do just that by reducing the Free Application for Federal Student Aid – the FAFSA -- from 108 questions to two dozen, and eliminate the need for families to give their financial information to the federal government twice.

East Tennessee State University said a third of their applicants – approximately 10,000 – are selected each year for verification – a complicated process that stops Pell Grant payments while a student and their family scrambles to submit their federal tax information or prove they did not have to file taxes.

Former Tennessee Governor Bill Haslam told me that Tennessee has the highest rate of filling out the FAFSA, but it is still the single biggest impediment to more students enrolling in Tennessee Promise.

Five years ago at a hearing before this Committee we heard that the vast majority of questions on the FAFSA are unnecessary. I asked if the four witnesses could each write a letter to the Committee recommending how they would simplify the FAFSA. The witnesses looked at each other and said, we don’t have to write you four letters – we can write you one letter because we agree.

Here is what all of these improvements mean to the 20 million families that fill out the FAFSA every year:

1. Reduce the 108 questions to 15-25.
2. Dramatically decrease 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.
3. Simplifying the form and the verification process should encourage more students to apply for federal aid, which will ensure that eligible students receive the Pell they deserve.
4. Students can now complete the FAFSA on their iPhone.
5. Families can now apply for federal student aid sooner because they can use information from their last year’s tax return; and
6. Students can find out as early as eighth grade how much Pell grant funding they may be eligible for.

7. There is a \$6 billion advantage to taxpayers – that is the amount the Department of Education estimates is issued in improper payments every year.

I have proposed having just two ways to repay student loans: One, a plan based on a borrower's income, which would never require the borrower to make payments of more than ten 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.

I am proposing we simplify federal regulations that take time and money away from educating students. 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.

Sen. Tammy Baldwin (D-WI) *Sen. Baldwin was acting Ranking Member for this hearing

I'm interested to hear more about income verification and its impact on low income students. We must do more to remove barriers for students from seeking and receiving financial aid. We must commit to strengthening and expanding our federal financial programs in order to help students in need earn a higher education without suffocating debt. I hope this Committee will build on strengthening and building institutional accountability and addressing student discrimination on campus.

Ranking Member Patty Murray (D-WA) Submitted Opening Statement [\[Full Testimony\]](#)

Witness Testimony

Kristina Scott, Executive Director, Alabama Possible [\[Full Testimony\]](#)

Michael Meotti, Executive Director, Washington Student Achievement Council [\[Full Testimony\]](#)

Dr. Mark Wiederspan, Executive Research Officer, Iowa Student Aid [\[Full Testimony\]](#)

Dr. Michele Scott Taylor, Chief Program Officer, College Now Cleveland [\[Full Testimony\]](#)

Q&A

Chairman Lamar Alexander (R-TN): Sen. Murray and I passed [legislation](#) in the 115th Congress in the Senate that would allow people who fill out the FAFSA to answer 22 questions with one click using IRS data. There is an estimated \$6 billion in mistakes each year. Would replacing the current method with sharing data between the IRS and FAFSA help?

Dr. Wiederspan: Based on that bill, we found that 70% of students would notice no change in their Pell eligibility and it would reduce the need for verification. The areas flagged for verification are mostly info from the IRS.

Sen. Tammy Baldwin (D-WI): 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. Ideally, students wouldn't need to work to afford college. Those who must work shouldn't lose their Pell grant or aid. I'll be introducing the Working Students Act which would increase income protection allowance, amount student can earn from work without affecting their need-based aid. Do we need to address this barrier?

Mr. Meotti: The reality is that not everyone is 18-23 years old who are dependents. 1/3 of our students are over 25 and aren't dependents. They have to work.

Sen. Tammy Baldwin (D-WI): I'm a big supporter of TRIO, Gear Up, and 21st Century Community Learning Centers. Are investing in these programs important in helping students understand affording college?

Dr. Taylor: Of course, waiting until students are in high school is too late and these programs provide families early exposure opportunities.

Sen. Mike Braun (R-IN): The cost of postsecondary education is feeding into an unsustainable debt load. We need to do something before this blows up. CTE degrees that aren't 4 years and require less money need a higher profile.

Sen. Maggie Hassan (D-NH): I look forward to seeing how we can get the IRS and FSA to share data to simplify the process. Ms. Scott, you outline ways to simplify FAFSA, do you think these barriers to financial aid deter students from higher education?

Ms. Scott: It does deter students from going to college. We provide in school workshops, and we work closely with our community college system and local school systems to make sure the community colleges who have an interest in increasing FAFSA completion have a great relationship with the State Department of Education and the local high schools. If we could reduce number of questions, use plain English, have data sharing with IRS, and means testing, that would show parents and students that there is help to pay for higher education.

Sen. Maggie Hassan (D-NH): Last Congress, I introduced the [Gateway to Careers Act](#), which would help fund wraparound services to students enrolled in career pathway programs in community college. What are some barriers students face with connecting to means tested public benefits?

Dr. Scott Taylor: Cross train providers on how to use platforms to access public benefits.

Sen. Susan Collins (R-ME): About 91% of Maine students selected for verification are Pell eligible. What's one recommendation to deal with verification issues? What would you suggest to better inform grandparents about financial aid process?

Dr. Wiederspan: Among Pell eligible, students who use DRT are less likely to be selected for verification. They still get selected but don't need to be.

Ms. Scott: If students who live with their grandparents can apply as provisionally independent, it can help them get to higher education. We shouldn't make it more complicated for them.

Sen. Susan Collins (R-ME): For first generation college students, if we're calculated a family's contribution towards degree one year at a time, do we really need those questions on the form?

Dr. Scott Taylor: No, most kids don't even know the difference between associate, bachelor's, etc.

Sen. Doug Jones (D-AL): We should focus on available funds rather than what families can pay?

Ms. Scott: We learned that students didn't know how to pay to college, which is why they never went. We need to elevate technical education, so parents are just as confident to send their students to community college for technical programs. Someone suggested a chart with AGI and the corresponding grants eligible for college. We also need to tie Pell to today's cost of college.

Sen. Tim Kaine (D-VA): Sen. Portman and I have the [JOBS Acts](#) that is heavily supported by America's community colleges for Pell for shorter term, verified career and technical programs. You can simplify the form but you can say if you are on free or reduced lunch or food stamps, you should know that you're already eligible for certain aid.

Ms. Scott: Institutions should communicate to students benefits that they're eligible for, like SNAP or child care, particularly as we have more adult independent learners. I ask about quality guardrails for short term Pell grants to ensure students to have a job outcome, especially with the federal investment.

Sen. Tammy Baldwin (D-WI): I'm a strong supporter of 3 campus-based programs: Perkins Loan program, which has lapsed. I continue to hear from WI institutions about the value of Perkins Loan targeting students of need. What is the role of Perkins Loan program in helping needy students?

Mr. Meotti: They allow institutions flexibility in how they meet their challenges. We have a state work study program, that supplements the federal one, and we are looking to align it with state workforce needs.

Sen. Bob Casey (D-PA): Recommendations on how to better educate and counsel first generation and low-income students? What are some limitations to FAFSA simplification?

Dr. Scott Taylor: We try to pull documents together even before students are asked for verification and work with institutions to make sure materials can be used across institutions.

Chairman Lamar Alexander (R-TN): Each of us probably has several hundred thousand families that would say to us "if the entire education community has been telling you for 5 years to simplify the FAFSA and make it easier for low income students to have a college experience that Pell was set up to create, why don't you do it?" Most of them would say that to us. The verification process, which is trying to catch someone giving

different answers to the IRS and Education Dept, is easy to make a mistake on and is what targets a huge number of low-income students. The bill with me and **Sen. Murray (D-WA)** eliminates most of the questions that the verification process looks out for. We can go to a table or simple calculations, instead of the expected family contribution which is mystifying for a college graduate. We pretty much have this done and **Sen. Murray (D-WA)** and I are doing our best to work with Members on Title VI legislation from **Sen. Baldwin (D-WI)** and short-term Pell suggestion from **Sen. Kaine (D-VA)**. We have a number of good ideas for repaying student loans. The archaic 9 ways to repay – bipartisan support to reduce it to 2 different ways and make one income based. Hopefully we can agree on a lot, but if we can't agree on a little bit, I hope we go ahead and do it and make one of those things FAFSA simplification and the Murray Alexander legislation that people don't have to give information twice, just once for IRS and FSA.