

Advisory Committee on Student Financial Assistance

Summary of the Advisory Committee's Hearing University of Illinois at Chicago March 30, 2004

BACKGROUND

The Advisory Committee on Student Financial Assistance serves as an independent source of advice and counsel to Congress and the Secretary of Education on student financial aid policy. It was established by the Congress with the enactment of the Higher Education Amendments of 1986 and began operation in 1988. The congressional mandate requires the Advisory Committee to conduct objective, nonpartisan, and independent analyses on important aspects of the student assistance programs under Title IV of the Higher Education Act.

On January 23, 2004, the President signed into law the Consolidated Appropriations Act of 2004, which charged the Advisory Committee to undertake the *Special Study of Simplification of Need Analysis and Application for Title IV Aid*. The purpose of the study is to determine possible ways to simplify and streamline the federal need analysis methodology and Title IV application process for students and families. In conducting the study, the Advisory Committee will pay special attention to the needs of low- and moderate-income students, particularly when evaluating data element reduction and form simplification.

PURPOSE OF THE HEARING

On March 30, the Advisory Committee held a regional field hearing at the University of Illinois at Chicago to gain feedback regarding the simplification study. The Advisory Committee heard from state government officials, higher education policy experts, financial aid administrators, representatives from the higher education community, officials from the Chicago Public Schools, and members of the early intervention community. They addressed many issues related to the study, including how to simplify the Free Application for Federal Student Aid (FAFSA), the use of the FAFSA on the Web and the digital divide, the student work penalty, and early notification of financial aid eligibility.

HEARING AGENDA

Welcoming Address

Speaker: Dr. Sylvia Manning, Chancellor of the University of Illinois at Chicago

Session I: Imperatives and Opportunities for Simplification

Panelists: Dr. Donald E. Heller, Associate Professor and Senior Research Associate, Center for the Study of Higher Education, The Pennsylvania State University

Ms. Linda Jamali, Senior Education Policy Advisor, Office of the Governor of Illinois

Mr. Larry Matejka, Executive Director, Illinois Student Assistance Commission

Session II: Early Intervention Community Perspective on Simplification

Panelists: Mr. Jerry Fuller, Executive Director, The Associated Colleges of Illinois

Ms. Yolanda Knight, Assistant Director, Department of Postsecondary Education, Office of High School Programs, Chicago Public Schools

Mr. Michael Milkie, Principal, Noble Street Charter High School, Chicago Public Schools

Ms. Karoline Pfister, Guidance Counselor and College Counselor, Waukegan High School, Waukegan (Illinois) Public Schools

Mrs. Deborah Umrani, Director of the Early Outreach Program, University of Illinois at Chicago

Ms. Shawn Warden, Postsecondary Specialist, Department of Postsecondary Education, Office of High School Programs, Chicago Public Schools

Session III: Institutional Perspective on Simplification

Panelists: Mr. Mark Delorey, Director of Financial Aid, Northern Michigan University

Ms. Kiely Fletcher, Associate Director, Financial Aid Office, University of Illinois at Chicago

Ms. Haven Gourneau, Financial Aid Director, Fort Peck Community College, Poplar, Montana

Ms. Joyce Hall, Executive Director, Division of Financial Aid, Purdue University, West Lafayette, Indiana

Session IV: Public Comment on Simplification

Panelists: Mr. Orlo Austin, Director, Office of Student Financial Aid, University of Illinois at Urbana-Champaign

Ms. Charmaine Daniels, Accounts Receivable Specialist, Student Financial Services, University of Illinois at Chicago

Ms. Diane Lambert Fleming, Associate Director for Client Services, Office of Student Financial Aid, Central Michigan University and Co-Chair of the Legislative Committee, Michigan Student Financial Aid Association (MSFAA)

Ms. Joan Klaus, Vice President of Education Initiatives, Bank One Corporation and Chairman, College and Career Readiness Network, Chicago Illinois

Mr. David Marzahl, Executive Director, Center for Economic Progress, Chicago, Illinois

Dr. Joe McCormick, Executive Director, Kentucky Higher Education Assistance Authority

Mr. Dennis Obergfell, Deputy Director, State Student Assistance Commission of Indiana and member of the Federal Relations Committee, National Association of State Student Grant and Aid Programs (NASSGAP)

Ms. Pattie Rossman, Financial Aid Manager, Cleveland (Ohio) Scholarship Programs

Ms. Rachel Unruh, Policy Associate, Women Employed, Chicago, Illinois

SUMMARY OF MEETING

Welcoming Address

In her welcoming address to the Advisory Committee, Dr. Manning, chancellor of the University of Illinois at Chicago (UIC), recognized the importance of financial aid simplification and affirmed UIC's commitment to increasing access to postsecondary education, noting an increase in institutional aid at UIC from \$270,000 in 2001 to approximately \$9.5 million in 2004. Chancellor Manning also highlighted the unique niche that UIC fills in the higher education community as both a leading research university and an urban university that is committed to educating Chicago's youth.

Chancellor Manning made several recommendations for simplification, including simplifying the application form and process so that students are not "turned off" by the complexity of the FAFSA. She also urged the Advisory Committee to maintain the ability to have a single application form for both federal and state aid. She recommended enabling students to access early information about the availability of financial aid and an early notification of an estimate of their financial aid eligibility. Finally, Chancellor Manning expressed support for eliminating the student work penalty. She closed her remarks by welcoming the Advisory Committee and invited guests to UIC and expressed her interest in continuing to work with the Advisory Committee and with other members of the higher education community on simplification efforts.

Session I: Imperatives and Opportunities for Simplification

In the first session, state government officials and policy analysts shared with the Advisory Committee opportunities for financial aid simplification, particularly in the state of Illinois. All of the panelists expressed concern with the current level of complexity in the financial aid process, and supported further simplification efforts, especially for low-income students.

Ms. Jamali, from the office of the governor of Illinois, began by expressing the governor's support for providing low-income students with as much financial aid as possible and for shortening the length of the FAFSA. Ms. Jamali also highlighted several efforts currently underway by the governor's office to increase access to postsecondary education. The Illinois Student Assistance Commission (ISAC) has adjusted the student contribution to the Expected Family Contribution (EFC) in order to reduce the negative impact on aid eligibility confronted by students who work to support their families. In addition, ISAC has established numerous support and resource centers at community colleges around the state. These "College Zone Outreach Centers" provide students and families with free, year-round information regarding higher education, careers, and financial aid. The state notifies students and families about the College Zone Outreach Centers via advertisements in local newspapers and on buses and public transportation.

Both Ms. Jamali and Mr. Matejka, from ISAC, explained how the current federal requirement that the state collect data on non-taxable income as a means of verifying who should receive benefits under the Temporary Aid for Needy Families (TANF) grant program prevents ISAC from utilizing the simplified electronic forms currently available via FAFSA on the Web. According to both Mr. Matejka and Ms. Jamali, Illinois could lose as much as \$20 million in federal aid for its TANF program if it does not verify income of TANF recipients using non-taxable income data from the FAFSA. If Illinois did not need non-taxable income data from the FAFSA for TANF verification, then Mr. Matejka stressed that ISAC would be more than ready to take advantage of the skip-logic technology and accept the shortened formulas that are currently available for low- and moderate-income students, the Simplified Needs Test (SNT) and the Automatic Zero EFC (the auto-zero). Ms. Jamali and Mr. Matejka cited several possible modifications that would enable Illinois to accept the SNT and the auto-zero. For example, the Illinois Department of Human Services could modify its regulations that currently require the state to capture the non-taxable income data of TANF recipients from the FAFSA. Another option would be for the Department of Education (ED) to enhance and modify the skip-logic technology on the Web so that students in Illinois who qualify for the auto-zero and SNT could complete the questions related to non-taxable income in addition to the other questions required for these simplified formulas.

Mr. Matejka also commented that ISAC is committed to making the financial aid process as simple as possible and has been working towards this goal since 1982, when Illinois was the first state to utilize the federal need-analysis formula and application process for its own state, need-based aid program. Mr. Matejka expressed ISAC's intention to continue "piggybacking" on the federal government's formula and process. He also highlighted several current efforts by ISAC to increase access to postsecondary education, including increasing the amount of money that low-income students receive under Illinois' need-based grant program (the Monetary Award

Program or MAP grant); making outreach to students and families a priority; and opening the 43 College Zone Outreach Centers across the state. Mr. Matejka commented that it is important to provide students with earlier estimates of their financial aid eligibility, and stated that one goal of ISAC is to create a website that serves as a “one-stop shop” for students, where they can complete applications for both admission and financial aid. However, he also stated that ISAC learned from focus groups conducted prior to opening the College Zone Outreach Centers that having computers and websites available at the centers would not be sufficient, and that visitors to the centers would also need someone there to assist them with the application process.

Finally, Mr. Matejka urged the Advisory Committee to avoid any recommendations that would lead to the use of prior-prior-year income (PPY) on the FAFSA, the removal of state questions from the FAFSA, or the removal of assets from the federal need analysis formula. He argued that these changes would take simplification efforts a step backwards and would hurt both institutions and students. Mr. Matejka did urge the Advisory Committee to address the student work penalty, noting that a student who receives a MAP grant works an average of 28 hours per week, up from 20 hours per week three years ago. Mr. Matejka argued that this increase is due to students having to work more to cover the rising cost of tuition. He estimated that three years ago a MAP grant would cover full tuition and fees for a student at the University of Illinois-Urbana Champaign, but that currently students face an average “gap” of \$2,000 between the cost of attendance at the University of Illinois-Urbana Champaign and the MAP grant.

Dr. Heller then testified regarding the need for simplification, particularly in light of the disparities between applications for merit-based and need-based aid applications. Dr. Heller compared the complexity of the FAFSA to the less complex applications for the \$1.2 billion available collectively by states for merit-based aid in order to demonstrate that states have found a way to greatly simplify the process of applying for merit-based grants. Dr. Heller argued that the process that merit-based aid applicants go through is very simple, especially in comparison to the lengthy, complicated process that low-income students go through when completing the FAFSA. Students use the FAFSA, Dr. Heller noted, to apply for not only federal financial aid but also for \$4 billion in state need-based grants and for many institutionally awarded scholarships. As Dr. Heller stated, the FAFSA, not including instructions, is six pages long and contains over 100 questions, which does not include the additional worksheets and other forms required to complete the FAFSA, such as Internal Revenue Service (IRS) 1040 forms. In comparison, the application for Louisiana’s merit-based aid program, which provides full tuition at any public university in the state, consists of an “abbreviated” FAFSA with only 47 questions. In Florida, the application for the Bright Futures Scholarship has only 28 required questions. Students applying for the merit-based HOPE Scholarship in Georgia need to only complete a one-page application with 13 questions (www.gsfc.org/Main/publishing/pdf/2004/haa2004.pdf). In New Mexico, there is no application or deadline for the Lottery Success Scholarships; the state contacts eligible students. In addition, the qualifications for merit aid programs are usually straightforward and easy to understand. For example, there is one qualification for the Georgia HOPE Scholarship: earn a 3.0 grade point average in a set of core courses in high school. Dr. Heller argued that this information is easy to transmit to students early in their educational career, in contrast with the FAFSA, which students cannot complete until the second half of their senior year in high school.

Dr. Heller offered several suggestions for simplifying the financial aid process for low-income students. First, he argued that students need improved information regarding financial aid and the real cost of college at an earlier stage in the education pipeline in order to increase the likelihood that students will prepare themselves both academically and financially for college. To improve the flow of information about financial aid to prospective college students, Dr. Heller suggested that ED partner with local school districts in order to distribute targeted information about financial aid to low-income students as early as the middle school years. One possible way to do this, he suggested, would be to apply the lessons learned from the federal GEAR UP program about distributing financial aid information to more school districts.

Second, Dr. Heller suggested applying the lessons learned from applications for merit-based aid to the FAFSA in order to simplify the financial aid application process for low-income students. He suggested using eligibility for other federal means-tested programs to determine eligibility for Title IV assistance, specifically for a maximum Pell Grant. He noted that there is already precedence for such practice, as recipients of Food Stamps or TANF automatically qualify for free or reduced-price lunches. In addition, Dr. Heller recommended making a promise to middle school students who receive free or reduced-price lunch that they will receive a Pell Grant when they are ready to attend college in five or six years. To counter the argument that a student who is eligible for a maximum Pell Grant in the seventh grade may no longer be eligible in the 12th grade, Dr. Heller cited the Indiana 21st Century Scholars Program, which commits a full-tuition scholarship to a public university in Indiana to low-income students in middle school even if the family's income changes from the seventh to the 12th grade. Dr. Heller cited this program in order to emphasize the importance of making a financial aid commitment to students early enough so they still have time to prepare both academically and financially to attend college.

Third, Dr. Heller suggested providing the poorest students, those from families who are eligible for the auto-zero and are not expected to contribute any of their own resources to the cost of their postsecondary education, with a simplified FAFSA that asks them for only one piece of information: their family's income. Dr. Heller closed his testimony by stating that no matter what is done to simplify the financial aid system, access to college for low-income students will only increase if the necessary funding is in place to meet the financial commitments that are made to students.

Session II: Early Intervention Community Perspective on Simplification

In the hearing's second session, members of the early intervention and K-12 community testified regarding the need for simplification, especially for low-income students, and the importance of providing students with earlier information about financial aid. All of the panelists expressed a general consensus in favor of further simplification, and also articulated support for implementing both a FAFSA-EZ and a system of early notification of financial aid eligibility.

Mr. Milkie began the session by discussing the importance of simplification. Eighty-five percent of students at his school are low-income (or qualify for free or reduced-price lunch). Every senior at his school is required to take a 45-minute class every day devoted to the college application process. A great deal of time is devoted in that class to the FAFSA and to financial aid. Mr. Milkie noted that many alumni return to the school to get help with the reapplication

process. He said he has seen students drop out of the college application process because they are not able to complete the FAFSA. Mr. Milkie also recommended reducing the number of questions on the FAFSA and streamlining the questions on Worksheets A, B, and C in order to simplify the FAFSA. Although he did state that many of his students complete the FAFSA on the Web, he noted that this is possible because the college-preparation class for seniors takes place in the only classroom in the school with computers. Students in this class are therefore able to complete the FAFSA on the Web in class with the assistance of their teacher.

Many of the panelists expressed support for implementing a FAFSA-EZ for low-income students. Mr. Milkie noted that a FAFSA-EZ would make it easier for students at his school to navigate the financial aid process. Ms. Knight, from the Department of Postsecondary Education in the Chicago Public Schools (CPS), stressed the importance of making a FAFSA-EZ available to low-income students. Mr. Fuller, from The Associated Colleges of Illinois, commented that a FAFSA-EZ would help increase the effectiveness of his organization's College Readiness Program.

Ms. Knight, testifying along with Ms. Warden, also described her office's current efforts to increase access to postsecondary education for CPS students, which includes efforts to increase the flow of information to students and parents about the financial aid process and to provide them with assistance in applying for financial aid. CPS is the third largest district in the United States with approximately 438,000 students, 51 percent of whom are African-American, 37 percent Latino (Hispanic), nine percent white, and three percent Asian/Pacific Islander. Ms. Knight noted that during a recent nine-week Online Financial Aid Initiative, 12 schools extended their school day or opened the school on weekends to help students and parents complete the FAFSA. However, less than ten percent of families of graduating seniors participated in this initiative. Ms. Knight made several recommendations for simplifying the form, which she said is very complex and intimidating for low-income families, especially for those from non-traditional families. She recommended improving the paper and electronic form so students and families know that options are available for students from non-traditional families, and suggested including a "Step 3A" on the FAFSA that would enable students to indicate that they live in an unusual family circumstance. She also suggested simplifying the process of PIN registration.

Several of the panelists discussed how implementing a system of early notification of financial aid eligibility would help increase the effectiveness of their outreach efforts with low-income students. Ms. Knight said that a system of early notification would help her department's efforts in four specific ways. First, it would help convince families that assume that college is not affordable to participate in college readiness activities. Second, it would help her department fulfill one of their ninth grade benchmarks, which is to enable families to receive an estimate of their EFC so they can begin to save for college. It would also help the department achieve additional goals related to postsecondary education, including increasing students' readiness for and success in higher education. Finally, it would increase parental demand for additional school counseling services.

Mr. Fuller also testified regarding the need for implementing a system of early notification. His organization's College Readiness Program serves 600 low-income students in Chicago, East St.

Louis and rural central Illinois, and provides students with a year-round program of academic enrichment and hands-on college campus experiences. The Associated Colleges of Illinois also provides low-income students in Illinois with scholarships, and has awarded over \$2 million in financial aid since 1990. Mr. Fuller argued that early notification is very important because it “explodes the myth that families and students cannot afford college.” He stressed the importance of utilizing existing early intervention programs, such as those within the National College Access Network, to implement the early notification system, and emphasized the importance of utilizing people that students already trust – such as counselors, ministers, teachers, and advisors – to deliver the message about the availability of financial aid.

Mr. Fuller and other panelists discussed several options for implementing an early notification system, including utilizing AmeriCorps volunteers or work-study students. Mr. Milkie recommended utilizing a full-time, school-based employee. Ms. Umrani, from the Early Outreach Program at UIC, agreed that it is important to notify parents in middle school of their eligibility for financial aid, but noted some specific challenges to successfully implementing such a system, including the need to make people aware of the system, to train guidance counselors in using the system, and to establish a mechanism for ensuring that students use the early notification system.

Although Ms. Pfister, a guidance counselor from Waukegan High School in Illinois, also emphasized the importance of early notification, she warned that staff and students often lack time for additional activities in large, urban high schools. The population of Waukegan Public Schools is approximately 65 percent Hispanic and 22 percent African-American. Her testimony highlighted some of the challenges with implementing a system of early notification. For example, she described how each guidance counselor at her school currently works with approximately 400 students, and therefore more resources would be needed to implement an early notification system using guidance counselors. She also noted that high school students who are eligible for free or reduced-price lunch, and who therefore might be targeted to receive early notification, usually do not take advantage of this eligibility until they need a fee waiver during their senior year. Finally, Ms. Pfister described some of the responses she received from students and teachers at her school when she asked them about financial aid. In addition to general feedback about the complicated and intimidating nature of the FAFSA, she found that most teachers believed that ninth grade was too early to talk about financial aid with students, while 100 percent of the students agreed that hearing about financial aid in the ninth grade would have been helpful.

Ms. Umrani also discussed the need for FAFSA simplification, describing how students and families in her program find the FAFSA overwhelming and believe that the form is used to disqualify them for financial aid, rather than enable them to receive financial aid. Fifty percent of students in her program are African-American, 35 percent are Hispanic, and 55 percent are low-income and first-generation college students. She also commented that the work penalty is a problem, particularly for Hispanic students. Finally, Ms. Umrani recommended making the FAFSA on the Web more user-friendly for students and families. The session ended with a discussion of the specific needs of students from non-traditional families. Ms. Warden, one of 12 postsecondary specialists that works in high schools with students, commented that many

students do not live with their parents, and therefore the FAFSA questions about parental information and number in the household serve as a barrier to completing the form.

Session III: Institutional Perspectives on Simplification

During this session, financial aid administrators discussed their perspectives on financial aid simplification and on specific issues related to simplification, such as the digital divide and the student work penalty. Several of the panelists expressed consent on the need to address the student work penalty, for both independent and dependent students. While a general consensus was expressed on the importance of simplification, various recommendations were made as to how to achieve simplification.

Ms. Gourneau, from Fort Peck Community College, began by describing the student population at her school, which is located on a reservation in Montana. Her school is 89 percent Native American, and approximately 80 to 90 percent Pell Grant eligible. Most students are also 28 to 32 years old. Ms. Gourneau stressed the importance of having a paper application form available to her students, and described the extent of the technological and digital divide on the reservation. Ms. Gourneau commented that 90 percent of FAFSA applications on her campus are done on paper. Only one in 75 households on the reservation own a computer, and many families do not own a telephone, or do not have access to long-distance service or dial-up Internet connections. Most students only have access to computers at the community college, and also have had little experience with computer technology and online access. She noted that her office's attempt to do an on-line FAFSA application night at a local school was a failure, and they had to go back to using the paper form. Ms. Gourneau did comment, however, that if technology were to be used to file the FAFSA, using a telefiling system would be a more viable option for her students living on the reservation than using FAFSA on the Web.

After describing the extent of the digital divide on the reservation, Ms. Gourneau continued by making several recommendations for financial aid simplification. She recommended approving low-income students for multiple years of financial aid eligibility and also suggested partnering with the Internal Revenue Service (IRS) to pre-populate the FAFSA with tax information from an applicant's tax return. Finally, she recommended implementing a FAFSA-EZ for low-income students, and improving the on-line process of applying for a PIN by generating a PIN immediately for students.

The other panelists in this session all expressed support for eliminating or reducing the student work penalty. Both Mr. Delorey, from Northern Michigan University, and Ms. Hall, from Purdue University, described the impact of the work penalty on dependent students and recommended increasing the Income Protection Allowance (IPA) for dependent students or lowering the assessment rate on student earnings. Ms. Hall also suggested expanding the auto-zero to \$25,000. Ms. Fletcher, from UIC, discussed the importance of alleviating the student work penalty for independent students. The majority of UIC's 25,000 students are urban commuters, and approximately 40 percent of the 18,000 students that receive financial aid are independent.

Ms. Fletcher stated that most independent students at UIC previously held a full-time job, and therefore have a prohibitively high EFC, which is based on the income they had earned while working full-time. This problem is particularly acute for displaced workers, who, having lost their full-time jobs, have also lost their source of income. According to Ms. Fletcher, approximately 65 percent of the 390 students that sought professional judgment to change their filing status were independent students. Most independent students at UIC, however, do not realize that seeking professional judgment is an option and end up being denied eligibility for a Pell Grant or a MAP grant. In addition, she noted that students who do seek professional judgment face a long, burdensome process, as the financial aid office has to verify that the student has the appropriate employment separation documents and is receiving unemployment benefits. Many students lose their eligibility for the MAP grant in the second term because they are waiting for the completion of the professional judgment process. Ms. Fletcher therefore recommended including on the FAFSA a place for independent students to project their earnings for the coming year.

Several panelists also discussed the importance of providing students with earlier information about financial aid. Ms. Gourneau stressed the importance of providing students with early awareness of financial aid, and also emphasized the particular needs of non-traditional families, including students who live with their grandparents. Mr. Delorey also expressed support for increasing initiatives to notify low-income students earlier about their eligibility for a maximum Pell Grant, and added that low-income families do not usually have large changes in their income. Ms. Hall, however, emphasized that early notification can backfire, and turn students away from college, if that notification informs students that they do not have enough financial aid to cover full cost of attendance. She noted that it may be difficult to provide students with early notification of their financial aid eligibility given the fact that the full amount of aid eligibility is not determined until a student's financial aid application is processed at the university level. Mr. Delorey and Ms. Hall also discussed the use of PPY income on the FAFSA. Although Mr. Delorey recommended using PPY income on the FAFSA form in order to simplify the application process, both he and Ms. Hall noted that it would be important to research the reliability of using PPY income data before implementing such a system.

Mr. Delorey also made several recommendations regarding financial aid simplification for low-income students, such as expanding the auto-zero and aligning eligibility for the auto-zero with eligibility for other means-tested programs in order to eliminate any confusion over the qualifications for the SNT and the auto-zero. He also supported providing high school graduates in foster care with a simplified FAFSA form and making them automatically eligible for the auto-zero and for independent status.

Ms. Hall emphasized the influence of the Advisory Committee's previous reports, which resulted in her institution paying more attention to increasing access for low-income students. She suggested two approaches to financial aid simplification. A radical approach would allow students to complete one financial aid application for all four years of school, and a less radical approach would make high-need families eligible for the auto-zero and simplify the renewal process for auto-zero and Pell-eligible families. However, Ms. Hall also stressed the importance of not taking simplification so far that it results in multiple state and institutional forms for students to complete. Finally, Ms. Hall recommended simplifying the PIN application process

by creating an automatic PIN generator and by enabling colleges to receive calculated EFCs even if the signature is missing from the form.

Session IV: Public Comment on Simplification

During the last session of the hearing, several witnesses gave additional testimony to the Advisory Committee on the opportunities for simplification. First, Ms. Unruh from Women Employed discussed the impact of the work penalty on independent students. She cited cases of several independent students who faced reduced eligibility for Pell and MAP grants when they increased their work hours in order to support themselves and/or their families while attending school. Ms. Unruh urged the Advisory Committee to consider the needs of both dependent and independent students when addressing the work penalty.

Several panelists during this session recommended removing the Earned Income Tax Credit (EITC) from the Federal Methodology (FM) for determining financial aid eligibility, which currently counts the EITC as non-taxable income. Ms. Unruh stated that the EITC is not counted as income in determining eligibility for other means-tested programs, and that including it in the FM makes the EITC a liability for low-income students. Mr. Marzahl, from the Center for Economic Progress, stated that he is “fascinated” that the EITC is not counted in other means-tested programs but is counted in calculating eligibility for financial aid. Ms. Fleming, representing MSFAA, also recommended removing the EITC from the FAFSA.

Ms. Klaus and Mr. Marzahl also testified regarding opportunities for achieving simplification by marrying the FAFSA application process with the tax filing process. Mr. Marzahl described the free, tax preparation centers his organization operates at community colleges and the free information that they offer to students in foster care regarding various benefits, including financial aid. He suggested connecting the FAFSA application process with preparation of tax returns by establishing systems for people to complete the FAFSA at community-based tax filing outreach centers. Ms. Klaus also stressed the importance of providing students with earlier information regarding financial aid, and expressed support for developing a telefile application process. Finally, she stated that it would be very effective to have the federal government offer higher matching levels to states that form partnerships with colleges and non-profit or private organizations in order to provide low-income students with additional amounts of need-based aid. She emphasized the need to provide low-income students with greater resources in order to ensure that they not only enroll in college but also persist to degree completion.

Next, Mr. Oberfell, representing NASSGAP, stressed the importance of state grant agencies in providing financial aid to students and the importance of maintaining the ability for state grant agencies to use the FAFSA as a means for awarding both federal and state financial aid. He urged the Advisory Committee to keep on the FAFSA those questions that are important to state grant agencies in order to avoid creating additional forms that students have to complete. Mr. Oberfell highlighted how states have worked closely with ED for over a decade in order to streamline the application process for students. He stated that NASSGAP supports further simplification efforts but also supports grounding any recommendations for simplification in science and not relying completely on anecdotal evidence. Specifically, he recommended using scientific methods to discover which questions on the FAFSA are the most difficult for low-

income applicants to answer and why, and to examine if the application process is designed to accommodate complex family situations. He suggested using student and parent focus groups in this analysis. Finally, he made several specific suggestions for simplification on behalf of NASSGAP, including enhancing the use of technology in order to develop a smarter, online FAFSA; streamlining the questions on Worksheets A, B, and C; and allowing the Central Processing System to compute the EFC's for online filers needing signatures or for those who filed paper FAFSA's with partial signatures. Mr. Obergfell closed his testimony by urging the Advisory Committee not to use free and reduced-price lunch eligibility to qualify students for financial aid.

Mr. Obergfell and Ms. Rossman, from the Cleveland Scholarship Program (CSP), both emphasized the importance of clarifying the instructions for dependent students who are living in non-traditional households. CSP is the oldest and largest college access program in the United States. Ms. Rossman testified that the biggest problem for students in this program is that the FAFSA does not appear to apply to them. An increasing number of students do not live with two parents, or live in non-nuclear families, and therefore do not seem to "fit" the FAFSA form at all.

Mr. Austin, from the University of Illinois-Urbana Champaign, then testified regarding the suitability of using other federal means tested programs for determining eligibility for the auto-zero and for other types of financial aid. He first recommended raising the auto-zero level to at least \$25,000. He then presented data from 2,744 dependent students who reported that they had received one of four types of federal means-tested benefits included as non-taxable income on Worksheet A of the FAFSA: non-taxed Social Security benefits; EITC; welfare benefits, including TANF; and an additional child tax credit. He presented this data in order to show which data element would be the most effective predictor of eligibility for the auto-zero, and thus a maximum Pell Grant. According to his data, eligibility for welfare, or TANF benefits, is the only item that reliably predicts eligibility for the auto-zero: 88 percent of the 2,744 dependent students who received some form of welfare were also eligible for the auto-zero. Although 97 percent of students whose families reported an EITC were eligible for a Pell Grant, only 29 percent were eligible for the maximum Pell Grant. In addition, 21 percent of families who were eligible for some form of Social Security benefits had an EFC greater than \$3,800, and were therefore not eligible for any Pell Grant. Mr. Austin concluded by stating that his analysis indicates that most students who respond to questions on Worksheet A are eligible for a Pell Grant, but not for a full Pell Grant.

Ms. Fleming made several short-range recommendations for simplification, including implementing a FAFSA EZ, aligning eligibility for the auto-zero with eligibility for other means-tested programs by conducting matches with databases of other means-tested programs, and simplifying the definitions of who qualifies as a veteran and of who qualifies as a legal dependent. Over the long term, she recommended developing a 1040 FAFSA, or a form that students would use to both file their taxes and apply for financial aid. She also recommended, eliminating all taxation on financial aid, and standardizing the treatment of veteran's benefits so that all benefits are assessed at 50 percent. Finally, she argued in favor of increasing loan limits in order to lower unmet need.

Dr. McCormick, a former Advisory Committee member and Executive Director of the Kentucky Higher Education Assistance Authority, commented on the success of the Advisory Committee's previous work in developing a free, common application form and a common methodology for determining financial aid eligibility. He urged the Committee to be "bold" in its approach to simplification. Although he recognized the existence of the digital divide, he suggested that the Advisory Committee focus on finding ways to fill that divide and on getting more students to use the FAFSA on the Web. He also stressed the importance of early intervention programs that provide students with personal assistance. Finally, he argued that current non-financial questions used to determine eligibility for financial aid, such as questions regarding whether a student has been convicted of selling or possessing illegal drugs or whether a student has registered for Selective Service, should be removed from the FAFSA.

Finally, Ms. Daniels from UIC testified about her own personal experience with financial aid. She described the important role financial aid played in enabling her to complete her degree. She commented that helping one student complete college helps ensure that whole generations of families will go to college, citing how her children will now be able to go to school without financial aid because of the increased opportunities she has gained as a college graduate. She also stressed the importance of early information, citing her personal experience mentoring seventh and eighth grade students in Chicago who want to go to college but assume that it is not affordable.