



Exploring Ways to Enhance FAFSA Efficiency: Using Public Benefits to Reduce Paperwork and Maximize Financial Aid

*Lauren Walizer and Elizabeth Lower-Basch,
Center for Law and Social Policy (CLASP)*

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Policy solutions that work for low-income people

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The [Center for Law and Social Policy \(CLASP\)](#) is a national, nonpartisan, anti-poverty organization advancing policy solutions for people with low incomes. CLASP’s solutions directly address the barriers people face because of their race, ethnicity, and immigration status.



The National Association of Student Financial Aid Administrators (NASFAA) is a nonprofit membership organization representing more than 20,000 financial aid professionals at nearly 3,000 colleges, universities, and career schools across the country. NASFAA member institutions serve nine out of every 10 undergraduates in the United States. Based in Washington, D.C., NASFAA is the only national association with a primary focus on student aid legislation, regulatory analysis, and training for financial aid administrators. For more information, visit <https://www.nasfaa.org>.

Overview

The cost of attending college involves not only tuition, fee, textbook, and equipment costs for classes, but also all of the necessary living expenses students have to support their daily lives. Students enrolled in public assistance programs may struggle the most with meeting the dual financial demands of school and their basic needs. Social support programs, like food assistance or subsidies for health insurance, help improve students' and families' quality of life. Similarly, federal and state financial aid programs expand opportunity for postsecondary success to people who would otherwise not be able to afford a higher education—a population that increasingly includes families of average income. To gain access to federal financial aid resources (and in some states, state aid resources), students must fill out the Free Application for Federal Student Aid (FAFSA) and submit it to the U.S. Department of Education (ED).

The FAFSA includes many questions about the financial circumstances of the applicant and their family—details that, collectively, make the form complex. One strategy created by policymakers to streamline the FAFSA is the question on the form asking if students or their families use certain public benefit programs. In this report, we examine the success and challenges of using that question to inform the next reauthorization of the Higher Education Act and identify other policies that could further support students most in need of financial aid.

In analyzing the value of using this question on the FAFSA, we discuss its history and elements of its design. We also explore the characteristics of students who receive assistance from public benefit programs, as they are most impacted by this issue. We further consider how the question may stymie students in different ways when they apply for aid or when they are asked to verify the public benefit programs they or their family members have used. We conclude by offering recommendations for Congress and ED going forward.

Using a Question on Means-tested Public Benefit Programs to Simplify the FAFSA

Current higher education policy dictates that students from families with low wages should be allowed to complete a shorter FAFSA. To policymakers, it seemed efficient to permit students from families with fewer resources to access a simpler version of the FAFSA that allows them to skip questions related to family assets. Policymakers did this by creating questions on the current FAFSA that, by proxy, establish the applicants' status as low wage. These questions ask whether students or their families:

- Used one of the following public benefit programs in the past 24 months: Medicaid, Supplemental Security Income (SSI), the Supplemental Nutrition Assistance Program (SNAP), the Free and Reduced Price School Lunch program (FRPSL), the Temporary Assistance for Needy Families (TANF) program, or Special Supplemental Nutrition Program for Women, Infants and Children (WIC);
- Did not file a Schedule 1 form, which reports added or adjusted income, with their federal tax return, or only filed it to report having received one of six items including the student loan interest deduction; or
- Were dislocated workers.

The responses to these questions, in combination with a statutory income threshold, determine whether applicants should be assessed using one of two simplified formulas: the simplified needs test (SNT), which allows them to skip questions regarding assets; and the automatic-zero expected family contribution (auto-zero EFC), which additionally assumes the student or their family has no financial resources to contribute toward college costs, thereby maximizing the amount of aid for which they are eligible.

The SNT and auto-zero EFC have different income thresholds. The income of the student and their family must be less than \$50,000 (a level fixed in federal law) to qualify for the SNT. Their income must be at or below \$26,000 (adjusted annually for inflation) to further qualify for auto-zero EFC.

Only those determined by the FAFSA to be dependent students or independent students caring for dependents are eligible for the SNT or auto-zero EFC. These filters do not apply to independent students without dependents.

How We Got Here: A Brief History of FAFSA's Public Benefits Question

The FAFSA has not always used means-tested public benefits as a filter for the simplified form; it has only asked about using public benefits since 2006. That year, Congress added the question in statute as part of a package of changes aimed to simplify the FAFSA. The overall goal was to ensure more students received the financial aid for which they were eligible.

Congress created the FAFSA with the passage of the Higher Education Technical Amendments of 1992 (PL 102-325). The FAFSA includes several questions about assets to ensure that wealthy families contribute a share of their resources toward their students' tuition. However, lawmakers recognized that these questions would be burdensome for families with low incomes. Further, certain households could be identified as unlikely to have meaningful resources based on the tax forms they filed and their income levels.¹

Developing the Public Benefits Question so More Students Could Use a Simplified FAFSA

The Advisory Committee for Student Financial Assistance, which existed to provide independent advice on student financial aid policy to authorizing committees and federal policymakers, formally introduced the idea to use means-tested benefits in 2005. They issued a report containing 10 recommendations on simplifying the FAFSA and reforming the federal need analysis, including one to "expand existing simplification to more students."²

¹ Higher Education Amendments of 1992 (S.1150), 102nd Congress, 2d sess., <https://www.congress.gov/bill/102nd-congress/senate-bill/1150/text>; Tax Policy Center, "Earned Income Tax Credit Parameters, 1975-2016," January 5, 2016, http://www.taxpolicycenter.org/sites/default/files/legacy/taxfacts/content/PDF/historical_eitc_parameters.pdf.

² Advisory Committee on Student Financial Assistance, *The Student Aid Gauntlet: Making Access to College Simple and Certain*. (Washington, DC: U.S. Department of Education, 2005): <https://files.eric.ed.gov/fulltext/ED496648.pdf>.

The Advisory Committee felt one way to fulfill this recommendation would be to align students' use of means-tested public benefit programs with the SNT. They wrote: "Many eligible students miss out on the opportunity to use the simplified needs test and its simplified application form because they do not know which tax form they are eligible to file."³ Giving students the option to qualify by affirming they were enrolled in other public benefit programs seemed beneficial, as it would give students more than one way to meet the qualifications, thus reducing the chances they would fall through the cracks.

A Timeline of Shifts in Income Guidelines for Students and Families

The Advisory Committee further recommended updating the auto-zero EFC based on inflation rather than the Earned Income Tax Credit (EITC). By 2005, policymakers had significantly expanded the EITC for families with children in order to support low-wage work. At that time, the maximum qualifying income for a family with two children was up to \$35,263.⁴ The Advisory Committee stated that setting the income threshold for auto-zero EFC to \$25,000 (approximately 130% of the federal poverty level for a family of four in 2005)⁵ would "align it with eligibility for other federal means-tested programs."⁶ Congress adopted both recommendations in 2006, but they set the income threshold for auto-zero EFC at \$20,000 rather than the recommended \$25,000 level.⁷

In 2007, with the College Cost Reduction and Access Act (CCRAA), Congress added being a "dislocated worker" as a third qualifying criteria for the SNT and auto-zero EFC. The CCRAA also expanded eligibility by broadening the window in which people could have used public benefits by boosting it from 12 months to 24.⁸

Finally, with the Consolidated Appropriations Act of 2011,⁹ lawmakers again reduced the qualifying income for auto-zero EFC as a strategy to cut costs in the Pell Grant program.¹⁰ While the threshold had reached \$30,000 due to regular increases tied to inflation, Congress lowered it to \$23,000. Today's \$26,000 threshold for the auto-zero EFC is approximately equal to the federal poverty level for a family of four.¹¹

³Ibid.

⁴Tax Policy Center, "EITC Parameters."

⁵U.S. Department of Health and Human Services, Office of the Assistance Secretary for Planning and Evaluation, "The 2005 HHS Poverty Guidelines," December 1, 2005, <https://aspe.hhs.gov/2005-hhs-poverty-guidelines>.

⁶Advisory Committee on Student Financial Assistance, *The Student Aid Gauntlet*.

⁷U.S. House of Representatives, "Deficit Reduction Act of 2005 Report on the Committee on the Budget to Accompany H.R. 4241," Report 109-276, 109th Congress, 1st sess., <https://www.congress.gov/109/crpt/hrpt276/CRPT-109hrpt276.pdf>.

⁸College Cost Reduction and Access Act, Pub. L. No. 110-84, 110th Congress, 121 Stat. 784, (2007), <https://www.congress.gov/110/plaws/publ84/PLAW-110publ84.pdf>.

⁹Consolidated Appropriations Act of 2011, Pub. L. No. 112-74, 112th Congress, 125 Stat. 786, (2011), <https://www.congress.gov/112/plaws/publ74/PLAW-112publ74.pdf>.

¹⁰Military Construction and Veterans Affairs and Related Agencies Appropriations Act 2012, "Conference Report to Accompany H.R. 2055," Report 112-331, 112th Congress, 2d sess., December 15, 2011, <https://www.congress.gov/112/crpt/hrpt331/CRPT-112hrpt331.pdf>.

¹¹U.S. Department of Health and Human Services, Office of the Assistance Secretary for Planning and Evaluation, "HHS Poverty Guidelines for 2020," January 8, 2020, <https://aspe.hhs.gov/poverty-guidelines>.

The FAFSA Goes Digital and Adds User-friendly Features: Skip-Logic and the Data Retrieval Tool

In 1997, ED developed “FAFSA on the Web” (FOTW) to allow students to access and fill out the form online, and made changes to simplify the process for completing it. Over 99% of initial FAFSA applications are now filed via FOTW.¹²

Along with these updates have come other valuable improvements, including the use of skip-logic on the form and the online Data Retrieval Tool (DRT).

- **Skip-logic:** This survey feature uses a person’s response to one question to customize what their next question will be. ED has applied it across several elements of FOTW. For example, only males between the ages of 18 and 25 see questions relating to Selective Service. Likewise, ED applies skip-logic to calculating the SNT.¹³ As stated previously, students can qualify for SNT under one of three criteria in combination with their income. The FAFSA’s skip-logic feature only asks about using public benefits when applicants otherwise appear eligible for the SNT but have not yet proven their eligibility from their responses up to that point.
- **The DRT:** Starting with the 2009-10 award year, this feature has allowed students to download certain information from their tax forms directly into the FAFSA. Doing so reduces the need to retype data, the possibility of errors, and the need to verify this information. Not every person filing a FAFSA, however, is eligible to use the DRT.

However, there is one recent change impacting the DRT that may prove challenging for some students. In 2018, the Internal Revenue Service (IRS) eliminated both the 1040A and 1040EZ forms. As a result, for the 2020-21 award year, ED replaced the FAFSA question about using the 1040A and 1040EZ forms with one about filing a Schedule 1 form with the 2018 return.¹⁴ Unfortunately, the DRT does not automatically transfer this information to the FAFSA,¹⁵ which may result in more students being asked the public benefits question this year.

In December 2019, Congress passed the FUTURE Act (PL 116-91). Among other provisions, the Act sought to simplify the financial aid process by allowing the IRS to directly provide certain information to fill in responses to some FAFSA questions.¹⁶ This is even more streamlined than the current DRT and also simplifies the process for students who do not file income tax returns. However, the Act does not specify whether filing a Schedule 1 form is among the elements that can be transferred to the FAFSA, which may have implications for its use as an indicator for the SNT and auto-zero EFC.

¹² “Application Volume Reports,” U.S. Department of Education, Federal Student Aid Data Center, <https://studentaid.gov/data-center/student/application-volume>.

¹³ U.S. Department of Education Federal Student Aid presentation, “Simplification: Behind the Scenes,” (n.d.), <http://develop.ifap.collabralink.com/sites/default/files/attachments/presentations/48SimplificationBehindtheScenes.pdf>

¹⁴ U.S. Department of Education, Student Aid Q&A “Did (or will) your parents file a Schedule 1 with their 2018 tax return?,” <https://studentaid.gov/2021/help/parent-schedule-1>.

¹⁵ Letter from U.S. Senators to Secretary Betsy DeVos concerning Docket Number ED-2019-ICCD-0039, August 2, 2019, https://cdn.ymaws.com/www.ncher.us/resource/resmgr/db_alt/08-19_Letter_to_DeVos_from_S.pdf.

¹⁶ FUTURE Act, Pub. L. No. 116-91, 116th Congress, 133 Stat. 1189, (2019), <https://www.congress.gov/bill/116th-congress/house-bill/5363>.

Students' Barriers to Finalizing the FAFSA: Inconsistent Processes to Verify Information

For one in four students, completing the FAFSA itself is not the end of the application process. That's because many students are selected for verification, a burdensome process that requires that some students document the accuracy of information on their FAFSA form.¹⁷ For the vast majority of students, verification does not change their financial aid award.¹⁸ However, because of the challenges of complying with verification, more than two in 10 students selected for verification never complete it—failing to be awarded the financial aid they need.¹⁹

For an example of how these hurdles play out, we can look back to when ED required that students verify SNAP benefits. At that time, selected students had to submit a signed statement that they (or someone in their household) did, in fact, receive SNAP. ED's Federal Student Aid Handbook instructed financial aid administrators to have the student "obtain and give you documentation from the agency that supplied the benefit"²⁰ if they doubted that the student received SNAP. Acceptable forms of documentation included an account summary, statement, or website printout. The documentation had to show it was "obtained through official means from the agency." What was considered acceptable documentation and how easily it could be accessed varied greatly among schools and human services offices. As one SNAP recipient noted in an interview with The Institute for College Access and Success, their state only provided recipients with a SNAP card, and recipients were told they could not be given a statement, which the college was requesting.²¹

The risk and difficulty associated with verification means the FAFSA's skip-logic design is helpful to students, since it is much easier to verify their tax filing status. Because students are not asked the question about using public benefit programs, they do not have to verify it.

Changes to the Verification Process

Beginning in academic year 2017-18, ED removed SNAP benefits and child support paid from the list of items for verification after determining that verifying these items did not result in "significant changes" to students' and families' EFCs.²² Colleges retain the discretion to ask students to verify any item on their FAFSA, including SNAP and other public benefit programs they or their family may be receiving. Institutions may also define their own policy on how many, if any, additional students they select for verification. Often, such a policy is very decentralized, allowing individual financial aid administrators to use their own discretion for selecting students by flagging any items that appear unusual or in conflict with other data provided. Some schools require verification of all students.²³

¹⁷ National Association of Student Financial Aid Administrators, *NASFAA Issue Brief: Verification*, October 2018, https://www.nasfaa.org/uploads/documents/NASFAA_Issue_Brief_Verification.pdf.

¹⁸ National Association of Student Financial Aid Administrators, *NASFAA Data Show Verification Does Not Impact Most Financial Aid Awards*, https://www.nasfaa.org/uploads/documents/verification_one_pager.pdf.

¹⁹ Bill DeBaun, "Verification Melt Rate Ticks Up to 25 Percent," National College Attainment Network, November 12, 2018, <https://www.ncan.org/news/news.asp?id=456084>.

²⁰ U.S. Department of Education, *Federal Student Aid Handbook 2016-2017*, <https://ifap.ed.gov/sites/default/files/attachments/fsahandbook/1617FSAHbkActiveIndexMaster.pdf>.

²¹ The Institute for College Access & Success, *On the Sidelines of Simplification: Stories of Navigating the FAFSA Verification Process*, November 2016, https://ticas.org/files/pub_files/on_the_sidelines_of_simplification.pdf.

²² U.S. Department of Education, "2017-2018 Award Year: FAFSA Information to Be Verified and Acceptable Documentation," (DCL: GEN-16-07), April 5, 2016, <https://ifap.ed.gov/dear-colleague-letters/04-05-2016-gen-16-07-subject-2017-2018-award-year-fafsar-information-be>.

²³ "FAFSA Verification," Edvisors, <https://www.edvisors.com/fafsa/after-submitting/verification/>.

What We Know About Students Who Receive Public Benefits

The National Postsecondary Student Aid Survey (NPSAS) collects information that can show whether students use public programs by either a positive response on the FAFSA or as part of the survey’s student interview process. Using NPSAS data, we can derive some insight into the characteristics of students who indicate they or their family members rely on public benefits.²⁴ With a greater understanding of these characteristics, policymakers can design solutions that better support students’ higher education needs. Using NPSAS data, we arrived at the following findings:

- Overall, at least one in five undergraduates used public benefits to support their basic needs. According to NPSAS, in 2016, 20% of all postsecondary students indicated they received public benefits. This figure is likely an undercount for two reasons: students may not see the question as a result of the FOTW’s skip-logic, and they may not answer it truthfully due to stigma or other concerns. The percentage of students seeing the benefits questions may increase in the 2020-21 award year due to the changes to the tax form question discussed above and because of an increase in economic instability and job loss as a result of the coronavirus pandemic.
- More than one in three students at for-profit colleges used public benefits. It should not be surprising that students accessing public benefits are more highly concentrated at schools that typically enroll more people with low incomes: community colleges and for-profit institutions. Twenty-two percent of students at community colleges said they or a family member received public benefits, while 36% of students at for-profit colleges said they did. This can be contrasted with 15% of students at 4-year public colleges and 14% at private nonprofit colleges who said they received benefits.

Further analysis provided in Table 1 shows how frequently applicants claimed each of the public benefit programs asked about on the FAFSA (excluding Medicaid, which is a recent addition to the form), by institution type. Regardless of the program, the largest share of the student population who received a benefit attended for-profit colleges, followed by community colleges.

Table 1: Percentages of Student Population Receiving Each Public Benefit, by Institution Type

Institution type	FAFSA response: “Yes”				
	TANF	SNAP	WIC	SSI	FRPSL
Public 2-year	1.8%	14.0%	5.8%	2.9%	12.1%
Public 4-year	0.7%	9.0%	2.7%	1.9%	8.8%
Private 4-year	1.1%	7.9%	2.8%	2.2%	7.2%
For-profit	4.0%	26.4%	9.8%	4.3%	17.7%

Source: CLASP analysis of NPSAS:16 data

²⁴ Data analysis throughout this section is CLASP analysis of NPSAS:16 data.

- More than 40% of Latino and 45% of black students at for-profit colleges accessed public benefit programs. Longstanding disparities in access to income and wealth have left a legacy of historic inequities in those areas for students of color. Black students most often reported using public benefits (33%). Further, black students at for-profit colleges accessed these benefits at the highest level among people of all races/ethnicities at all types of schools (45%). In comparison, 14% of white students overall received public benefits (of those, 29% received them while attending for-profit colleges), and 26% of Latino students received them (41% while at for-profit colleges).
- Students who were parents or caregivers most often received benefits from means-tested programs. Many public benefit programs are restricted to or more generous toward families with low incomes rather than individuals. This may be why independent students without dependents were the least likely (12%) to say they received public benefits. However, 37% of independent students with dependents said they or their family received public benefits. Only 15% of dependent students accessed them.
- Overall, six in 10 students held a job, and working was not a sign that a student does not use public benefit programs. Students who said someone in their household received public benefits worked at the same rates as those who weren't using these programs. For both groups, approximately 40% of students did not work, with the remaining 60% of students being evenly split between working 1-20 hours, 21-40 hours, and 40+ hours.

The NPSAS data also provide information about how often students using public benefit programs receive specific types of traditional financial aid, such as Federal Pell Grants, Federal Supplemental Educational Opportunity Grants (FSEOG), and student loans. Each is described below along with our findings on the students who use them.

- Pell Grants: An average of one in four students relying on public benefit programs misses out on this critical aid. Pell Grants are the federal government's main need-based aid program for students with low and moderate incomes. One might assume students who use public benefit programs to support themselves are among the lowest income group in college and thus extremely likely to receive Pell, but it is not certain that receiving one guarantees the other.

This is even true at institutions that traditionally serve more students with low incomes. For instance, in academic year (AY) 2015-16, one in four students who said they received a public benefit program did not also receive a Pell Grant. This varied by race/ethnicity, from 29% of Asian students to 21% of black students.

Also surprising, it is just as common for students to completely miss out on a Pell Grant as it is for them to receive the maximum award (25% compared with 26%). These figures are starkest for community college students, displayed in Table 2 by race/ethnicity.

Table 2: Receipt of Pell Grant by Community College Students Who Also Receive Public Benefits, by Race/Ethnicity (AY 2015-16)

Race/ethnicity	2015-16 Pell amount received			
	\$0	Up to \$2,888	\$2,889 –\$5,774	\$5,775 (Maximum)
All students	35%	32%	19%	14%
Asian American	42%	20%	21%	17%
Black	29%	39%	18%	14%
Latino	41%	27%	20%	12%
Native American	22% ^a	30%	24% ¹	25%
White	34%	32%	19%	14%

Note. \$2,888 is half of the maximum award and is the maximum a student attending half-time could receive. Source. CLASP analysis of NPSAS:16 data

^a Standard error represents more than 30% of the estimate.

• **FSEOG: More than eight in 10 students who receive public benefits are left without this financial aid.**

FSEOG is another need-based grant for college provided by the federal government. The likelihood that students who said they received public benefits also received this financial aid is significantly slimmer than for students getting a Pell Grant. More than eight in 10 students (83%) who received a means-tested benefit to support their basic needs did not receive any FSEOG aid. Fewer than 2% of students who use public benefit programs received more than \$1,000 in FSEOG aid—a program which can provide a maximum award of \$4,000.

Why are so many students with low incomes excluded from this assistance? A significant factor is the broken funding formula used to distribute the federal campus-based aid programs to schools, which includes FSEOG and the Federal Work-Study program. The funding formula fails to distribute resources effectively, both geographically and to the types of schools that most low-income students attend.

• **Student loans: Among people relying on public benefit programs, more than six in 10 students—and more specifically, nearly eight in 10 black students—must take out loans to pay for college.** Students who received at least one of the public benefit programs asked about on the FAFSA were more likely to borrow student loans during their college experience. According to NPSAS, 54% of all students borrowed while in college, compared to 61% of those who received public benefits.

Similar to trends seen in other research, due to historical and continued systemic inequities, black students borrowed more frequently and took loans in larger amounts than other students.²⁵ Seventy-seven percent of black students who count on public benefit programs to support their basic needs also took out student loans. More than one in five (22%) of these students borrowed at least \$26,500 over their college career.

²⁵ Jen Mishory, Mark Huelsman, and Suzanne Kahn, "How Student Debt and the Racial Wealth Gap Reinforce Each Other," (The Century Foundation, September 9, 2019), <https://tcf.org/content/report/bridging-progressive-policy-debates-student-debt-racial-wealth-gap-reinforce/>; Judith Scott-Clayton and Jing Li, "Black-White Disparity in Student Loan Debt More than Triples After Graduation," Economic Studies at Brookings, October 20, 2016, https://www.brookings.edu/wp-content/uploads/2016/10/es_20161020_scott-clayton_evidence-speaks.pdf.

Advantages and Challenges of the Public Benefits Question

Many students give up on applying for financial aid before finishing the process, but students with lower incomes are most apt to forego the FAFSA.²⁶ This likely contributes to the problem of students' unmet financial need, which is most acutely felt by students of color.²⁷

Completing the FAFSA, and specifically the public benefits question, could support students in need of financial assistance in multiple ways:

- **By leading students to a simpler form, the public benefits question supports access to financial aid.** Asking students about their use of public benefit programs takes a key step toward resolving some of the form's complexity by reducing the number of questions that students must answer. This streamlined process makes it more likely that students will complete the FAFSA, boosting their opportunity to access financial aid.
- **Ongoing technical improvements mean the share of students using the simplified form may continue to grow.** As discussed above, because nearly all FAFSAs are now completed online, and because of the skip logic in its online form, only a portion of students are ever asked about using public benefit programs. The changes made by the FUTURE Act allowing the IRS to provide certain information on the FAFSA may decrease this share further. This change addresses the Advisory Committee's concern, from years ago, that a means-tested benefit question should be added because "students may not know what type of tax form they file."
- **Asking the public benefit question remains helpful for individuals who do not qualify for SNT or auto-zero EFC based on their tax filing status.** In particular, individuals with income from self-employment, including those in the gig economy,²⁸ must file the Schedule 1 form with their form 1040. The public benefit question is also an important fallback for people who do not understand the question about the tax forms.

However, there are also challenges to asking students about their use of public benefit programs:

- **Students may be reluctant to disclose that their families access public benefits to support their basic needs.** The reasons may vary from general stigma around using such benefits to concerns about potential verification requirements. Students may also hold an incorrect belief that using public benefits will be counted as income in the financial aid calculation and limit the financial aid they will receive. Students might also fear the information will be used against them in some other way.
- **Lack of an explicit rationale for asking about public benefit programs and related privacy concerns may keep students from responding.** The FAFSA does not explain why it asks students about receiving public benefits, which may contribute to underreporting. Without assurances that the FAFSA only uses their response to make the process simpler for them—not to be collected and used elsewhere—some students may be hesitant to report such information.

²⁶ U.S. Department of Education National Center for Education Statistics, *Stats in Brief: Why Didn't Students Complete a Free Application for Federal Student Aid (FAFSA)? A Detailed Look*, (NCES 2018-061, December 2018), <https://nces.ed.gov/pubs2018/2018061.pdf>.

²⁷ Lauren Walizer, *When Financial Aid Falls Short: New Data Reveal Students Face Thousands in Unmet Need*, (Center for Law and Social Policy, 2018), <https://www.clasp.org/publications/report/brief/when-financial-aid-falls-short-new-data-reveal-students-face-thousands>.

²⁸ Alexia Fernández Campbell, "The Recession Hasn't Ended for Gig Economy Workers," *Vox*, May 28, 2019, <https://www.vox.com/policy-and-politics/2019/5/28/18638480/gig-economy-workers-wellbeing-survey>.

- **Emerging restrictions associated with public benefit programs may cause students to skip the question or abandon the FAFSA process.** A new concern that could keep students from applying for financial aid is the recent “public charge” regulation. This federal rule change makes it harder for some people seeking U.S. residence to get a green card or lawful permanent residency. This regulation does not impact federal student financial aid. However, along with other anti-immigrant policies of recent years, the public charge rule has created a climate of fear around using public benefit programs. It may contribute to some students’ belief that applying for financial aid is more of a risk than a benefit.²⁹ It is also true that, for some students, accessing TANF, SSI, SNAP, or Medicaid can potentially be taken into account for immigration purposes.

Policy Recommendations

Our analysis of the benefit questions in the FAFSA leads us to recommend some simple changes that could make students more willing to report the public benefit programs they use and finish their financial aid application. Both ED and Congress can play a role in advancing policies to improve this system for students by taking the following steps:

1. **Include as part of FOTW a pop-up box that explains three key details:** why the public benefits questions are asked; that the benefits are not counted as income for determining financial aid; and that the data will not be used for purposes other than determining the student’s eligibility.
2. **Lift the burden on students around verifying their use of public benefit programs.** Schools should be discouraged from requiring verification by students and families—particularly the use of public benefits—except when the ED has selected the application. In addition, schools should accept a wide variety of documents as verification, including screenshots of online eligibility systems.
3. **Expand the use of the auto-zero EFC to additional families.** For example, the National College Attainment Network (formerly the National College Access Network, or NCAN) has proposed a major simplification of the FAFSA that would automatically allow all students who access public benefits to receive the maximum Pell Grant.³⁰ This would further benefit students by adding transparency to the aid process, allowing them to know what they would receive up front, before they had to fill out the form. It would also help address the discrepancy among students with low incomes who use public programs but do not receive Pell Grants. Researchers should continue to investigate potential reasons for why that disparity may exist. At a minimum, the threshold for auto-zero EFC should be raised to 130% of the federal poverty level, as it was prior to the 2011 cost-cutting changes.

Moreover, these changes need to be part of an overall redesign and expansion of federal financial aid to meet the needs of today’s students. As the cost of college has grown, financial aid has failed to keep up. Simplifying FAFSA alone will not meet the urgent need of students facing barriers to an affordable higher education. Students’ access to financial aid has been held back in a multitude of ways, including cost-cutting changes to student aid programs, inadequate appropriations that fail to keep up with college costs, and aid formulas that are poorly targeted to those in need. The increasing gap between aid programs and the true cost of college has limited the ability of students with low incomes to see college as financially possible. Given entrenched, historic inequities, this harm falls hardest on students of color.

When reauthorizing the Higher Education Act, policymakers must think beyond the FAFSA as the driver for accessing and affording a higher education and consider the ways their funding priorities, distribution formulas, and scarcity mindset have impacted students’ access to financial aid and the public benefits that support their basic needs.

²⁹ Lena O’Rourke, “Trump’s Public Charge Proposal is Hurting Immigrant Families Now,” Protecting Immigrant Families Campaign, Updated July 2019, <https://protectingimmigrantfamilies.org/wp-content/uploads/2019/07/PIF-Documenting-Harm-Fact-Sheet-UPDATED-JULY.pdf>.

³⁰ National College Attainment Network, Half the FAFSA, (n.d.), https://cdn.ymaws.com/www.ncan.org/resource/resmgr/publications/halfthefafsa_execsum_2017.pdf.

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