

How to Pay for College Webinar Series – Part 4

FAFSA Verification Update: Reducing “melt” with a more targeted approach

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Welcome!



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Many thanks to the following for their generous contributions:

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National College Attainment Network



Questions & Conversation

- Submit your questions in the box
- Share on social media
 - Twitter: @FLCollegeAccess
 - #FCAN
 - #TalentStrongFL

This webinar is being recorded; all materials will be available within a week of recording



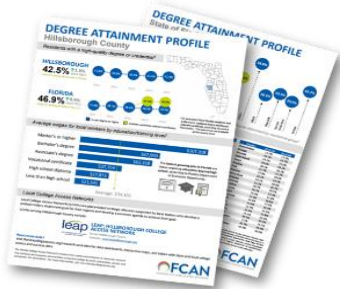
Our mission:

We lead the collaborative movement to ensure every Floridian achieves an education beyond high school and a rewarding career.

Our vision:

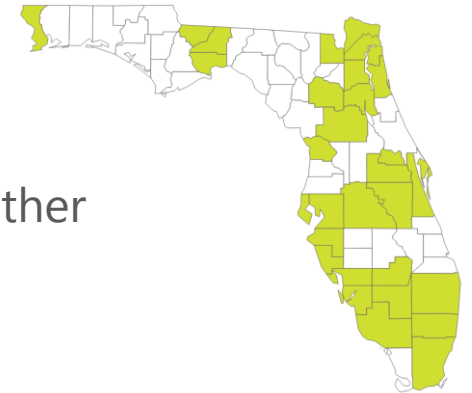
A Florida working together, where education is the pathway to economic mobility for all.

FCAN's Work



Research and Data FCAN publishes research and data on evidence-based practices and policy opportunities to strengthen Florida's talent pool.

Local college access networks (LCANs) LCANs support 82% of the state's population. These organizations are made up of community leaders who come together to create solutions and partnerships to support local talent development.



**COLLEGE
READY
FLORIDA**

Statewide Initiatives FCAN coordinates 4 College Ready Florida initiatives that provides schools and community organizations resources to help students continue their education after high school.

7 Conditions for Success

Opportunity for everyone: To build a talent-strong economy, all Floridians need access to a postsecondary education and the supports to complete it.

Clear information and guidance: Students and families need exposure and counseling early and often to make informed decisions about their futures.

Affordable: Postsecondary education needs to be within everyone's financial reach, regardless of household income or life circumstances.

Multiple pathways to success: Floridians benefit from multiple learning opportunities for academic achievement and career advancement.

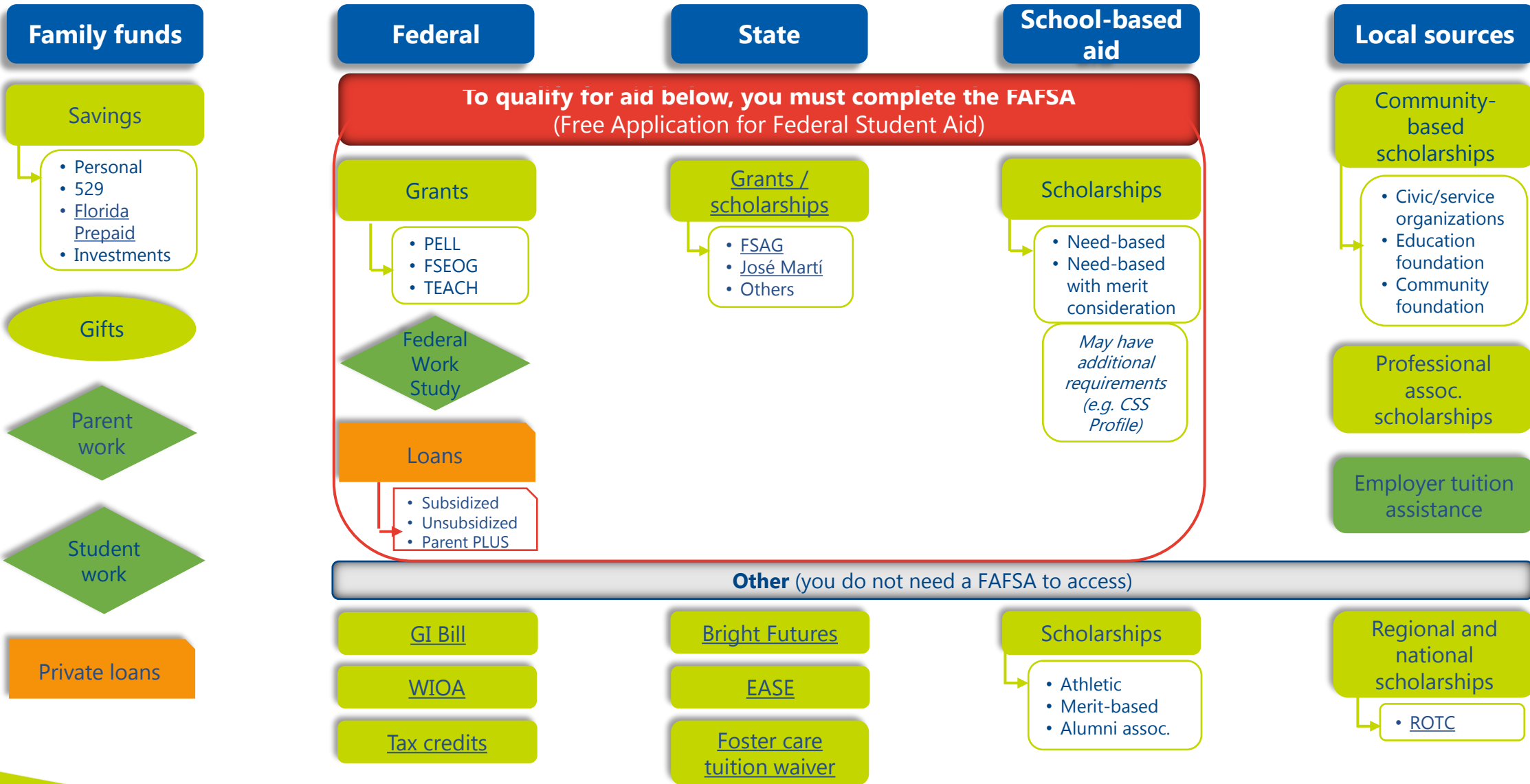
Lifelong learning: No degree or credential is "one and done;" Floridians need to prepare for career changes through continuous learning.

Effective use of data: Transparent access to data on education and economic outcomes, especially for Florida's diverse populations, helps achieve our goals.

Community collaboration: When community partners work together toward a shared vision, they remove barriers, build a robust workforce, and improve the quality of life for their regions.

Introduction

HOW TO PAY FOR COLLEGE



Color Key

- Free resources
- Work-related sources
- Loans
- ◆ Earned money

FAFSA Verification Update — Reducing “Melt” with a More Targeted Approach

FCAN "Paying for College" series

TODAY'S AGENDA

- FAFSA Verification: Level-setting
- Impact of Verification on Pell Receipt
- Recent Changes to Verification and Verification Relief
- Best Practices for Working with Students
- Q&A



FAFSA VERIFICATION

Level-setting



LEVEL-SETTING ON FAFSA VERIFICATION

- Verification: audit-like experience to prove FAFSA information is accurate.
- Verification -> EFC -> Pell Grant award.
- Burden on students and institutions.
- FSA's stated goal: preventing "improper payments"
- Balancing the burden with taxpayers' interests.

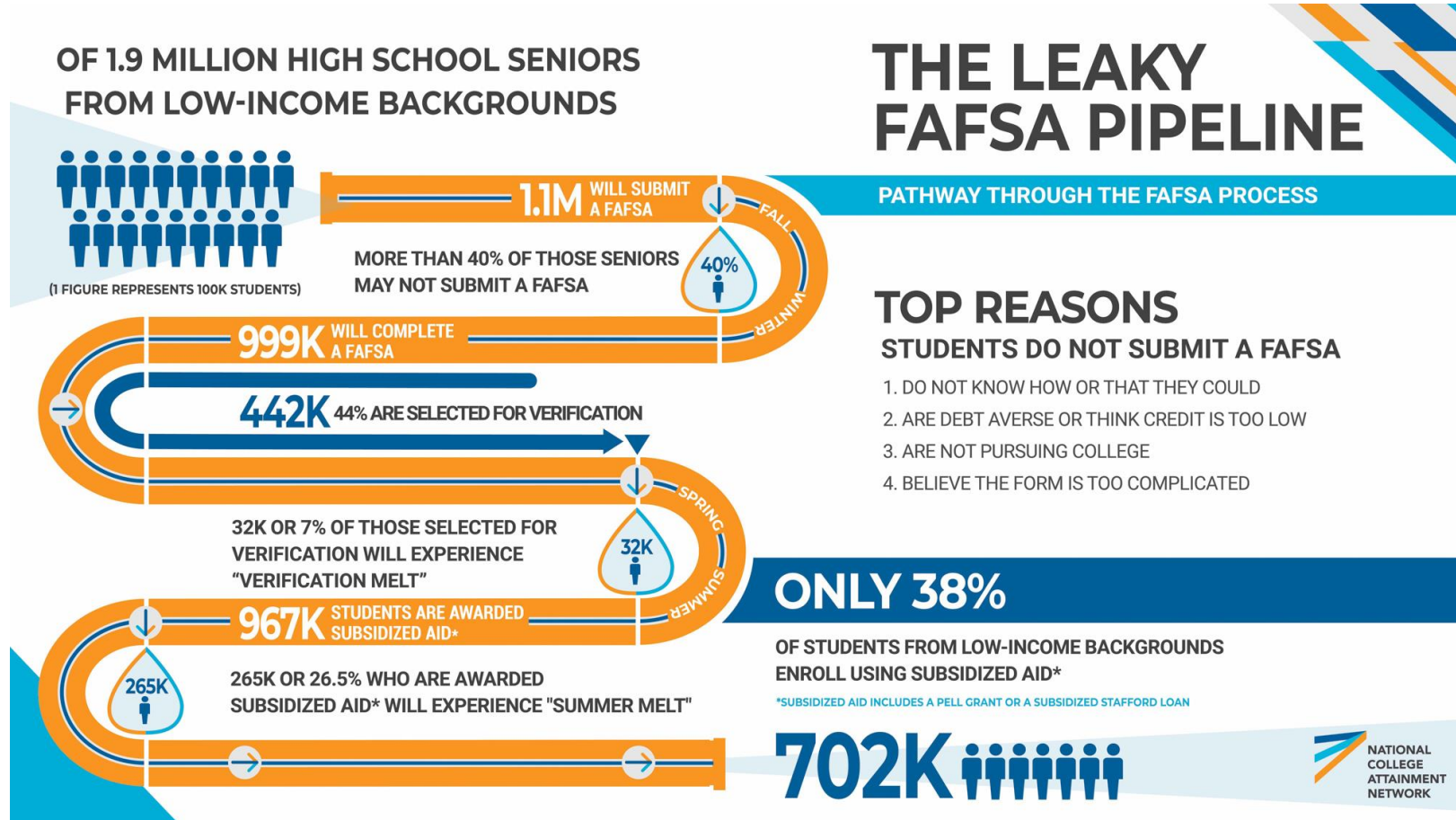
LEVEL-SETTING ON FAFSA VERIFICATION

- FSA flags “profiles [that] are misaligned with expected values.”
- In 2018, 22% of FAFSA filers were selected for verification.
 - Down from highs of 30% - 38%.
- ~50% of Pell Grant-eligible FAFSA filers are selected for verification.
- High rate, compared to IRS audit rates (0.5% overall in 2017).

VERIFICATION MELT

- FSA previously estimated melt at 11%
 - But acknowledged that “other estimates [were] higher.”
- New FSA data estimate that 7.2% of students selected for verification do not receive subsidized aid as a result of that process.
- “Life-happens” melt and summer melt, changes in plans or circumstances, etc. (whether impacted by verification or not) is much higher.
 - 26.5% of students in a comparison group that didn’t go through verification, also didn’t receive subsidized aid.
- FSA admits: Melt decreases “when fewer filers are selected for verification.”

LEAKY FAFSA PIPELINE



BURDEN HOURS OF FAFSA VERIFICATION (AY 2017-18)

Affected party	Respondents	Responses	Burden hours
Private institutions	1,728	7,131,728	890,056
Proprietary institutions	1,776	2,410,026	304,892
Public institutions	1,860	9,820,110	1,232,260
Public/individuals	4,750,000	6,650,000	1,719,500
Total	4,755,364	26,011,864	4,146,708

Source: <https://www.regulations.gov/document?D=ED-2019-ICCD-0146-0003>.

FSA: LATEST VERIFICATION FIGURE

[FSA announced](#), at Dec. 2020 annual conference, that the verification rate dropped to 18% for 2021-22 filers.

This is the rate among *all* filers; data confirms that the rate for Pell Grant-eligible applicants was higher.

FSA data for the 2019-20 cycle:

- 40.1% of Pell Grant-eligible applicants were selected for verification.
- 26.3% of all high school senior applicants were selected for verification
- For Pell Grant-eligible high school seniors, that figure was 44.3%.

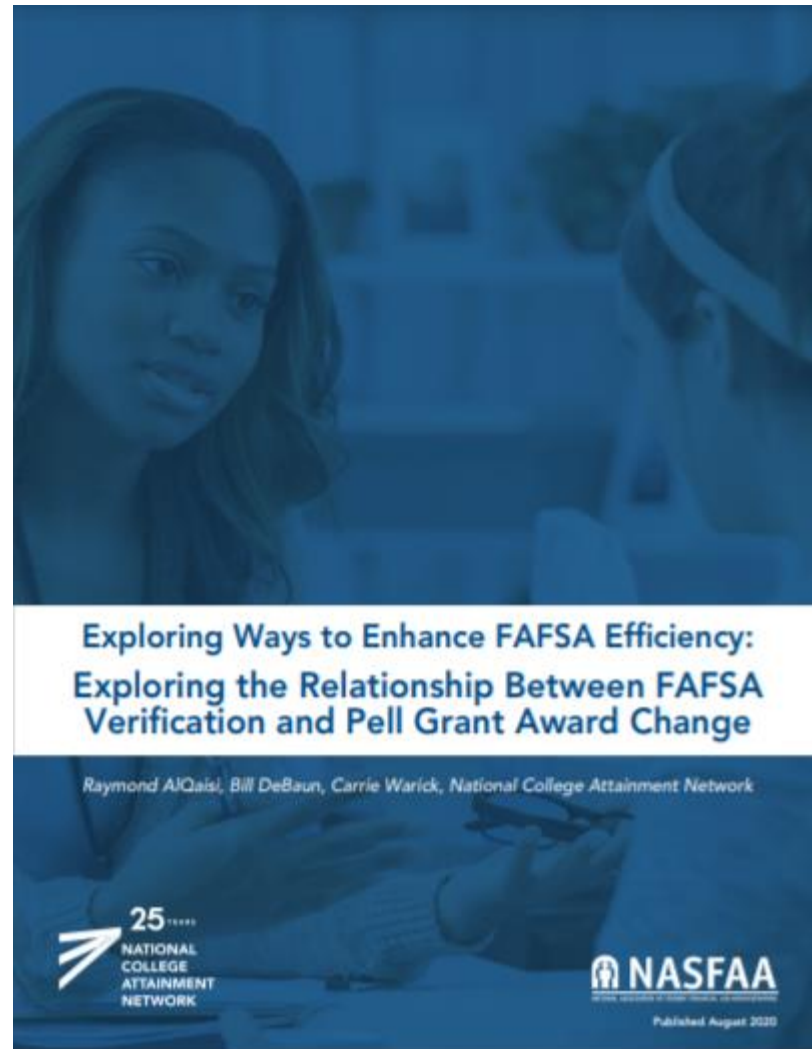
In short, a 44.3% figure represents a common experience – that verification still looms as a major obstacle each year.

NCAN STUDY OF VERIFICATION'S IMPACT

Exploring the Relationship Between
FAFSA Verification and Pell Grant
Award Change



NCAN REVIEW OF VERIFICATION'S IMPACT ON PELL GRANT AWARDS



DATA AND METHODOLOGY

- Data from two award cycles:
 - 2018-19
 - 2019-20
- Due to the move to a machine learning model during the latter cycle, comparing these AYs should reveal the impact of changes.
- Using data to examine the impact of verification on FAFSA filers.
 - The impact on Pell Grant awards, after verification was completed.

Note: Data reflects only students who completed verification.

RESEARCH QUESTIONS

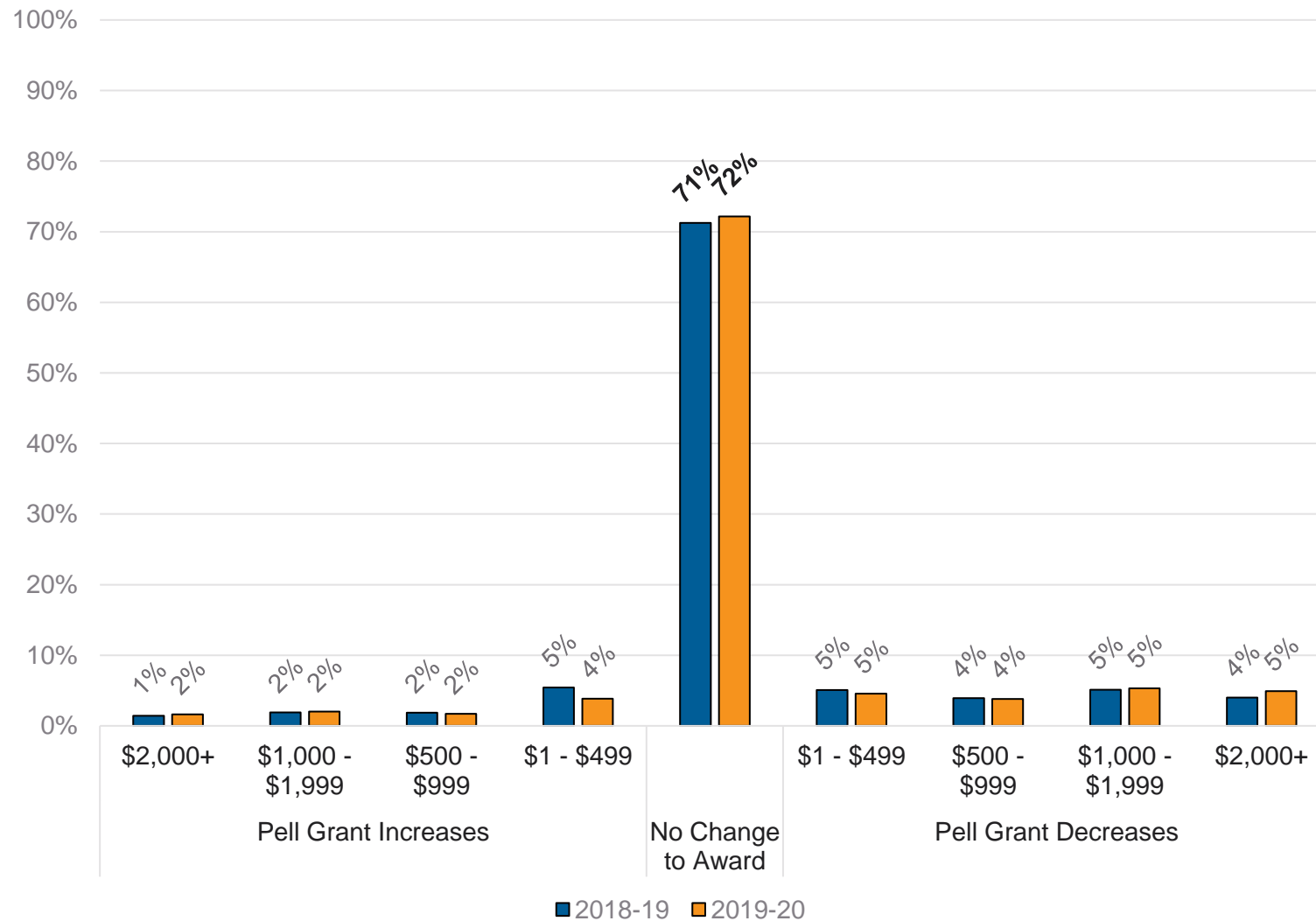
For filers who complete verification, how do Pell awards change?

How well does verification prevent improper payments?

How often are Pell Grant awards increased or decreased?

What were the effects of changes to the FAFSA verification process?

% DISTRIBUTION OF POST-VERIFICATION PELL GRANT AWARD CHANGES

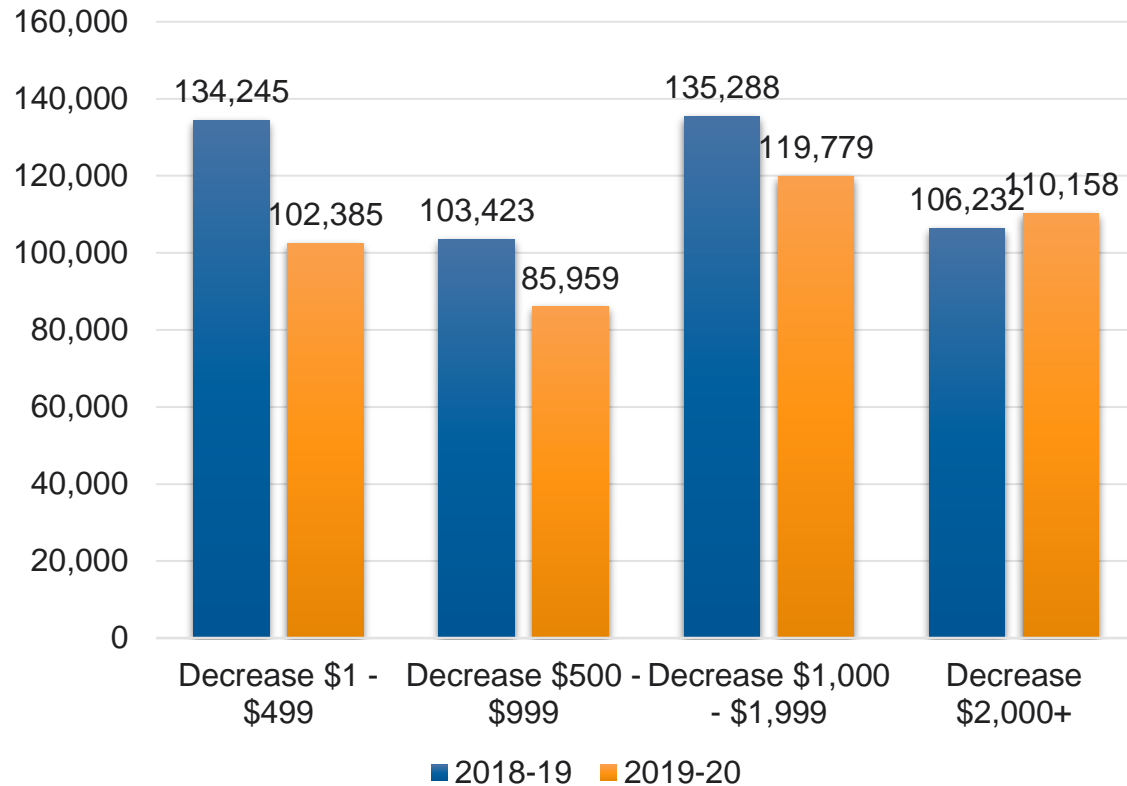


NUMBER OF FILERS COMPLETING VERIFICATION AND % UNCHANGED

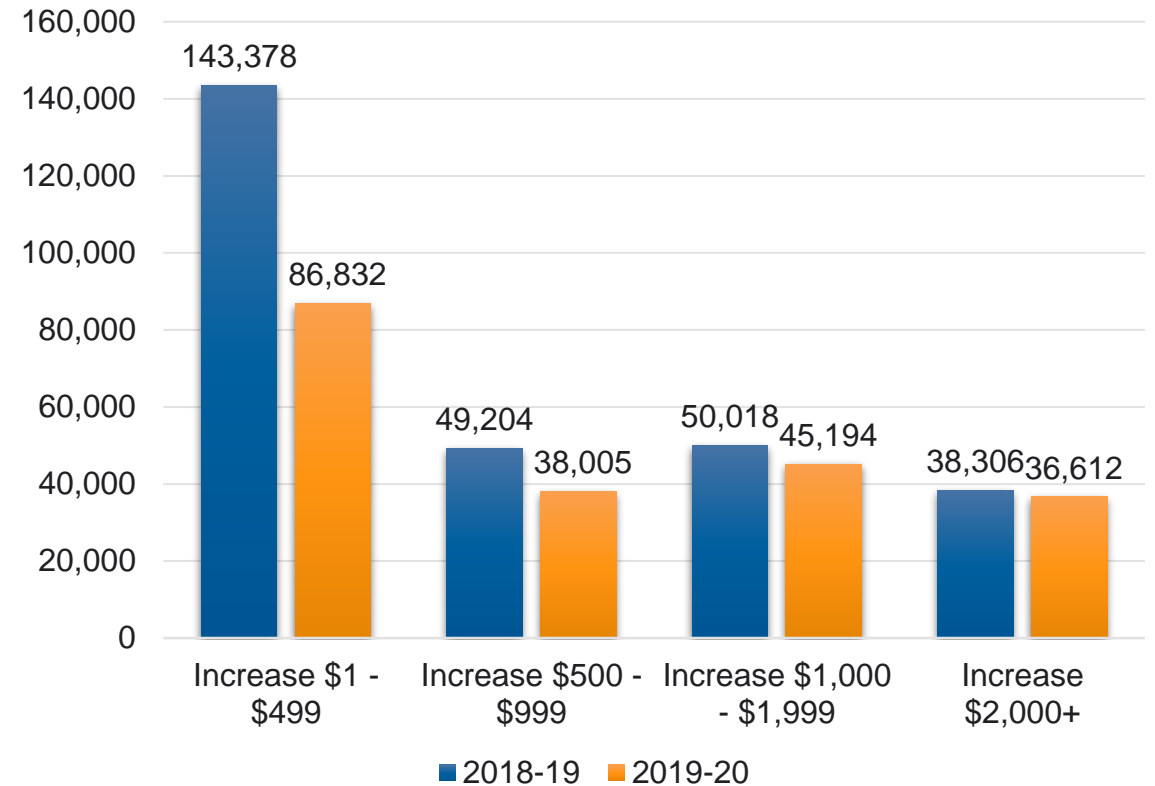
Type of Filer	% Change from AY 2018-19 to 2019-20	Percent of Applicants with Unchanged Awards Post Verification	
		AY 2018-19	AY 2019-20
All applicants	-15%	71.3%	72.2%
Auto-zero EFC	-39%	96.1%	93.4%
Non-auto-zero EFC	-9%	65.1%	68.6%
High school seniors	-33%	73.8%	68.0%
Auto-zero EFC	-62%	96.9%	93.1%
Non-auto-zero EFC	-22%	64.9%	63.3%

DISTRIBUTIONS OF PELL AWARD CHANGES

Decreases in Pell Awards



Increases in Pell Awards

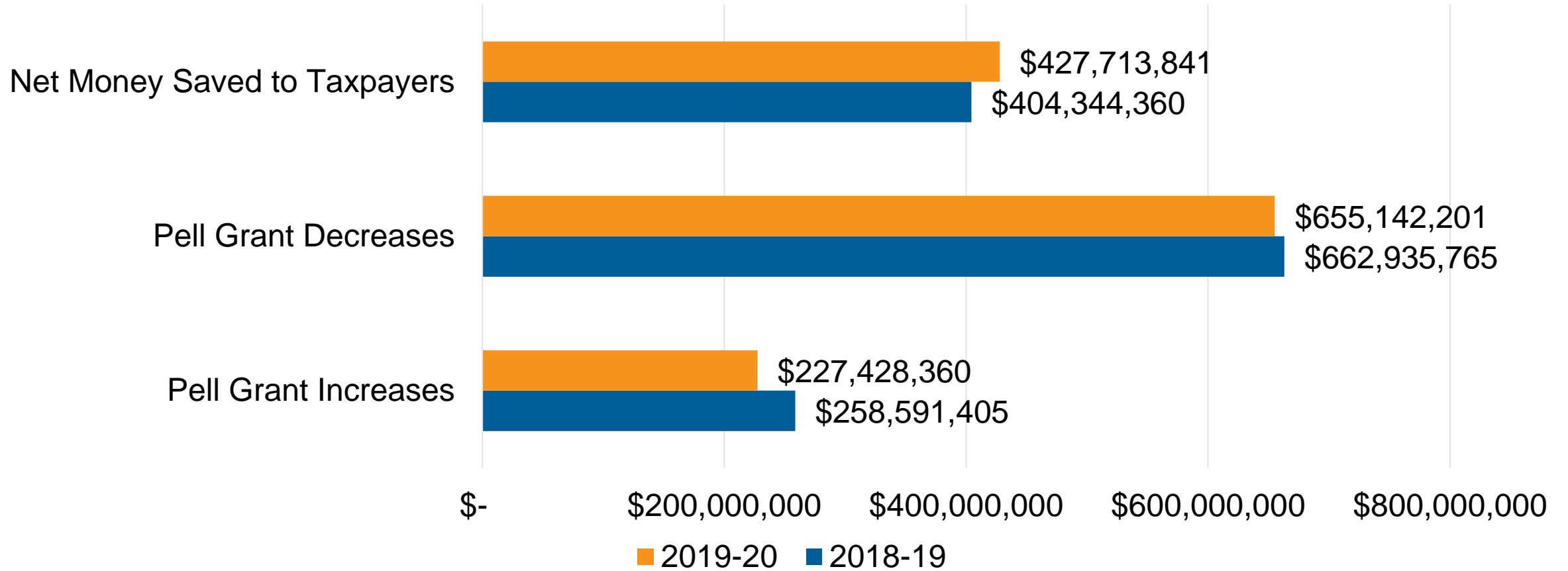


OF STUDENTS PELL-INELIGIBLE POST VERIFICATION

Only 3% of students who completed verification lost Pell Grant eligibility.

	AY 2018-19	AY 2019-20
All applicants	76,174	74,881
Auto-zero EFC	2,834	3,374
Non-auto-zero EFC	73,340	71,507
High school seniors only	15,674	14,868
Auto-zero EFC	937	907
Non-auto-zero EFC	14,737	13,961

NET CHANGE THROUGH FAFSA VERIFICATION



KEY FINDINGS

- **>70% of students who complete verification experienced no change in Pell award.**
- Of changes in Pell awards, decreases were twice as common as increases.
- **Auto-zero EFC filers almost always retain that award after verification (93%, 96%).**
- **Net-positive in "savings";** net savings of \$404 million and \$428 million in award years 2018-19 and 2019-20.

POLICY RECOMMENDATIONS

- FSA provide more explanation as to why verifying 1 out of 5 FAFSA filers is the most appropriate percentage.
- Select an even smaller proportion of auto-zero EFC applicants for verification.
- Consider substantial changes to verification of financial information based on the implementation of the FUTURE Act.



VERIFICATION RELIEF/ ASSISTING STUDENTS

Recent Changes to Verification; Verification Relief;
and Best Practices for Working with Students.



FUTURE ACT (DEC. 2019) AND FAFSA SIMPLIFICATION ACT (DEC. 2020)

- Amends Section 6103 of the IRS to allow sharing of Federal Taxpayer Information (FTI) directly with ED via FSA.
- Since FTI is from the IRS, it will be considered verified data.
- Will significantly impact verification by making the process easier.
- Will significantly reduce verification for income-related fields.
- Reduced burden experienced by students and institutions.

- FAFSA Simplification Act (December 2020)

VERIFICATION RELIEF AS A RESULT OF NATIONAL EMERGENCY

- Initial Relief Offered on 4/3/20 and was first extended until December 31, 2020 and now has been extended to the end of the term following the national emergency situation being declared over
- Flexibilities given to verification documents required to be presented in person or notarized
- Students are allowed to submit documents electronically (or pictures of documents) through a secure portal
- Students can submit copies of expired documents requested-i.e. a driver's license when there is no reasonable expectation to get it renewed and valid
- Parent signatures are also waived when it is not realistic to secure a signature
- Can accept a signed and dated statement from the student when a high school transcript cannot be accessed. May use a document if on file in the admissions office.
- Form 4506-T was generally not processed if submitted by mail

VERIFICATION RELIEF AS A RESULT OF NATIONAL EMERGENCY

- Those who could meet the IRS requirements to access a tax transcript electronically could continue to do so
- Verification of Non-Filing Letters(VONF) provided by the IRS became virtually impossible to access
- Colleges had been allowed and encouraged by FSA to accept signed copies of tax forms or signed statements of VONF prior to COVID when valid attempts to secure the documents from the IRS failed
- Although not verification related, the Department of Education has also reminded colleges about Professional Judgment and steps they are allowed to use
- What are you experiencing? Type good news or bad news in the question/chat box.

ASSISTING STUDENTS WITH THE VERIFICATION PROCESS

- Let's be real-first we have to get them to file the FAFSA before they can be selected for verification
- Good news-FSA is reducing the percent of filers selected to 18% for the 21-22 academic year
- Not so good news-still means just under half of Pell eligible students will be selected
- Issues to address-process for 21-22 is probably different than it was for 20-21 due to offices closed, limited student allowed on campus, staff working remotely
- Verification has always been a student-by-student, college-by-college process
- Pandemic completely amplified the complexity of the process with different submission options, home internet access or printer access, and inability to be in-person to review the process with students and parents
- What would we do if we could not “share screens”

ASSISTING STUDENTS WITH THE VERIFICATION PROCESS

- Make sure students have kept a record of usernames and passwords for the various college log-ins
- Develop an organization log of verification process for most highly attended colleges including when and how students are notified
- Review student level FAFSA data if your state provides indicator for being selected for verification - target outreach to this group
- Use clever virtual options for pictures of documents, helping students create documents to upload and completing signatures
- Just like FAFSA, this process is one student at a time and probably one college at a time at different times
- When you have questions, reach out to the colleges but have the student with you for FERPA compliance

RECAP AND LOOKING FORWARD

- The future of FAFSA verification is at a critical point of inflection.
- The available evidence shows considerable “costs” balanced against “benefits” that measure in millions of dollars.
- How to make postsecondary pathways for millions of students easier, through access to federal financial aid, e.g., Pell Grants.
- The verification process does not change Pell awards for the majority of verified FAFSA filers; and what about the students that drop out of the process entirely?
- Policymakers and financial aid practitioners should continue to actively find ways to reduce obstacles that impede students’ ability to improve themselves through postsecondary pursuits.
- NCAN will continue to advocate for a verification process that balances meeting FSA's goal of program integrity while not overly burdensome for students and families.

RESOURCES/READ MORE:

NCAN Policy:
[FAFSA](#)

Blog: [NCAN Conducts First Comprehensive Review of Impact of Verification on Pell Grant Awards](#)

Paper: [Exploring the Relationship Between FAFSA Verification and Pell Grant Award Change](#)

NASFAA Paper Series:
[Exploring Ways to Enhance FAFSA Efficiency](#)



Thank you!

PLEASE REACH OUT WITH QUESTIONS:

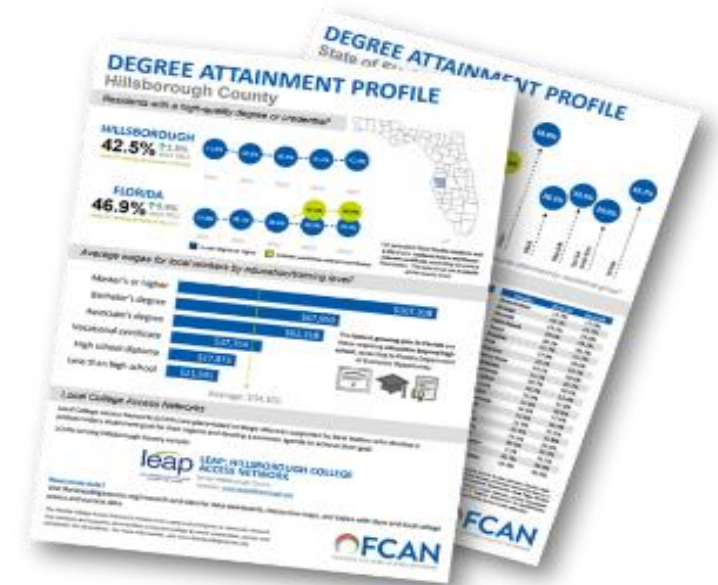
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Conclusion

