



Back to Basics: Simplifying the Financial Aid Process to Increase Access & Success

EXECUTIVE SUMMARY

The Gates Foundation provided funding to support four consortia in developing consensus recommendations related to common ideas and themes presented in the 2012-13 Reimagining Aid Design and Delivery (RADD) project. The College Board joined six organizations to focus on increasing simplification and transparency in the financial aid system. The goals of the RADD 2.0 consortium on simplification and transparency are:

- Continue to raise awareness about federal financial aid simplification and transparency issues.
- Inform the debate on the desirable outcomes and possible unintended consequences of reforms.
- Drive towards policy coherence on financial aid simplification and transparency.

The College Board supports the following strategies to simplify the financial aid system and increase transparency for the families accessing it:

- For most students, Pell Grant eligibility should be based on Adjusted Gross Income (AGI) and family size (number of exemptions). By moving to a very simple Pell eligibility determination, award look-up tables would allow low- and moderate-income students to predict their Pell Grant awards well in advance of applying for aid.
- “Prior-prior” year income data should be used to determine aid eligibility in order to streamline the financial aid application process. Relying on “prior-prior” year data would ensure that the majority of tax filers could file their FAFSA with accurate IRS data in a more timely way (many FAFSA applicants can’t access IRS data because they haven’t yet filed current-year taxes). In addition, students would be able to apply earlier for financial aid, potentially as early as the spring of their junior year in high school.
- To support the needs of states and higher education institutions, we recommend that more detailed IRS financial data be used to drive an economically sound need analysis formula that will evaluate the financial strength of applicants whose family income makes them ineligible for Pell Grants.
- To ensure that all students and families are aware of the importance of postsecondary education and the associated benefits, we recommend that the federal government develop an early-awareness effort to provide college information annually, customized to the family’s financial circumstances. The process should be automated, taking advantage of the IRS/U.S. Department of Education partnership, and should begin when the child starts school at age five.