

Higher Education Financing: *Four Strategies for Overhauling FAFSA*

Highlights

- + This year, the federal government rolled out the 2020 FUTURE and FAFSA acts, which were designed to overhaul the U.S.'s system for financing higher education by revising the FAFSA application as well as updating eligibility rules.
- + Completing the FAFSA is an arduous task, particular for low-income students, non-native English speakers, and students with undocumented parents, who are often among those most in need of financial assistance.
- + Based on the work of the Digital Benefits Network, the recommendations offered in this document focus on accessibility using human-centered design, using digitized policies, and integrating and maintaining benefits.

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Introduction

In December 2020, the United States Congress passed the FUTURE Act and the FAFSA Simplification Act, two pieces of legislation aimed at making the financing of higher education more accessible.

The FUTURE Act focuses on financial aid policy, with four key provisions:

- + Changing the outcome of the FAFSA calculation from the Estimated Family Contribution (EFC) to the Student Aid Index (SAI), which will allow financial aid officers greater nuance and flexibility in determining aid
- + Making financial aid available to people who are incarcerated
- + Tying SAI calculations to national poverty standards
- + Ending the policy that barred students with drug convictions from aid eligibility.

The FAFSA Simplification Act, on the other hand, focuses on the application itself and is much narrower in scope than the FUTURE Act.

The two key provisions of this act are improved functionality of the Internal Revenue Service (IRS) Data Retrieval Tool (DRT), which allows applicants to download tax information directly from the IRS rather than input it manually and the removal of two questions. The first relates to drug convictions. The second asks people who are assigned as males at birth to register for Selective Service, and includes questions about the applicant's race and ethnicity as well as and trans-inclusive options to questions about sex and gender.

The fully revised FAFSA application under these two acts was set to roll out in 2022, but the 2022-2023 FAFSA application also included several improvements over the old form. Most notably, the visual design of the application was been significantly improved, making it easier for students to answer questions in the correct order and more difficult for students to make mistakes such as accidentally skipping important questions.

The new FAFSA website also streamlined the creation of the FSA ID—a FAFSA login—which previously had to be created on a separate website. However, the soft launch of the new FAFSA did not include solutions to some of the biggest barriers students face when submitting this application such as guidance on determining whose finances to report, the removal of the question about drug convictions, and other accessibility issues.

The work of the Digital Benefits Network centers on increasing the accessibility to and uptake of social safety net benefits. While the scope of that work is focused on other means-tested public assistance programs, many of the principles and best practices that we champion are transferable to financing higher education. With this in mind, I offer the following recommendations for the new FAFSA, in the hope that we will see many of them on the new application later this year.

Recommendations

Focus on Accessibility Utilizing Human-Centered Design

- + **Incorporate Multilingual Translation:** The FAFSA application is the first time most students need to input details related to family finance and tax form data, so parents are often heavily involved in the process. The lack of availability in languages other than English makes it difficult for some parents – especially those who count English as a second language – to help. Translating the FAFSA into commonly-spoken languages in the U.S. can make a difference in accessibility.
- + **Upgrade or Add Stable Technology:** One of the improvements from the soft launch of the new FAFSA was the improved visual design. However, many students and college access workers have noticed an increase in website failure, with applicants being kicked out of the system before completing the application. Robust, stable technology should back the improved visual design to strengthen the overall user journey.
- + **Use Plain Language:** Technical language and confusingly-worded questions can make the FAFSA extremely difficult to understand, even for native English speakers. Transforming prompts into plain language -- particularly in sections that determine dependency status, household size, and income – can decrease burdens and improve accuracy. This is especially true for students who are serving as translators for their parents.

Use Digitized Policies

- + **Provide Algorithm Transparency:** Open source eligibility code should be a key component of any public assistance program because constituents deserve transparency in how their benefits are calculated. More than just a moral obligation, understanding how the SAI is calculated can help students and parents make corrections to their application if they believe their estimated need calculation was incorrect.
- + **Enable Universal IRS DRT:** The IRS DRT was one of the biggest innovations for reducing FAFSA burdens, but it has been an infamously finicky tool. While the 2022-2023 FAFSA saw improvements to its operability, a glaring exception is the exclusion of non-tax filers and tax filers who use Individual Tax Identification Numbers (ITINs) due to a lack of an SSN. The IRS has tax information for these populations, so making this helpful tool available only to tax filers with SSNs creates barriers for populations that already face the most challenges.
- + **Provide Guidance for Undocumented Parents:** Parents must report their SSN on the FAFSA, which creates problems for undocumented parents and other individuals without SSNs. There are ways to work around this requirement, but they are complicated and there is no clear guidance in official Department of Education literature. This guidance must be created and disseminated to ensure students can properly submit the FAFSA even when their parents are not citizens.

Integrating Benefits

- + **Institute Cross-Benefits Outreach:** Students who qualify for Pell Grants likely qualify for other social safety net benefits, too but college students historically have a low uptake rate for these benefits. This is due in part to lack of awareness of eligibility. The Department of Education should develop partnerships with other social safety net benefit agencies to conduct outreach for SNAP, Medicaid, and other public assistance programs to students who receive Pell Grants. These added benefits can improve retention and graduation rates for low-income students.

Maintaining Benefits

- + **Implement Automatic Status Renewal:** Students designated as legally independent from their parent(s) due to transfer of legal guardianship, homelessness, or other difficult circumstances must provide proof of this status when submitting the FAFSA annually. Not only does this create significant burden, but it also creates legal ambiguity for a student's status since college-aged students living in university housing are not considered legally independent. Students who are designated as independent when they submit the FAFSA as high school seniors should have that designation renewed automatically in order to avoid this.
- + **Launch a Text Pilot:** Many students do not realize that they need to submit the FAFSA every year – not just the year that they apply to school. Text messaging pilots for SNAP renewal in various states have proven successful, and a similar effort to assist with FAFSA renewal can help students maintain consistent financial aid amounts and improve retention rates, particularly for low-income students.

About the Beeck Center for Social Impact + Innovation

The Beeck Center for Social Impact + Innovation at Georgetown University brings together students, expert practitioners, and extended networks to work on projects that solve societal challenges using data, design, technology, and policy. Our projects test new ways for public and private institutions to leverage data and analytics, digital technologies, and service design to help more people.