

# United States Senate

WASHINGTON, DC 20510

April 2, 2019

The Honorable Betsy DeVos  
Secretary of Education  
U.S. Department of Education  
400 Maryland Ave, S.W.  
Washington, D.C. 20202

Dear Secretary DeVos:

We write to express concern and request information regarding the U.S. Department of Education's ("Department") process for obtaining and verifying those who apply for grants and loans on the Free Application for Federal Student Aid (FAFSA).

For millions of students and families, the FAFSA is the gateway to putting higher education within reach. However, the verification often imposes a significant and disproportionate burden on low-income students. The process of verifying financial aid applicants' tax return and other personal information has increasingly become an inherent barrier to their success. We acknowledge that verification is intended to address improper payments and protect taxpayers, but as currently executed, it is not an effective or fair policy that results in meaningful savings, and is in fact undermining federal investments in higher education.

While we appreciate the Department's recent step to reduce the burden of verification for some individuals who are not required to file tax returns, much more must be done. Many colleges report historically high verification rates. The substantial burden of verification does not appear to be well justified, and we hope that you will take all available steps within your agency, and in collaboration with the Internal Revenue Service (IRS), to streamline and simplify the experience of students applying for federal financial aid.

In award year 2015-16, a stunning 44 percent of Pell-eligible students who were selected for verification failed to ultimately receive their Pell Grant, compared to just 19 percent of Pell-eligible students who were not selected for verification—a 25 percentage point disparity.<sup>1</sup> Recent survey data from financial aid administrators shows that more than 80 percent of Pell-eligible students are being selected for verification, but only 16 percent of those verifications result in any change to a students' award amount.<sup>2</sup> These data suggest that verification rates and selection can be improved by the Department.

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<sup>1</sup> DeBaun, Bill. "Verification Melt Rate Ticks Up to 25 Percent." National College Access Network. November 12, 2018. <http://www.collegeaccess.org/BlogItem?dg=5b0d35a074c545c6a608357bce9ca4ba>

<sup>2</sup> National Association of Student Financial Aid Administrators. "NASFAA Data Show Verification Does Not Impact Most Financial Aid Awards. November 2018. [https://www.nasfaa.org/uploads/documents/verification\\_one\\_page.pdf](https://www.nasfaa.org/uploads/documents/verification_one_page.pdf)

**Verification Burden:** The time it takes to complete the verification process can vary widely for applicants, but can often take weeks. This timeframe is problematic for a vulnerable population of applicants that are eligible for Pell Grants. Institutions that serve students with the greatest financial need, such as community colleges, face an outsized negative impact. Community colleges report a verification selection rate of 37 percent as compared to the overall average of 30 percent.<sup>3</sup> At certain points in the history of verification and, most recently, prior to the 2012-13 award year, institutions were permitted to cap verification to 30 percent of their financial aid applicants. This cap relieved burdens on both students and institutions.

The lack of a cap on how many applications an individual institution must verify leaves under-resourced institutions who serve low-income students unfairly shouldering the bulk of the nationwide verification policy when their limited capacity could be better directed toward vital student services.

**Documentation Requirements:** Beyond selection rates, we are concerned about whether certain required verification documents actually result in meaningful changes to eligibility that justify the documentation requirement. While the Department recently announced that it would allow financial aid applicants the flexibility to submit copies of their tax returns and written statements of non-filing to be accepted for verification purposes, (in lieu of obtaining tax transcripts or formal verification of non-filing) it failed to make these changes permanent.<sup>4</sup>

The Department has indicated that roughly 15 percent of a sample of self-reported non-filers from the 2014-15 award year had, in fact, filed tax returns. However, this data point alone is insufficient to justify burdens placed on nontax filers. The sample year was before the adoption of prior-prior year (PPY) income as the base year for income reported on the FAFSA; therefore even this small rate could easily be due to timing issues with the data.

For tax filers who need to obtain a tax transcript because they cannot locate a tax return, failure to obtain a permanent solution could be highly detrimental to working families. Currently, applicants must know the exact address the IRS has on record for them in order to initiate a request for a tax transcript. This can prove difficult for students, who tend to move frequently, especially because prior-prior year income means that they need to remember an address from two years past.

***myStudentAid App Mobile Optimization:*** The new mobile application *myStudentAid* and a mobile version of FAFSA on the web have enabled students to complete the FAFSA on their smart devices, and to start and save their progress. While mobile functionality holds promise for FAFSA filers who do not have regular access to a computer or all of their documentation users will not be able to capitalize on this newfound access if these pathways cannot provide an end-to-end mobile experience. The Data Retrieval Tool (DRT) webpage is not mobile optimized and yields a poor user experience during the most crucial phase of the FAFSA—the transfer of income information. The Department must collaborate with the IRS to ensure that the DRT is

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<sup>3</sup> *Ibid.*

<sup>4</sup> U.S. Department of Education. Changes to 2018-2019 and 2019-2020 Verification Requirements. January 19, 2019. <https://ifap.ed.gov/eannouncements/010919Chngsto1819and1920VerificationReq.html>

fully compatible with mobile device formats and to implement a software patch as soon as possible during the current FAFSA cycle.

***Tax Form Changes:*** The Department's collaboration with the IRS to develop the Data Retrieval Tool (DRT) has benefited many financial aid applicants since 2009. However, the recent removal of several fields from IRS Form 1040, and the shift of this information to tax schedules, could jeopardize DRT functionality. It is important that, wherever these data points are recorded by the taxpayer, the data continue to be available for financial aid purposes through the DRT. If the data contained in these fields can no longer be transferred by the DRT to the FAFSA, the utility and efficiency of the DRT will be diminished, inevitably leading to complications for federal student aid applicants. We ask that the DRT be expanded to include all relevant items on tax schedules according to the Department's authority to include all tax return information that the applicant has already consented to sharing with the Department through the DRT.


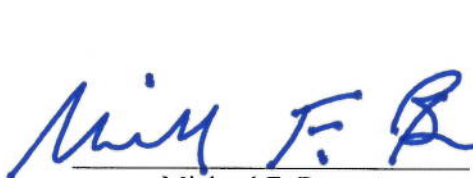
Given the numerous challenges that already face working families who rely on financial aid to afford higher education and training, and the importance of understanding policies around verification and data sharing that can result in even greater barriers, we request the following information from the Department:

We have attached an appendix that will help to answer important policy questions about the burden of verification and potential improvements. We ask for your response to these inquiries by no later than April 23, 2019.

## **Appendix: Verification Data Request**

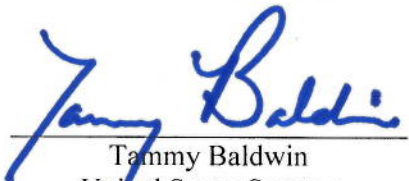
1. The number of applicants selected in each verification group.
2. The percent of Pell-eligible applicants that are selected for verification.
3. For applicants selected for verification in the V4 and V5 tracking groups, a disaggregation by Identity Verification Results codes reported by institutions.
4. The percentage of applications that result in a change in EFC and Pell eligibility upon completion of verification.
5. The percentage of selected applicants, in total and disaggregated by EFC and by Verification Tracking Group, that received a grant or loan disbursement within the award year they were selected.
6. Verification data from 2017-18 and 2018-19, when families were reporting actual PPY vs. estimated prior-year tax filing status data, to ascertain the percentage of self-reported non-filers who had, in fact, filed tax returns.
7. The impact on federal student aid eligibility for misreported non-filers when their correct filing status and income is reported.
8. An analysis of the impact since the Department stopped allowing schools to implement a 30 percent selection cap, including a change in reported burden on students and institutions, or on of program integrity.
9. Is the verification selection model modified to be more effective and less burdensome on a regular basis? If yes, how and, if not, why not?
10. Is there currently a plan in place to optimize the DRT webpage for mobile devices and, if so, when will this optimization occur?
11. Which FAFSA fields formerly transferred through the DRT solely from IRS Form 1040 are now, or are planned to be, transferred from tax schedules?
12. Will the Department request IRS to allow tax transcripts be sent to authorized third parties, including institutions of higher education and college access programs?
13. Please describe any past, current, or planned efforts by the U.S. Department of Education to explore secure data sharing options with the IRS or other federal agencies that have the potential to expedite the verification process.

Sincerely,



Michael F. Bennet  
United States Senator

Tina Smith  
United States Senator



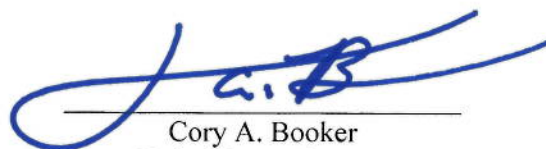
Tammy Baldwin  
United States Senator



Margaret Wood Hassan  
United States Senator



Tim Kaine  
United States Senator



Cory A. Booker  
United States Senator



Amy Klobuchar  
United States Senator



Sheldon Whitehouse  
United States Senator



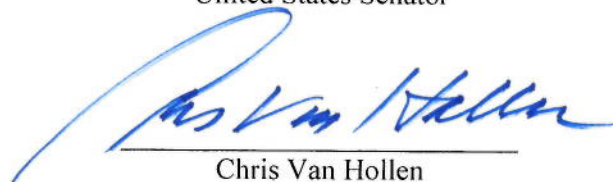
Sherrod Brown  
United States Senator



Robert P. Casey, Jr.  
United States Senator



Richard Blumenthal  
United States Senator



Chris Van Hollen  
United States Senator

Enclosure: Verification Data Request

CC: The Honorable Charles Rettig, Commissioner, Internal Revenue Service