



Highlights of [GAO-10-29](#), a report to congressional committees

Why GAO Did This Study

Federal student aid is intended to play an integral part in fulfilling the promise of greater academic access and success for less affluent students. However, many experts have expressed concern about the length and complexity of the Free Application for Federal Student Aid (FAFSA) and the statutory need analysis formula used to determine aid eligibility. The Higher Education Opportunity Act required GAO to form a study group to examine options and implications in simplifying the financial aid process. The study group focused on (1) identifying ways to shorten the FAFSA and make it less burdensome to complete, (2) identifying changes to the statutory need analysis formula that would reduce the amount of financial information required by the FAFSA without causing significant redistribution of federal and state student aid, and (3) determining how any changes to the FAFSA and the statutory need analysis formula could be implemented. To address these questions we convened an expert panel on May 7, 2009, and conducted additional interviews with experts. This summary captures the ideas and themes that emerged at the panel and during interviews. It does not necessarily represent the views of GAO or of the organizations whose representatives participated in the study group.

GAO makes no recommendations in this report. The Departments of Education, Treasury, and the Internal Revenue Service had no comments on the draft report.

[View GAO-10-29 or key components.](#)
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FEDERAL STUDENT AID

Highlights of a Study Group on Simplifying the Free Application for Federal Student Aid

What GAO Found

Study group participants said using federal income tax data that the government already collects and revising the form could shorten the application process, making it easier on students and their families. Many participants proposed that relevant federal income tax data be directly transferred to the appropriate answer fields on each applicant's online FAFSA, an approach that the Department of Education (Education) plans to pilot for some applicants in January 2010. Such a change could decrease the amount and complexity of some of the financial questions on the application. In addition, many participants proposed changes to the design and contents of the form to clarify and streamline the application. Education has recently taken steps to shorten and reorganize the online form and has plans for further improvements.

Participants said changing the federal formula to reduce required financial information would ease applicants' burden, but such a shift would likely result in some change in the distribution of aid. Many study group participants supported changing the need analysis formula to rely solely on a family's income and number of tax exemptions to determine aid eligibility. These changes would greatly reduce the number of complicated financial questions on the FAFSA. However, reducing the amount of financial information collected could change the distribution of federal, state, and institutional aid, prompting some concern about this approach. Education's recent legislative proposal to limit the formula to financial information available through tax forms would eliminate 26 financial questions, including those on assets.

Participants said technology and public outreach efforts could improve the federal student aid application process, but successful implementation of changes hinges on the ability of federal and state agencies to address several challenges. While it is feasible to electronically transfer tax data directly from the Internal Revenue Service (IRS) to the FAFSA by using income data one year older than what is currently required, participants expressed some concern about the potential implications of such a change. Specifically, using older tax data might result in increased aid eligibility for some applicants whose data may not reflect their current economic needs. In addition, it may be more difficult for applicants who do not file taxes to provide sufficient documentation of their income from two years earlier. Education and the IRS have begun developing a plan to allow some applicants to electronically access their tax data when they apply for aid online. However, because taxpayers can submit their data as late as April 15, these data will not be available in time to accommodate most aid applicants. Many participants also called for linking state aid Web sites to the online federal application to mitigate the potential effects of federal formula changes on state aid. Education plans to offer this option to states in January 2010. In addition, participants said that efforts to simplify the application process should be accompanied by a public outreach strategy aimed at increasing knowledge of the availability of federal student aid. Education plans to undertake a public outreach campaign beginning in fall 2009.