

ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE

January 21, 2005

The Honorable Michael B. Enzi
Chairman
Health, Education, Labor, and Pensions Committee
United States Senate
290 Senate Russell Office Building
Washington, DC 20510

Dear Senator Enzi:

The Advisory Committee on Student Financial Assistance (Advisory Committee) is pleased to submit its final report for the *Special Study of Simplification of Need Analysis and Application for Title IV Aid* (Simplification Study). Created by the 1986 amendments to the Higher Education Act (HEA), the Advisory Committee is an independent source of advice and counsel to Congress and the Secretary of Education on student financial aid policy. Our most important legislative charge is to make recommendations that maintain and enhance access and persistence for low- and moderate-income students in postsecondary education.

One year ago, in the FY2004 Consolidated Appropriations Act, Congress charged the Advisory Committee to conduct this one-year study to identify cost effective ways to make the student aid system easier, more responsive, and fairer for students and families. Congress directed us to focus on the needs of low- and moderate-income students, consult broadly with the higher education community, and consider the potential adverse effects of proposed changes on program costs, integrity, delivery, or distribution of awards. In conducting the study and developing our recommendations, we carefully considered the concerns of Congress, especially those pertaining to costs, and have recommended only those legislative and administrative improvements for which the benefits far outweigh potential adverse effects.

Our major finding is that a sweeping but cost-effective simplification initiative—to dismantle the gauntlet of complexity that low- and moderate-income students and families are forced to run to attend college—would increase significantly the return on our nation's considerable investment in student aid. We have defined complexity as the entire sequence of unnecessary and harmful barriers that students and families face from middle school through adulthood. These barriers include ambiguous information about financial aid, likely awards and college costs; burdensome application questions, forms, and processes; inadequate application of advanced technology; and

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An independent committee created by Congress to advise on higher education and student aid policy

a lack of coordination among federal, state, college, and private funding sources. To eliminate these barriers, we have identified four national imperatives and ten recommendations that, if implemented, will make access to college simple and certain.

Because complexity in student aid permeates the entire education pipeline and has cumulative, far reaching effects, simplification requires systemic change. It entails far more than eliminating questions from the application form, although that is essential. It includes a broad range of interrelated improvements, from providing students with accurate, early information about aid eligibility in middle school to streamlining verification for recent high school graduates and adults who have been admitted to college and selected for verification. It demands a far simpler application form for the poorest students and eventual elimination of the full paper form for all others. And, it calls for an underlying need analysis system that is transparent, consistent, and fair.

Replacing the long stream of complexity that still exists in student aid today with a steady stream of encouragement to aspire, prepare, enroll and persist in higher education will require far more than legislation, although that is clearly the starting point. It will necessitate the dedicated commitment of all stakeholders—the Department of Education, states, colleges, the early intervention community, K-12 schools and private entities—to ensure that changes in the law designed to simplify student aid are translated into real improvements on the ground for students and families. Consequently, of our ten recommendations, the last one—the creation of a new national access and persistence partnership—is perhaps the most important.

Eight of the ten recommendations do not require any increase in program costs. Choosing to create and implement just those eight recommendations would simplify student aid and improve access with no additional investment whatsoever. However, fully implementing two of the recommendations—making need analysis transparent, consistent, and fair (in particular eliminating the work penalty) and expanding existing simplification (in the form of the auto-zero Expected Family Contribution and Simplified Needs Test) for the poorest students—is one of the highest priorities of Congress but is virtually impossible without some additional investment. In those two cases, we have chosen to recommend a minimum approach that, if need be, could be phased in over a period of several years, as the overly complex full paper FAFSA is phased out.

Reauthorization offers an important opportunity to simplify student aid and open the door to higher education for larger numbers of students and adults. Adopting and implementing the recommendations in this report will make considerable progress toward renewing the nation's commitment to access and persistence and ensuring that the hard work of the neediest Americans seeking a college education is rewarded.

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We look forward to supporting Congress and the Secretary in creating and implementing these improvements. I have asked our staff director, Dr. William Goggin, to schedule briefings on the report for your staff. If our members or staff can provide further assistance, please contact us at your convenience.

Sincerely,



Mr. Clare M. Cotton
Chairperson

Enclosure

cc: Advisory Committee members
The Honorable Edward M. Kennedy
The Honorable Ted Stevens
The Honorable Robert C. Byrd
The Honorable John A. Boehner
The Honorable George Miller
The Honorable Dale E. Kildee
The Honorable Jerry Lewis
The Honorable David R. Obey
Members of the Committee on Health, Education, Labor and Pensions
Members of the Senate Committee on Appropriations
Members of the Committee on Education and the Workforce
Members of the House Committee on Appropriations
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