

A Tale of Two Income Years: Comparing Prior-Prior Year and Prior Year Through Pell Grant Awards

© NASFAA 2013



Agenda

- Background
- Sample, data, and methods
- Results
- The policy context
- Future work
- Questions for consideration

© NASFAA 2013



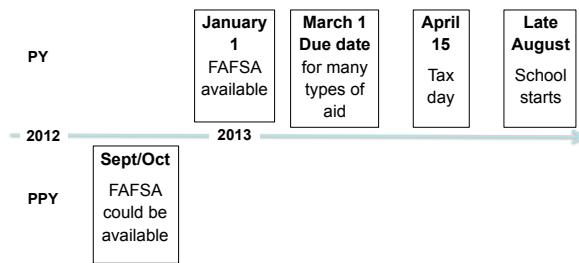
Can We Increase Program Integrity and Increase Simplification?

© NASFAA 2013



Text

Comparing PY and PPY timelines



© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Pros of PPY

- Earlier notification of financial aid awards
 - Particularly federal aid
- Makes meeting state aid filing deadlines easier
- FAFSA simplification and expanded use of the IRS-DRT
 - “The damn [FAFSA] form was killing us.”—Arne Duncan <http://www.insidehighered.com/news/2009/06/25/fafsa>

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Pros of PPY

- Reduced verification burden
- Could spread out workload for financial aid offices
- May help students and families make more informed college choices
- May even induce more students to enroll in college

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Cons of PPY

- Students' circumstances may change between filing the FAFSA in PPY and starting college
- More professional judgments—more work for financial aid offices
- Potential changes in program costs

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Study Research Questions

- How would students' Pell Grant awards change using PPY compared to PY?
- Are there differences in the proportion of students whose Pell award would be affected by institutional and student characteristics?

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Participating NASFAA Institutions

- The following institutions provided data from the 2007-08 through 2011-12 academic years:
 - Anne Arundel Community College
 - Barton Community College
 - Florida International University
 - Le Moyne College
 - Michigan State University
 - Oregon State University
 - Pacific Lutheran University
 - Virginia Polytechnic Inst. & State Univ.
 - Wayne State University

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Sample and Sector Characteristics

	2-yr public		4-yr public		4-yr private	
Item (%)	Sample	Sector	Sample	Sector	Sample	Sector
Grad rate	19	22	60	54	69	64
Male	41	43	48	46	38	43
Full-time	33	41	79	78	90	83
Black	14	14	13	12	3	12
Hispanic	4	15	20	11	4	7
White	63	54	53	62	74	62
Pell	20	25	27	26	22	24

Source: IPEDS, 2009-10

"Sample" refers to the sample of institutions used in the study. "Sector" refers to the sector of the institution.

Methods

- Recalculated PY EFCs using PY data and federal methodology
- Kept observations where calculated EFC was within \$100 of actual EFC (95% of sample)
- Calculated PPY EFC using PPY data in PY formula
- Converted PY and PPY calculated EFCs to Pell awards using federal Pell Schedules

Sample Requirements

In order to be included in the sample:

- Must have calculated PY EFC within \$100 of actual EFC
- Have filed the FAFSA two years in a row
- No observed professional judgment in either year
- Excludes about half of the starting sample
 - Women, white and Asian students, and dependents more likely to remain in sample

Analytic Sample

- Consists of 73,441 undergraduate students across 9 campuses
- Analyzed separately by dependency status:
 - 54,711 dependent
 - 10,549 independent students w/no dependents
 - 8,181 independent students w/dependents
- Roughly 30,000 students per year over 5 years

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Sample Characteristics (2009-10)

Characteristic	Dependent	Indep, no depend	Indep w/depend
Female (pct)	53.0	52.4	80.3
White (pct)	69.3	61.6	46.3
Black (pct)	13.4	24.9	42.2
Hispanic (pct)	6.7	7.3	7.2
Asian (pct)	8.7	5.6	1.9
First-gen (pct)	31.7	47.3	53.1
Pell-eligible (pct)	35.5	64.8	83.8
Zero EFC (pct)	15.9	35.4	54.2
Parent income	\$83,690	NA	NA
Student income	\$3,778	\$17,615	\$35,391
Sample size	22,514	3,657	2,806

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Key Results

1. Percentage of students affected by a change to PPY varies by dependency status
2. Percentage of students affected varies considerably by institution
3. About 16-18% of students would see a change in Pell of \$1,000 or more
4. A shift to PPY works best for students from the lowest-income families

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Result 1: Change in Pell by Dependency Status

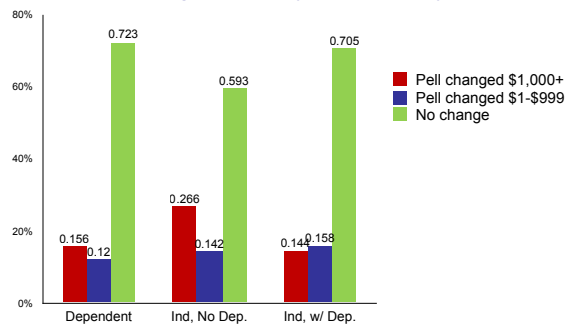
- Most students do not see a change in Pell award in switch to PPY
- These students fall into two groups:
 - Higher-income: No Pell award and primarily filing FAFSA for student loan eligibility
 - Lowest-income: Zero EFC and maximum Pell Grant
- Dependent students more likely in first group, independents w/dependents in second

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Result 1: Change in Pell by Dependency Status



© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Result 2: Effects of PPY Vary by Campus

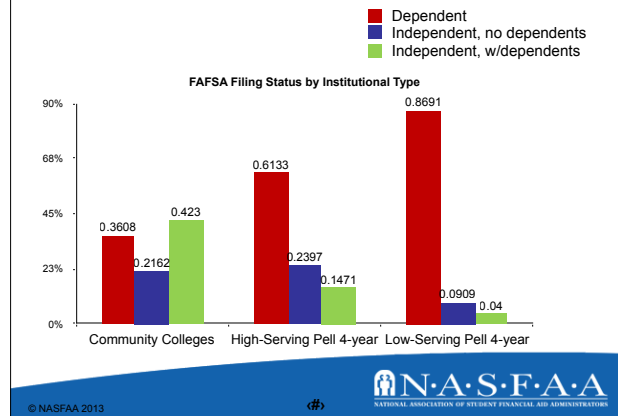
- Colleges serving higher-income students are less affected by change to PPY
- Community colleges are more affected
- Divided 4-year colleges into two groups, based on the percentage of Pell recipients served
 - Higher-serving Pell institutions affected like community colleges
 - Lower-serving Pell institutions have fewer students affected

© NASFAA 2013

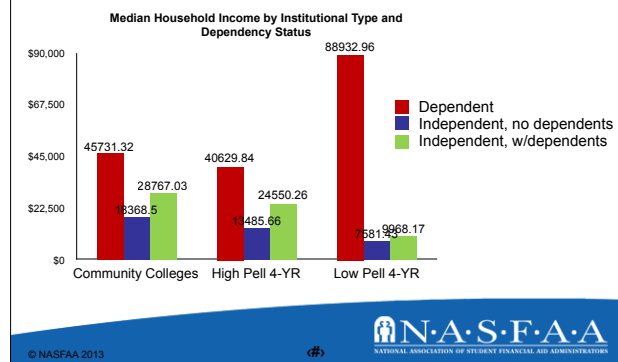


N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

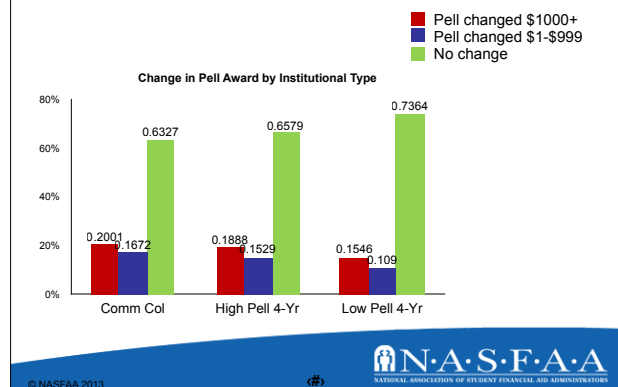
Result 2: Effects of PPY Vary by Campus



Result 2: Effects of PPY vary by campus



Result 2: Effects of PPY Vary by Campus



Result 3: Some See Big Changes

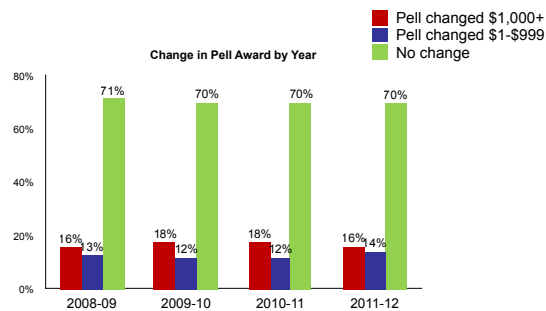
- Overall, 16%-18% of the sample sees a change in Pell of \$1,000 or more under PPY (vs. PY)
- About half of them see a gain of \$1,000, while the rest lose
- We're more concerned about what would happen to the 8%-9% of students who would see a smaller Pell

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Result 3: Some See Big Changes



© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Result 4: PPY Works Best for Neediest

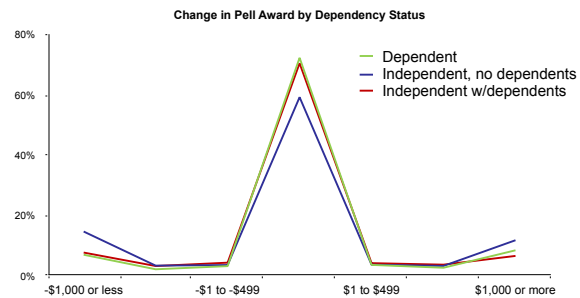
- Neediest students are those with zero EFC
- Income under \$20-\$31k (depending on year) can qualify a student for zero EFC
- If a student has household income of \$10k, 50% increase in income wouldn't change EFC or Pell award

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Result 4: PPY Works Best for Neediest



© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

“Losers” Under PPY

- Some students would be “losers” under PPY
- About 8%-9% would have a Pell of at least \$1,000 smaller than under current rules
- Household income likely fell by several thousand dollars in the prior year versus the prior-prior

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

To Mitigate: Professional Judgments (PJ)

- Students whose circumstances changed can request a PJ on their aid package
- This could be as much as 5% of FAFSA filers if everyone appeals
- Need to consider potential impacts of increased PJs on financial aid offices
- Feedback suggests aid officers did not seem as concerned about the workload as we expected

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Cost considerations

- If no additional PJs were allowed, PY and PPY should cost about the same
- But PJs could result in more Pell recipients
- Worst case: 8% of Pell recipients (800k) ask for PJ and are successful—get \$2,000 more Pell
- We do not think we can accurately speculate on cost

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

NASFAA's Policy Recommendations

1. The Department of Education should implement the use of PPY.
2. ED should explore ways to mitigate PPY's potentially negative effects.
3. The IRS Data Retrieval Tool should be expanded to include more data fields and cover more taxpayers.

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

Key questions

- Can we quantify how many additional students would benefit from moving to PPY?
- What would the reaction be from states or schools that use IM?
- Would more schools move away from FM if we went to PPY *and* increased IRS fields?
- Would students need to file the FAFSA each year?
- How else can/should we advance the timeline for financial aid notification?

© NASFAA 2013



N·A·S·F·A·A
NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

NASFAA Letter to House and Senate Authorizing Committees



April 1, 2013
The Honorable Tim Wirth
Chairman, Committee on Health, Education, Labor & Pensions
U.S. Senate
Washington, DC 20510
The Honorable Lanny Breitzer
Ranking Member, Committee on Health, Education, Labor & Pensions
U.S. Senate
Washington, DC 20510

Dear Chairman Wirth and Ranking Member Breitzer:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA), and the more than 4,000 professional aid administrators nationwide, I thank you for the opportunity to meet and discuss the proposed changes to the Higher Education Act (HEA) and the proposed changes to the Higher Education Act (HEA).

The goal of NASFAA's financial aid and application process is to ensure that every student who is eligible for financial aid can receive it. This goal is achieved through the financial aid process, which includes the application process, the review process, and the award process. NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient.

We have already met with many of the HEA's stakeholders, including the Department of Education, the House of Representatives, and the Senate. We have also held public hearings and received input from students, parents, and higher education institutions. We are committed to ensuring that the financial aid process is fair, equitable, and efficient.

The HEA's PPY provisions are designed to ensure that every student who is eligible for financial aid can receive it. This goal is achieved through the financial aid process, which includes the application process, the review process, and the award process. NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient.

Increasing the length of federal need analysis formulas is a key component of the HEA's PPY provisions. This will ensure that every student who is eligible for financial aid can receive it. This goal is achieved through the financial aid process, which includes the application process, the review process, and the award process. NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient.

Using the HEA's PPY provisions to apply for aid is a key component of the HEA's PPY provisions. This will ensure that every student who is eligible for financial aid can receive it. This goal is achieved through the financial aid process, which includes the application process, the review process, and the award process. NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient.

This letter is in the interest of the HEA's PPY provisions. It is a key component of the HEA's PPY provisions. This will ensure that every student who is eligible for financial aid can receive it. This goal is achieved through the financial aid process, which includes the application process, the review process, and the award process. NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient.

With respect to the HEA's PPY provisions, NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient. We are committed to ensuring that the financial aid process is fair, equitable, and efficient.

With respect to the HEA's PPY provisions, NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient. We are committed to ensuring that the financial aid process is fair, equitable, and efficient.

With respect to the HEA's PPY provisions, NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient. We are committed to ensuring that the financial aid process is fair, equitable, and efficient.

Increasing length of federal need analysis formulas

One of the HEA's PPY provisions is to increase the length of federal need analysis formulas. This will ensure that every student who is eligible for financial aid can receive it. This goal is achieved through the financial aid process, which includes the application process, the review process, and the award process. NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient.

The HEA's PPY provisions are designed to ensure that every student who is eligible for financial aid can receive it. This goal is achieved through the financial aid process, which includes the application process, the review process, and the award process. NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient.

Using the HEA's PPY provisions to apply for aid is a key component of the HEA's PPY provisions. This will ensure that every student who is eligible for financial aid can receive it. This goal is achieved through the financial aid process, which includes the application process, the review process, and the award process. NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient.

This letter is in the interest of the HEA's PPY provisions. It is a key component of the HEA's PPY provisions. This will ensure that every student who is eligible for financial aid can receive it. This goal is achieved through the financial aid process, which includes the application process, the review process, and the award process. NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient.

With respect to the HEA's PPY provisions, NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient. We are committed to ensuring that the financial aid process is fair, equitable, and efficient.

With respect to the HEA's PPY provisions, NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient. We are committed to ensuring that the financial aid process is fair, equitable, and efficient.

With respect to the HEA's PPY provisions, NASFAA is committed to ensuring that the financial aid process is fair, equitable, and efficient. We are committed to ensuring that the financial aid process is fair, equitable, and efficient.



NASFAA Hill Briefing on PPY



NASFAA Membership Reaction?

