



May 11, 2016

Director, Information Collection Clearance Division
U.S. Department of Education
400 Maryland Avenue SW
LBJ, Room 2E-105
Washington, DC 20202-4537

Dear Director:

Thank you for the opportunity to comment on the recent release of the draft 2017-2018 Free Application for Federal Student Aid (FAFSA), posted in the Federal Register under Docket No ED-2016-ICCD-0036.

The Center for Law and Social Policy (CLASP) is an anti-poverty non-profit organization that advocates for policies that improve the economic security of low-income families. The Center for Postsecondary and Economic Success at CLASP seeks reforms to postsecondary and workforce policies that will create pathways for these individuals to education and work.

As such, we applaud the change to question 97, which adds Medicaid as a qualifier for the Simplified Needs Test (SNT). This change is significant for low-income individuals for several reasons.

First, this change will simplify and shorten the FAFSA application process for hundreds of thousands of low-income individuals and thus increase their opportunities to receive the full financial aid for which they are eligible. The expansion of Medicaid under the Affordable Care Act has led to [15 million](#) additional people having access to quality health care across the United States. An analysis of a recent [Congressional Research Service \(CRS\) estimate](#) reveals over 800,000 currently enrolled students ages 17-55 could be eligible under this change (including nearly 600,000 between the ages of 17 and 23). An additional 4 million people between the ages of 17 and 55 could be eligible if they enroll in postsecondary education at a future time. The CRS report does not account for the expansion of Medicaid eligibility post-2012, which means the potential pool of beneficiaries is likely to be even higher than estimated here.

Second, routing students who are Medicaid recipients to the SNT means they will have a significantly expedited application process. The SNT is an alternative way for the FAFSA to calculate a student or family's Expected Family Contribution (EFC). An independent student completing the FAFSA would be eligible for the SNT if his (and spouse's, if any) adjusted gross income (AGI) is below \$50,000, and if one of the following are true: he files a simplified tax return or isn't required to file one; he is a dislocated worker; or he received benefits from one of

five means-tested programs in the prior two years. (The rules are the same for a dependent student, except that the tax return and dislocated worker pieces are applied to the applicant's parents, and the means-tested benefits standard applies to anyone in the household.) In 2012, 13 percent of dependent students, and nearly a quarter of independent students, reported on the FAFSA that they received a federal means-tested benefit in either of the prior two years (CLASP analysis of NPSAS:12 data). The addition of Medicaid increases the number of eligible means-tested programs from five to six. Allowing recipients of Medicaid – who, we would argue, have already proven their low-income status through receipt of this means-tested program – to use the SNT allows them to report on only six elements, none of which should require lengthy calculations or paperwork, including AGI, federal taxes paid, and the number of family members in the household.

Third, the length and difficulty of completing the FAFSA application, in general, is a common barrier for students. [Three out of 10](#) undergraduates – and nearly four out of 10 community college students – do not complete the FAFSA. Among students who cited that the “forms were too much work” as a reason they did not apply, half had incomes under \$50,000, and [close to 40 percent](#) would have qualified for a Pell Grant. Community college students, who may be among the least likely to complete the form, may also benefit the most from this change. Recent research found that nearly [one-quarter](#) of community college students are recipients of Medicaid (or other government-sponsored insurance). Having a dramatically shorter FAFSA would greatly improve the chances that these students will complete the form and give them access to financial aid they would have otherwise foregone.

An increase in FAFSA applications can improve the chances of students staying in school and completing their studies. Research that controlled for student background characteristics and college experience [found that](#) FAFSA filers had a 72 percent greater chance of persisting than non-filers. For Pell-eligible students, this effect was even greater: filers had a 122 percent greater chance of staying in school. For students who would have completed the FAFSA regardless of the announced change, it could provide them with a small amount of additional financial aid, reducing their [unmet financial need](#). Too often, students lack the financial resources to continue their program of study, and have no option but to drop out.

While we greatly appreciate the addition of Medicaid, we would encourage the Department to continue to consider ways to make the framing for questions 97 through 101 more transparent for students and families to understand, so it is clear to them that answering these questions can only help to simplify their FAFSA process and calculate an EFC that better reflects their financial status.

We also want to take this opportunity to share our support of the change to allow for prior-prior year income beginning with this FAFSA. This is another strategy that supports a simpler FAFSA completion process. Allowing applicants to use income from the prior-prior year will make it easier for low-income students to apply for aid using the IRS Data Retrieval Tool, which can automatically import their tax information. This will save students time and paperwork and allow them to apply for financial aid earlier. By accessing more relevant information further in advance, students will be able to make more informed college decisions, as well as apply for state and institutional grant aid that is given out on a first-come, first-served basis.

According to [a report](#) on the potential impact of a prior-prior year policy, independent students without dependents are the most likely to see a change in their Pell award of \$1,000 or more when using tax information from two years prior. Additionally, while this policy will help many students obtain the financial aid they need, it is important to protect students who have experienced a significant drop in income between the prior-prior year and the time of enrollment. We encourage the Department to use materials and guidance to remind institutions about their authority to exercise professional judgment on this issue, and advising students about their right to request a professional judgment appeal.

We believe this action will further codify President Obama's remarkable legacies around education and health care access. The expansion of Medicaid has allowed millions to receive more affordable health care, and has particularly benefited low-income groups such as uninsured adults, parents with dependent children, working adults, and veterans. Individuals with characteristics such as these are the core population of today's non-traditional postsecondary students, who are more likely to attend college while caring for families or working, or are low-income. Connecting them with available resources is imperative for both their health, and for opportunities to further their education and training.

We appreciate the opportunity to comment and provide our support for this important change. Please contact Lauren Walizer at lwalizer@clasp.org or (202) 906-8033 with any questions.

Sincerely,

Lauren Walizer
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