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United States Senate

COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS

WASHINGTON, DC 20510-6300

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<http://help.senate.gov>

May 16, 2018

The Honorable Betsy DeVos
Secretary of Education
U.S. Department of Education
400 Maryland Avenue SW
Washington, DC 20202

Dear Secretary DeVos:

We write to request that the U.S. Department of Education ("Department") reinstate the alternative documentation options outlined in Dear Colleague Letter GEN-17-04 for independent students and parents of dependent students selected for verification when applying for federal financial aid in the 2018 – 2019 award year. If selected for verification, independent students and the parents of dependent students who indicated that they did not file taxes on their Free Application for Federal Student Aid (FAFSA) must provide an Internal Revenue Service (IRS) Verification of Nonfiling (VONF) document.

We know that this overall verification process can pose a significant barrier to students and their families. When students are unable to meet FAFSA verification requirements, they cannot receive Federal Pell Grants or Direct Loans. Last year, some financial aid administrators reported that the number of students selected for verification was significantly higher than usual. This year, some financial aid administrators report that the trend continues.

Students and families must obtain a VONF document for verification through the IRS Get Transcript service online, which includes authentication requirements, such as a bank account or a cell phone account. Those unable to use the online service can obtain the document through a mail-in form. Financial aid officers report that it is difficult for many low-income students and families to obtain the VONF document, which can cause significant delays in the disbursement of federal student aid.

When the Department first introduced the VONF documentation requirement, it cited IRS data showing that a significant number of parents and students who reported that they did not complete a tax return had actually filed taxes. The Department believed that this misreporting resulted in some improper payments to students. However, the IRS data used in the analysis was based on FAFSA submissions for the 2014-2015 award year, when students and families were still required to use the tax information in their FAFSA application from the immediate prior year. Since students and families use the immediate prior year tax information, many applicants had to file their FAFSA before filing or determining if they had to file Federal taxes for 2013.

This year, there should be significantly fewer mistakes that applicants will make on their FAFSA because the IRS Data Retrieval Tool is available for FAFSA applicants who filed taxes and they now can use income tax information from two years prior. Reinstating the requirements of Dear Colleague Letter GEN-17-04 would allow the Department to collect additional data and conduct a cost-benefit analysis of whether a VONF document is necessary to prevent improper payments. If the data does not justify this additional verification requirement, we urge you to reduce the selection of students and families who do not file taxes during the verification process and to permanently allow alternative income documentation options, such as a W-2 form or paystub, for this population.

We fear that the VONF requirement may be deterring students from enrolling or continuing their higher education, especially low-income students. The president of Colorado's community college system recently testified to the Health, Education, Labor and Pensions Committee that only 45 percent of students who were selected for verification completed the process in order to receive financial aid.

In addition, institutions are reporting that a majority of students who completed verification with a VONF documentation saw no change to their Expected Family Contribution or Pell Grant eligibility. This would suggest that the requirement is doing little to prevent improper payments. However, we cannot be certain until the Department makes more data available.

Therefore, in addition to reinstating the alternative documentation requirements for FAFSA applicants who do not file income taxes, we request that the Department provide us with data on improper payments for this population from the 2017-2018 FAFSA cycle and part of the 2018-2019 FAFSA cycle by the end of this fiscal year. The data will be helpful in examining the costs and benefits of solely accepting the VONF document for verification purposes.

Thank you for your attention to this critical issue.

Sincerely,



Lamar Alexander
United States Senator

Michael F. Bennet
United States Senator