

December 15, 2015

Mr. Ted Mitchell
Under Secretary
U.S. Department of Education
400 Maryland Ave, SW
Washington, DC 20202

Ms. Ajita Menon
Special Assistant to the President for Higher Education
White House Domestic Policy Council
1650 Pennsylvania Ave, NW
Washington, DC 20502

Dear Under Secretary Mitchell and Ms. Menon:

I am writing to express concern about a prior-prior year (PPY) implementation issue currently under discussion at the Department of Education (ED). Specifically, in the first year of the PPY implementation, there will be two federal student aid application cycles (2016-17 and 2017-18) that will both utilize the same year's income information (2015), creating the potential for conflicting information on millions of Free Applications for Federal Student Aid (FAFSAs). We request that students and schools not be required to resolve cross-year conflicting information for certain applicants during this transition to PPY and that any necessary adjustments to Title IV aid only be required for aid that has not yet been disbursed at the time of conflict resolution.

The 2016-17 FAFSA will be available in January 2016 and the 2017-18 FAFSA will be available in October 2016. Because both FAFSAs will use the same income information from the 2015 calendar year, there is a potential for conflicting information to exist since FSA will not import or pre-populate income information for the 2017-18 FAFSA from the previous year. Conceivably, the early availability of the 2017-18 FAFSA will allow additional applicants to use the IRS Data Retrieval Tool (DRT), which automatically populates FAFSA verifies income information for tax filers. This IRS-verified information may conflict with manually-entered information on the 2016-17 FAFSA. ED's historical sub-regulatory guidance has been that all conflicting information must be resolved by the financial aid administrator. Given that the use of a single year's income information for two FAFSA application years will only occur once, a unilateral, across-the-board resolution process that is anticipated to affect millions of applicants would be administratively burdensome, inequitable, and ultimately, unfair to students.

As a solution, in the first year of PPY implementation we recommend that ED institute a screening process whereby institutions are required to resolve only cross-year income conflicts that could potentially represent a significant change in Pell Grant eligibility. This could be accomplished by ED flagging the applications with the following characteristics:

- Applicant is Pell eligible in at least one of the two years;
- Discrepant income data is reported for the 2016-17 and 2017-18 FAFSA above a certain dollar amount; and
- The EFCs for the 2016-17 and 2017-18 award years differ by \$200 or more.

A screening process such as this would greatly reduce the burden for students, families, and institutions, since resolution of conflicting information is almost entirely manual, while still ensuring a reasonable level of program integrity.

After conflicts are resolved for those applicants identified through the screening process, adjustments to aid are another complication. For students who are entitled to additional aid for a prior award year after resolution of conflicting information, awarding and late disbursement rules and time frames may prevent the institution from disbursing that additional aid to the student. Conversely, for students who would have their aid reduced for a prior award year, awarding and loan origination rules may prevent the institution from covering any resulting gap in the student's aid package with other types of assistance. This problem will especially affect late FAFSA applicants, who as a group are our neediest students.

Even in situations where awarding and late disbursement rules do not present a problem, adjustments to Title IV aid that has already been disbursed on a mass scale will lead to confusion in the first year of implementation of PPY and possibly balances due at the institution, which could disrupt enrollment for some of our most vulnerable students. There are many challenges before us as the federal aid system shifts to PPY and we should seek to minimize uncertainty and confusion for students and families, not add to it unnecessarily. We strongly recommend that adjustments to Title IV aid only be required for aid that has not yet been disbursed at the time of conflict resolution

To further reduce the incidence of cross-year conflicts, we also recommend that ED revisit the idea of importing income information from the 2016-17 FAFSA into the 2017-18 renewal FAFSA preemptively, so the applicant does not need to provide the same income information again..

We look forward to working with you to ensure a smooth transition to PPY, which will ultimately lead to vast improvements in the federal student aid application process.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Draeger', with a long horizontal flourish extending to the right.

Justin Draeger
President

CC:

Mr. James Runcie
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Ms. Lynn Mahaffie
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