

THE WHITE HOUSE
Office of the Press Secretary

FOR IMMEDIATE RELEASE

September 13, 2015

FACT SHEET: The President's Plan for Early Financial Aid: Improving College Choice and Helping More Americans Pay for College

A higher education is one of the most important investments Americans can make in their future. To help students and families make that investment, the Obama Administration has taken steps to make it easier than ever before to apply for and access federal grants and loans. Since taking office, President Obama has significantly simplified the *Free Application for Federal Student Aid*, known as the FAFSA®. The Administration has revamped the online form for all families so they can skip questions that are not relevant to them. In addition, over 6 million students and parents took advantage of the ability to electronically retrieve their income information from the IRS when completing their 2014-2015 FAFSA, an innovation that improves both speed and accuracy. Today, students and families on average fill out the FAFSA in about 20 minutes, only one third of the time it took seven years ago.

Even with these improvements, an estimated 2 million students who are enrolled in college and would be eligible for a Pell Grant never applied for aid, and an unknown number failed to enroll in college because they did not know that aid is available. And these improvements have been limited by two factors: (1) the application start date of the FAFSA form, which is made available on January 1st for each upcoming school year, and (2) the timing of tax filing, which means that the tax retrieval tool is only available to FAFSA applicants who have already filed their taxes.

Tomorrow in Des Moines, the President will announce a new initiative to allow students and families to apply for financial aid earlier – starting in October as the college application process gets underway – rather than in January. In addition, students filling out the FAFSA will be able to electronically retrieve tax information filed for an earlier year, rather than waiting until tax season to complete their applications. Learning about aid eligibility options much earlier in the college application and decision process will allow students and families to determine the true cost of attending college – taking available financial aid into account – and make more informed decisions. Together with the new College Scorecard – which is redesigned with direct input from students, families, and their advisers to provide the clearest, most accessible, and most reliable national data on cost, graduation, debt, and post-college earnings – students will have more information to choose the right college than ever before.

The President will also announce complementary efforts to make sure students see the full benefits of the earlier FAFSA timeline to improve their access to college and help them make better college choices. Colleges and universities and scholarship organizations have already committed to align their aid timelines with the earlier FAFSA, and nonprofits and advisers have committed to raise awareness about the FAFSA changes and to help reach 100 percent FAFSA completion. Finally, the President will renew his call on Congress to pass legislation to simplify FAFSA even further by eliminating up to 30 questions that are disproportionately burdensome and have little impact on aid eligibility.

Earlier, Easier Process for Federal Financial Aid: Beginning on October 1, 2016, students can apply for financial aid a few months after they and their parents file their 2015 tax returns with reliable information retrieved electronically from the IRS, rather than waiting until the next year's tax season to finalize their FAFSAs and to learn about their financial aid. Giving students and families the ability to submit their FAFSAs earlier and to use earlier income data, commonly referred to as "prior-prior" year, will have several important benefits:

- **Earlier information:** Students and families will get a reliable understanding of their aid eligibility as early as the fall – the same time many high school students are searching for, applying to, and even selecting colleges.
- **Simpler applications:** More students and families will be able to complete their FAFSAs using information retrieved electronically directly from the IRS a few months after they and their parents file their 2015 tax returns, reducing the number of applicants who need to estimate income or taxes paid, only to correct their application later.
- **More students receiving Pell Grants and other aid:** Over the next several years, the simpler FAFSA filing process could encourage hundreds of thousands of additional students to apply for and claim the aid they are eligible for – and enroll in college.
- **Reduced burden on colleges:** In recent years, colleges and universities have spent as many as 3 million total hours each year verifying FAFSA information, including income and other tax return data. These colleges and universities will be able to avoid much of the burden of verifying tax return information when students apply using data retrieved directly from the IRS.

New Efforts from Colleges, Scholarships, Advisers, & Non-Profits: Many groups have important roles to play to ensure that the earlier availability of the FAFSA facilitates access to higher education and informed college choice. A number of colleges and universities, scholarship programs, and counseling associations also announced plans that will help more students and families benefit from the easier, earlier FAFSA application timeline, including:

- **Aligning College Financial Aid Processes:** The National Association of Student Financial Aid Administrators (NASFAA), whose member institutions serve 90

percent of undergraduates, expects hundreds of colleges and universities to adjust their financial aid processes to align with prior-year before the 2017-18 academic year. The entire University of California system has already committed to moving up their financial aid advising and awarding calendars, as have Anne Arundel Community College, Loyola University, Michigan State University, Oregon State University, Stonehill College, the University of Illinois-Urbana Champaign and the University of Texas-San Antonio.

- **Aligning Private Scholarship Deadlines:** Scholarship America will encourage 1,200 scholarship and educational assistance providers – which gave 125,000 students a total of \$236 million in 2014 – to align their application cycles with the earlier FAFSA application cycle. Scholarship America will also encourage all of its 532 Dollars for Scholars affiliates – which distributed \$18.5 million to 24,800 students in last year – to shift to earlier scholarship application periods and host events across the country to help students complete their FAFSAs.

- **100% FAFSA Completion:** The National College Access Network's 400 college success programs, which serve over 2 million students, is committing to using the extra time created by early FAFSA filing for its counselors to reach 100 percent FAFSA completion among program participants. Earlier FAFSA availability will allow these programs to reallocate more than 500,000 hours of advising time to helping students better match with colleges that can best support them through to completion.

- **Integration with the College Application Campaign:** The American College Application Campaign, pioneered by the American Council on Education, is a 50-state initiative that encourages low-income and first generation students to apply for college, will highlight the early opportunity to apply for student aid as part of its outreach efforts.

Calling on Congress to Simplify the FAFSA: Many of the most time-consuming questions on the FAFSA cannot be completed with IRS data because they require information that is not reported on tax returns. To answer those burdensome questions, students would have to collect information about assets, untaxed and other unusual forms of income from multiple sources – much of which financial aid eligible students lack. Because these questions are required by law, President Obama has renewed his call for Congress to further simplify the FAFSA by removing questions regarding savings, investments, and net worth, and eliminating questions related to untaxed income and exclusions from income that are not reported to the IRS. In all, up to 30 burdensome and unnecessarily complex questions would be eliminated, shortening the FAFSA application substantially, and making it easier for students and families to access critical resources to pay for college.

Tomorrow's announcement is part of the President's continued effort to make college more affordable. The President has doubled investments in college scholarships by expanding Pell Grant and the American Opportunity Tax Credit

programs; made student loans more affordable by cutting interest rates and allowing student borrowers to cap student loan payments at 10 percent of income; and called for two years of free community college for responsible students. With tomorrow's announcement, more students can access the aid that can support them through college completion, and onwards to other personal and career goals.

The content at these links will be updated at 7:00AM ET, September 14, 2015 to reflect this announcement:

- *Students and families interested in learning more should visit StudentAid.gov/fafsa-changes*
- *Educators, counselors and college access professionals can learn more at FinancialAidToolkit.ed.gov/fafsa-changes*

###