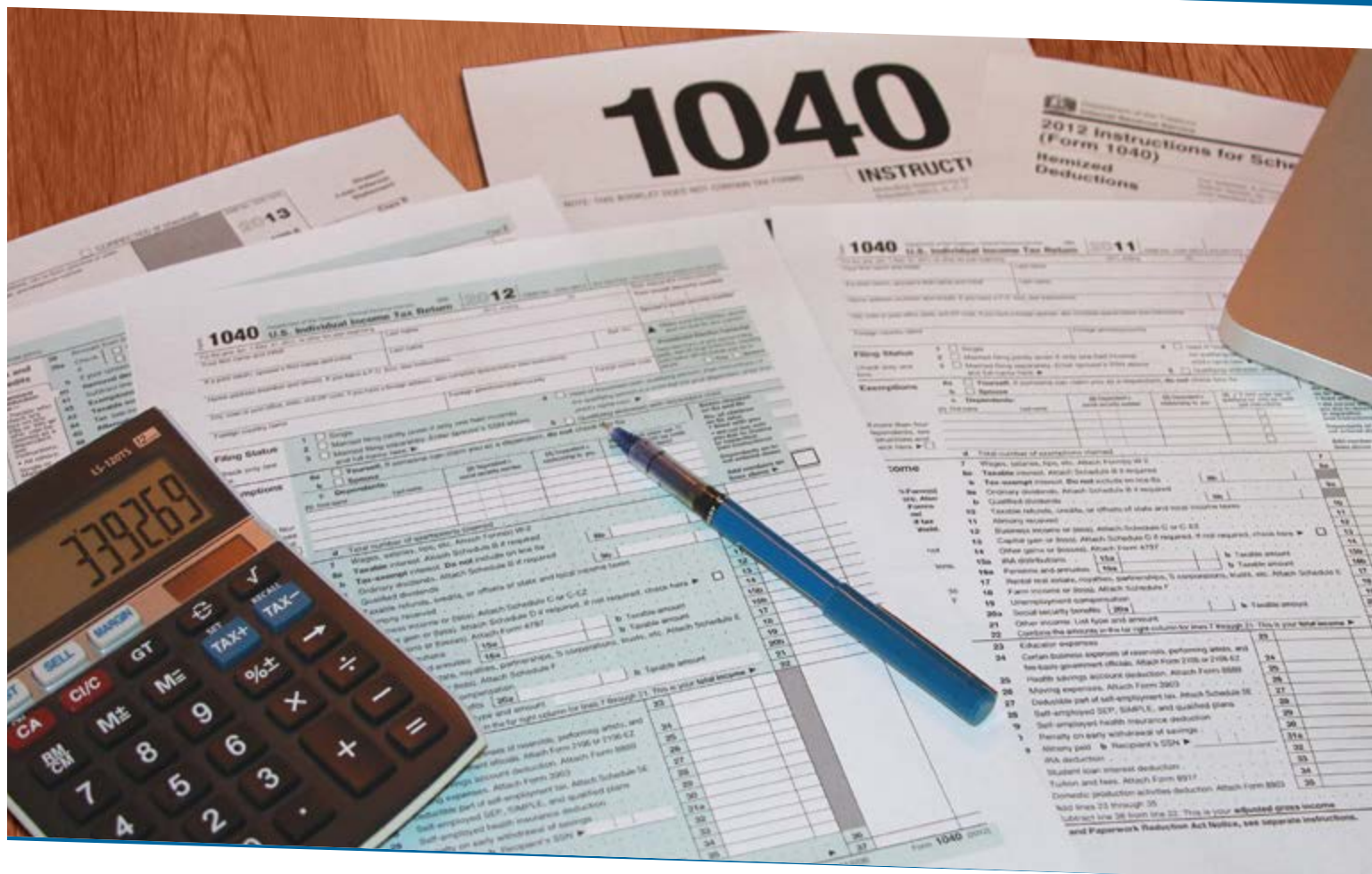




A TALE OF TWO INCOME YEARS:

COMPARING PRIOR-PRIOR YEAR AND PRIOR-YEAR THROUGH PELL GRANT AWARDS



**NASFAA
RESOURCES**



NASFAA

NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS



NASFAA is the largest postsecondary education association with institutional membership in Washington, D.C., and the only national association with a primary focus on student aid legislation, regulatory analysis, and training for financial aid administrators in all sectors of post-secondary education. No other national association serves the needs of the financial aid community better or more effectively.

Table of Contents

Executive Summary.....	4
Introduction	6
Background.....	7
Sample Data	8
Pell Grant Recipients	9
Dependency Status.....	9
Methods.....	11
Results	12
Conclusion	16
NASFAA Recommendations.....	16
References	18
Acknowledgments	19
Appendix A.....	20
Appendix B.....	21

Figures

Figure 1. FAFSA Completion under Prior Year (PY) and Prior-Prior Year (PPY) Systems, In General	6
Table 1. Characteristics of Participating Institutions, 2011-12.....	9
Graph 1. Dependency Status for PPY Sample.....	10
Graph 2. FAFSA Filing Status by Institutional Type	11
Graph 3. Median Household Income by Institutional Type and Dependency Status.....	11
Graph 4. Change in Pell Award by Dependency Status	12
Table 2. Change in Pell Award by Campus	13
Graph 5. Change in Pell Award by Institutional Type	13
Graph 6. Change in Pell Award by Year.....	14
Table 3. Pell Grant Award Change Under PPY System by Dependency Status.....	14
Graph 7. Change in Pell Award by Filing Status	15

Executive Summary

Each year, students must submit a Free Application for Federal Student Aid (FAFSA) for federal student aid consideration. Time is a critical factor when submitting the FAFSA to be considered for all types of financial aid because the FAFSA depends heavily on the latest income information submitted via income tax returns. Under the current structure, delays can cause an unfavorable chain reaction: a delay in completing the income tax return can mean a delay in submitting the FAFSA, which can result in a delay in financial aid notification—and possibly a reduced amount of financial aid. This occurs because some forms of financial aid have a limited pot of funds, which is distributed on a first-come, first-served basis. Every college student needs to know where they stand sooner rather than later, so the student can adjust and prepare for the costs of college.

One possible solution to minimize this time crunch and FAFSA completion pressure is the concept of prior-prior year (PPY). Currently, the Federal Methodology (FM) used to calculate a student's financial need uses prior year (PY) income data. To illustrate this calculation, Figure 1 shows income data from 2012 (PY) and 2011 (PPY) to assess a student's eligibility for federal student aid for the 2013-14 award year¹. Figure 1 demonstrates that under a PPY system, students could:

- **File the FAFSA earlier than they do now.** The FAFSA is made available January 1 of each calendar year, yet it is uncommon for a family or individual to be prepared to file an income tax return in the month of January. Students and families must scramble to file their tax returns in order to complete their aid application. Under a PPY system, students could use the PPY's completed income tax return and be ready to file before January 1.
- **More easily submit a FAFSA.** An estimated 2.3 million students do not file a FAFSA, but would have qualified for federal financial aid (Novak & McKinney, 2011). The IRS Data Retrieval Tool (DRT), which allows automatic population of a student's FAFSA with tax return data and decreases the need for additional documentation, could be used more easily under PPY.
- **Receive notification of financial aid packages earlier.** If students apply for aid earlier, colleges could potentially provide financial aid notifications to students earlier, ensuring that students and families have more time to prepare for college costs (i.e., investigate possible financial options, create a reasonable student budget, or save more money). This is important for all students, even for those who file the FAFSA solely to be eligible for federal student loans. Early notification also means more time for financial aid administrators to counsel students and families.

With these possible benefits in mind, the National Association of Student Financial Aid Administrators (NASFAA) wanted to know whether PPY could work. In other words, if PPY was implemented, would substantial changes in award packages or program costs occur? To illuminate this inquiry, this study attempted to answer the questions:

- What differences are there in using PY income versus PPY income when calculating family contribution toward college, and how would this affect Pell Grant awards?
- Would students from different institution types and with different family circumstances and/or financial backgrounds be affected differently by a switch from PY to PPY?

Through a grant from the Bill & Melinda Gates Foundation, NASFAA conducted a study on the use of PPY income data in place of PY income data when determining student aid eligibility and specifically examined if Pell Grant awards would change. After analyzing more than 70,000 student records from five years of data, the study found:

Finding 1: The percentage of students affected by a change to PPY varies by dependency status. Overall, most students do not see a significant change in their Pell awards with a switch to PPY: 72% of dependent students, 71% of independents with dependents, and 59% of independents without dependents did not see any change in their Pell awards. The group least affected by a change to PPY would be independent students with dependents, 14% of whom saw a Pell award change of \$1,000 or more.

Finding 2: The percentage of students whose Pell Grant awards would be affected varies considerably by institution. Analyzed by institutional type, 74% of students at four-year colleges serving a lower percentage of Pell recipients, 66% of students at high-serving Pell four-year, and 63% of community college students did not see a change in Pell awards. This finding suggests that four-year institutions that serve a large share of Pell Grant recipients could make the best use of PPY compared to other institution types; however, institutions that typically have more Pell Grant recipients (e.g., community colleges and high-serving Pell four-years) could possibly result in more students whose Pell awards could change.

¹ Award year begins July 1 of a calendar year and ends on June 30 of the following calendar year. Academic year, which is a more familiar terminology outside of the financial aid community, is the start of a school year, typically around late August or early September and continues to mid-May or early June. This report uses award year.

Finding 3: About 16-18% of students would see large changes in their Pell Grant awards (more than \$1,000 in either direction). While an ideal PPY system would not change (i.e., increase or decrease) any students' awards, this study demonstrates that some 18% of undergraduate students would be affected (i.e., see a change in awards) with a switch to PPY. As this could potentially affect about 3 million students, there are implications for financial aid offices and policymakers alike.

Finding 4: A shift to PPY seems to work best for students from the lowest-income families, many of whom are independent students with dependents. Because independent students with dependents tend to have few financial resources (two-thirds have an expected family contribution of zero), a large change in income is generally needed for them to lose Pell eligibility. Our analysis showed that for the 2011-12 award year, fewer than 5% of these students would have experienced a change in their Pell eligibility assuming a shift to PPY, compared to 10% of students without dependents. Thus, if the income levels of the lowest-income students do not radically change over time, as demonstrated by our study, PPY could be a feasible estimator of current income and a student's financial strength or ability to pay for college.

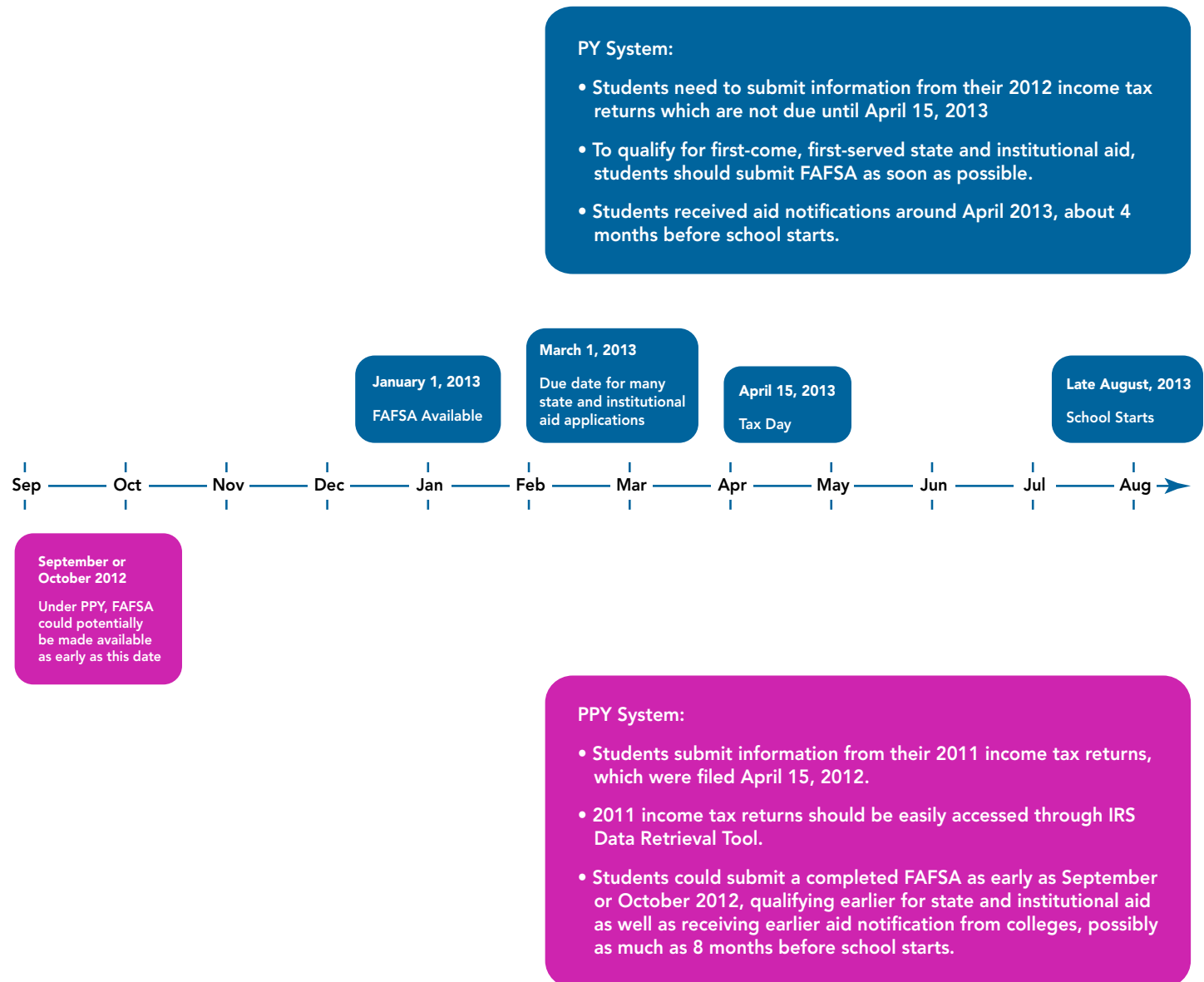
Overall, this study suggests that using PPY income data could potentially help the neediest students: low-income students, particularly independent students with dependents. For these students, the expected family contribution (EFC) usually does not change over time. However, the impact of a PPY system may be different for other types of students, particularly students with volatile household incomes from year to year. While the share of Pell Grant recipients would not change overall under a PPY system, our study found that some students who were on the cusp of Pell Grant eligibility (i.e., those who received the smallest Pell awards and those whose EFCs placed them just outside of Pell eligibility) and independent students without dependents may not fare well with a PPY system because their income levels—and EFCs—may change more dramatically from one year to the next. Also, while we think increasing early awareness and FAFSA completion are key to improving the financial aid process for students and families, a switch to PPY may cause an increase in program costs due to more aid-eligible recipients. Switching to PPY could also increase the number of aid applications that require professional judgment (PJ) consideration by financial aid administrators. PJ refers to the authority given to financial aid administrators by law to adjust certain need analysis or other eligibility variables to best reflect a student's current situation.

This study's findings suggest that switching to PPY should be strongly considered for all the positive benefits it could bring to the poorest students and students with little change in EFCs (which includes a large group of middle-income students). Although more work should be done to further examine the implications of switching to PPY, we encourage Congress to consider during the next Higher Education Act reauthorization the PPY recommendations made by NASFAA's Reauthorization Task Force.

Based on the research, NASFAA supports the following recommendations:

- 1. The Department of Education should implement the use of PPY.** The Higher Education Opportunity Act (HEOA) provides the Secretary of Education with the authority to use PPY with the purpose of helping to simplify the FAFSA process. The Department of Education (ED) should use this authority and fully implement a PPY system. While it is noteworthy that there are some groups that may not fare as well under PPY, the benefit to the neediest students of moving to PPY—in the name of simplification and early information—seems a worthy tradeoff. Importantly, schools would retain PJ authority to address individual circumstances. In addition, under PPY, financial aid administrators would have more time to exercise PJ because the application process could begin much earlier than under the current system.
- 2. The U.S. Department of Education (ED) should explore ways to mitigate potentially negative effects of PPY.** ED, in consultation with the financial aid community, should give careful and specific consideration to the identified potential negative consequences that could result from the implementation to PPY and develop solutions for mitigating these outcomes. This primarily refers to the possibility that by using PPY some students may end up submitting a financial aid application that does not reflect their most current financial circumstances.
- 3. The IRS Data Retrieval Tool should be expanded to include more taxpayers and more fields from federal tax returns.** Currently, certain groups of taxpayers are unable to use the DRT, including those who filed an amended tax return, those who filed under the "married filing separately" status; and those who filed under the "head of household" status and indicated they were married. Beginning with the 2014-15 processing year, unmarried parents who live together will both be required to include their income information on their child's FAFSA. These parents will be unable to use the DRT because the DRT is not capable of populating FAFSA fields with information from multiple parental tax returns. With the benefit of an extra year of tax return processing time as a result of moving to a PPY system, the IRS and ED could develop a system that would compile the relevant tax information and permit these taxpayers to use the DRT.

Figure 1. FAFSA Completion under Prior Year (PY) and Prior-Prior Year (PPY) Systems, In General



Introduction

The National Association of Student Financial Aid Administrators (NASFAA) investigated whether using prior-prior year (PPY) income data instead of prior year (PY) income data would alter students' expected family contribution (EFC), which is used to determine financial aid eligibility. In other words, could students' aid packages substantially change between PPY and PY? For some time now, the financial aid community has debated the feasibility of using PPY in place of PY, which is currently used on the Free Application for Federal Student Aid (FAFSA). Some have shown concern that PPY would not accurately measure a student's current financial strength or ability to pay, preferring to continue to use PY as reliable proxy for current income with the assumption that recency equates to a more accurate measure. Those advocating for PPY, however, feel that for most students and families, income does not change significantly year to year and that using PPY would allow students to prepare to meet the challenge of paying for college earlier than PY. As income is the main determinant in calculating a student's EFC, NASFAA aimed to simulate whether students' Pell Grant awards would remain unchanged between PY and PPY systems. If there is no change, then PPY should work. If there is change, to what degree and how much change is acceptable?

Background

Students obtain information about their financial aid eligibility, and therefore information about the cost of college (how much they need to pay out of pocket), by submitting the FAFSA each year. The FAFSA asks for standard income information that is found on an IRS form 1040 or other IRS forms, but also collects information on student and parent (for dependent students) investments and assets that are not a part of a tax return. Income information from the previous tax year and current asset information are used to determine the student's financial need by calculating an EFC for the award year, which represents a measure of a family's short-term financial ability to pay for college and determines eligibility for the federal Pell Grant as well as numerous federal, state, and institutional financial aid programs.

Students can file the FAFSA with far greater accuracy if they (and their parent(s) or spouse) have received their tax forms from the PY. However, time is a critical factor when submitting the FAFSA to be considered for all types of financial aid because the FAFSA depends heavily on the latest income information submitted via income tax returns (Asher, 2007; TICAS, 2013). As employers do not have to provide W-2 forms until the end of January, many students are unable to complete the form until February at the earliest. Students can file the FAFSA to get the Pell Grant and Direct Loans at any point in the award year, but that is not the case for certain types of state or institutional aid, which are awarded on a first-come, first-served basis. The 2012-13 FAFSA lists six states which ask students to file the application "as soon as possible after January 1, 2012" in order to receive state aid and several other states with February or March deadlines. Even if students and families are aware of these early state-imposed deadlines, the pressure on FAFSA applicants to get all of their financial data together quickly in order to qualify for the maximum amount of financial aid often means that families have to file the FAFSA before completing the year's income tax return. In addition, some families are unable to provide accurate tax year information for verification purposes because they have asked for a tax filing extension. This can result in disadvantageous adjustments to income data and financial aid offered well after the beginning of the year.

While the U.S. Department of Education found completing the 100-plus question FAFSA takes less than 40 minutes in 2012 (Parkinson & Sears, 2012), compiling all of the information before starting the online application is a time-consuming and burdensome process for students and their families. As a result, some researchers have estimated that the true completion time for the FAFSA may be up to 10 hours (Dynarski & Scott-Clayton, 2008), although this estimate was made before recent changes designed to simplify the process. There have been attempts to simplify the FAFSA through skip-logic questions, which remove questions that filers do not need to answer based on previous answers (National Economic Council, 2009; U.S. Department of Education, 2006). The remaining complexity is deterring students from filling out the FAFSA and receiving aid (King, 2006; Novak & McKinney, 2011; TICAS, 2013) and may sometimes deter some students from entering college (Asher, 2007; Bettinger, Long, Oreopoulos, & Sanbonmatsu, 2009; TICAS, 2013). Students in many states are unable to use the IRS Data Retrieval Tool (DRT, an innovative program started in 2010 designed to reduce complexity, in which tax information is directly transferred onto the FAFSA via a secure connection) because the filing deadline for state aid is too early. For example, the DRT was not made available until February 3, 2013 for the 2013-14 academic year—after some state aid deadlines had already passed. As a result, just under one-fourth of all students use this time-saving measure (Dynarski & Wiederspan, 2012). While the idea of pushing state deadlines later might seem like a plausible solution, coordination among the various states and territories could be a logistical nightmare considering the various budget cycles.

To alleviate the time pressure, allow students to use the DRT, and give students an idea of their financial aid eligibility earlier, researchers and advocacy groups have proposed using PPY financial information instead of PY information (ACSFA, 2005; Asher, 2007; Dynarski & Scott-Clayton, 2006; Dynarski & Wiederspan, 2012; NCAN, 2012; TICAS, 2013). For students who intend to enroll in college for the 2013-14 award year, the FAFSA would be based on income data from the 2011 tax year (PPY) instead of 2012 (PY). Most students and families will have completed their income tax returns for the 2011 tax year by the spring of 2012. Thus, the PPY approach would allow students to potentially get their federal aid package one full year before beginning college, which could induce more students to fully participate in the college application process as well as provide more time to financially prepare and plan for college costs.

However, using PPY does not come without some trade-offs. The primary disadvantage is that PPY income may not accurately represent a family's current economic situation as compared to PY income. That's because the volatility of family income from year to year has risen over time, especially toward the bottom of the income distribution (Dynan, Elmendorf, & Sichel, 2007; Gottschalk & Moffitt, 2009; Kopczuk, Saez, & Song, 2010) and particularly during the recent recession (Shin & Solon, 2011). While the PY and PPY approaches will likely result in families with the same long-term financial strength being eligible for Pell Grants, their short-term financial strength upon college entry may be different. Ideally, the FM would use current income when determining the EFC. However, the current processing system precludes this; thus, we are required to assume that PY income is the best proxy for current income.

To date, there have been few studies that investigated the use of PPY. One PPY study found that PPY income is just five percent less “accurate” than PY income in predicting current-year income (87% vs. 82%) (Madzellan, 1998). The only published empirical study examining the distributional effects of PPY is by Dynarski and Wiederspan (2012), who used data from the 2007-08 National Postsecondary Student Aid Study in their analyses. They compared PY tax data from 2007 to PPY data from 2006 and found that 77% of continuing students would see a Pell Grant of within \$500 of their current award. Their sample has three key limitations. First, they only used data for full-time undergraduate students, excluding the large and growing percentage of students who attend part-time. Second, these data also come from before the current recession, which resulted in a sharp increase in income volatility. Finally, they only have data for two years, which does not allow the effects of PPY to be examined over time.

The net fiscal impact to the Pell Grant program of a shift to PPY is unclear. During periods of economic strength, more families are likely to have higher incomes during the PY than the PPY. Using the PPY may result in students having lower EFCs than in the PY, increasing program costs. During a recession, the opposite may occur, with students receiving higher EFCs in the PPY than in the PY. While this would likely reduce program costs, some students would be adversely affected; if they were to receive a professional judgment (PJ) review and have their aid package based on PY income, program costs would likely stay constant or perhaps even increase. (PJ refers to the authority given to financial aid administrators by law to adjust certain need analysis or other eligibility variables to best reflect a student’s current situation.) It is also important to note that many students from middle-income and higher-income families file the FAFSA in order to receive federal student loans; these students would receive earlier notification of their loan eligibility (a benefit) with no impact to Pell program costs.

To examine the potential effects of changing the financial aid system from PY to PPY, we examined detailed student-level data provided by nine institutions between the 2007-08 and 2011-12 award years, which notably include the effects of the economic recession. These colleges include community colleges as well as public and private four-year institutions with various missions and selectivity levels.

If PPY income data were to be used instead of PY data, the financial aid packages of at least some students would change. One of the goals of this report is to document the number of students whose EFCs (and therefore Pell Grant awards) would change. Another goal is to show whether different effects of PPY would exist across different conditions. For example, institutions serving a higher percentage of students close to the Pell eligibility cutoff would see more students with changes in their financial aid packages. We are also interested in the levels of income volatility by institutional characteristics as well as student characteristics.

We seek to answer the following research questions:

1. What differences are there in using PY income versus PPY income when calculating EFC, and how would this affect Pell Grant eligibility and financial aid awards?
2. Are there differences in the proportion of students who would be affected by a switch to PPY by institutional and student characteristics?

Sample Data

Data for our study were provided to NASFAA by nine partner institutions, which include two public community colleges, five public doctoral-level universities, and two private four-year colleges. This includes nearly 160,000 undergraduate students who filed the FAFSA at least once between the 2007-08 and 2011-12 academic years². To be included in the analytic sample, students must have enrolled and filed the FAFSA for at least two consecutive years under the same filing status (dependent, independent without any dependents, or independent with his/her own dependents). They must not have received a PJ on their aid package in either of the two years and enough information must be present to calculate a student’s EFC in both years. Finally, students are included in the sample only if we are able to calculate their EFCs within \$100 of their actual EFCs during both years, which excludes approximately five percent of students for whom EFCs cannot be accurately calculated.

These sample restrictions, particularly requiring students to be enrolled and file the FAFSA in two consecutive years, result in the analytic sample consisting of 73,441 students. Broken down by dependency status, this includes 54,711 dependent students, 10,549 independent students without any dependents, and 8,181 independent students with dependents. Dependent students are more likely than independent students (with or without dependents) to be in the analytic sample, primarily due to higher rates of re-enrollment. In this sample, women are more likely than men at most campuses to have PY and PPY EFCs, and white and Asian students are more likely to be in the analytic sample than students of other racial/ethnic backgrounds.

² We requested data only for undergraduate students because of our interest in how Pell Grant awards would change under PPY. Graduate students are not eligible for Pell Grants.

Pell Grant Recipients

Nearly 75% of Pell Grant recipients had a family income of \$30,000 or less in the award years 2007-08 and 2011-12 (U.S. Department of Education, 2009, 2013), indicating very little change over time and that Pell Grant receipt is a good proxy for low-income status. Among Pell Grant recipients who received the maximum amount of \$5,550, 92% had a family income of \$30,000 or less in 2011-12. In 2007-08, 95% of Pell Grant recipients who received the maximum Pell Grant of \$4,310 had a family income of \$30,000 or less.

The institution-level characteristics for these campuses can be found in Table 1, which shows the 2011-12 enrollment, graduation rates, and share of Pell Grant recipients at each institution. The four-year institutions in our sample can be divided into two groups by the percentage of students receiving Pell Grants: high-serving Pell (50% or more) and low-serving Pell institutions.

Table 1. Characteristics of Participating Institutions, 2011-12

Institution	State	Type	Percent of Pell Students	Number Receiving Pell	Undergraduate Fall Enrollment	Graduation Rate 150% Normal Time
Community Colleges						
Anne Arundel Community College	MD	public 2-year	26%	4,705	17,957	15%
Barton County Community College	KS	public 2-year	17%	857	4,909	28%
High-Serving Pell 4-year						
Florida International University	FL	public 4-year	59%	21,223	35,888	49%
Wayne State University	MI	public 4-year	50%	10,008	20,589	28%
Low-Serving Pell 4-year						
Le Moyne College	NY	private 4-year	32%	928	2,871	69%
Michigan State University	MI	public 4-year	25%	9,189	36,557	79%
Oregon State University	OR	public 4-year	34%	6,995	20,620	61%
Pacific Lutheran University	WA	private 4-year	28%	905	3,195	70%
Virginia Polytechnic Institute and State University	VA	public 4-year	18%	4,168	23,700	83%

We also compared student and institutional characteristics for the nine institutions in our sample to those of other campuses using federal IPEDS data. The institutions included in our sample appear to be reasonably representative of their sectors on key measures (Appendix A). For example, the racial/ethnic distribution of our sample compared to the nation was close: White students (55.7% of sample compared to 61.2% nationally), Black students (16.8% and 15.1%), Hispanic students (6.0% and 14.3%), Asian (7.4% and 6.0%), and American Indian/Alaska Native (0.8% and 0.9%). Overall, 55.7% of college students were females in 2011-12 compared to 57.4% of females in our sample. Lastly, in 2011-12 the percent of Pell Grant recipients was 41.3% compared to the sample's 56.8%.

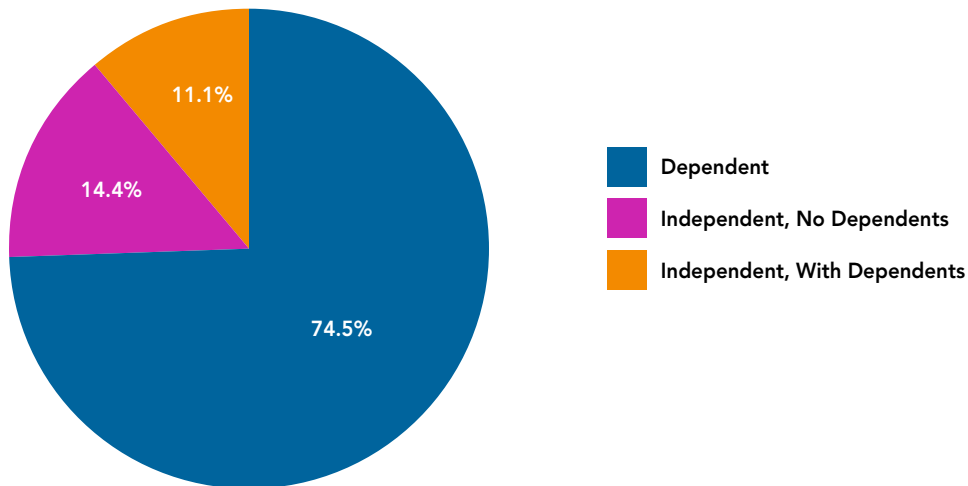
Dependency Status

A student's dependency status dictates which of the three EFC formulas applies to that student: 1) dependent students (all of whom are under the age of 24), 2) independent student without dependents other than a spouse (single or married adults with no children) and 3) independent students with dependents other than a spouse. Only the formula for dependent students requires parental data.³

³ Students can qualify for a simplified needs assessment, which does not consider assets, under the following conditions: if parent (of dependent student) or student/spouse (independent) income is less than \$50,000 per year and they receive federal means-tested benefits, were not required to file the IRS Form 1040 (long form tax return), or were a disabled worker in the previous year. Examples of some U.S. federal means-tested programs include Medicaid, Supplemental Security Income, Temporary Assistance for Needy Families, the National School Lunch Program, and the Supplemental Nutrition Assistance Program.

The dependency statuses of the study's sample are depicted in Graph 1. Nearly three-quarters of the sample's students filed as dependent students. Another 14% were independent students without dependents and 11% were independent students with dependents. Nationally speaking, the 2011-12 National Postsecondary Student Aid Survey estimated that 49% of undergraduate students (11.2 million) were dependent, 24% were independent students without dependent (5.5 million) and 28% were independent students with dependents (6.3 million). Our sample does include relatively few independent students, partially because independent students were less likely to remain enrolled for two consecutive years as required by our analytic strategy.

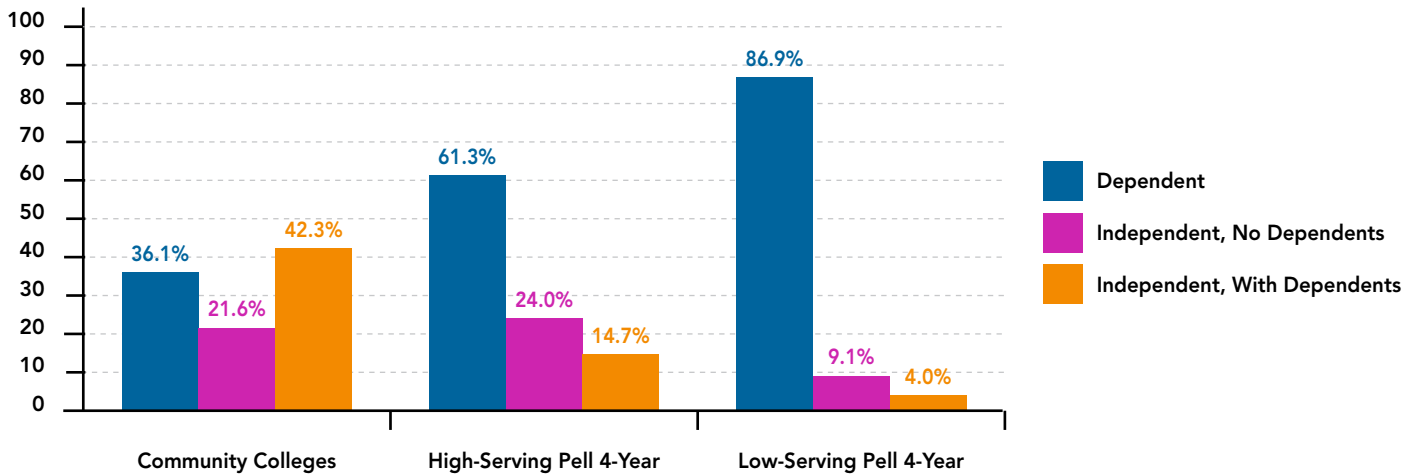
Graph 1. Dependency Status for PPY Sample



Across the nine campuses, dependent students were primarily white (71%), female (53%), had a median parental household income of \$86,000, and 40% were Pell Grant eligible. For independent students with no dependents, 64% were white, 51% female, median income was \$9,000, and 75% were Pell Grant eligible. Finally, independent students with dependents were white (50%), female (80%), had a median income of \$13,000, and 90% Pell Grant eligible (see Appendix B for more sample summary statistics).

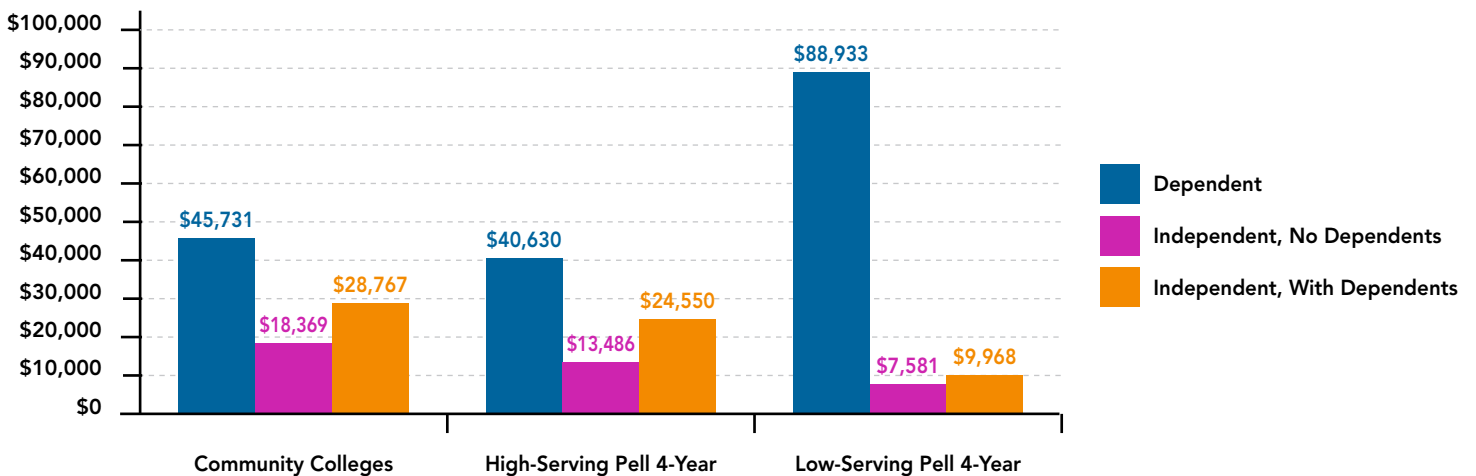
All students in our sample filed the FAFSA in consecutive years between the 2007-08 and 2011-12 award years. Graph 2 shows our sample's dependency status by institutional type. At community colleges, 42% of FAFSA filers were independent students with dependents, while at the four-year institutions, a higher percentage of FAFSA filers were dependent, with 61% at high-serving Pell campuses and 87% at low-serving Pell campuses.

Graph 2. FAFSA Filing Status by Institutional Type



Graph 3 shows the median adjusted gross incomes (AGI) for the three institutional types. Among dependent students, the median AGI at low-serving Pell four-year institutions was \$40,000 more than dependents at community colleges and high-serving Pell four-year institutions. Median AGI for independents with dependents was the lowest at low-serving Pell four-year, and the majority of students were below the income level required to qualify for an automatic zero EFC (between \$20,000 and \$31,000 over this five-year period of analysis)⁴.

Graph 3. Median Household Income by Institutional Type and Dependency Status



Methods

We began by manually recalculating the student's current EFC using PY for each year data was available from the 2007-08 to 2011-12 award years using each of the individual data elements and the FAFSA formula for three different groups of students based on dependency status: dependent students, independent students without dependents, and independent students with dependents. The first goal was to match the schools' calculated PY EFCs to ensure that we were using the correct EFC elements and the data were accurate. We were able to calculate PY EFCs within \$100 of the students' actual EFCs in over 95% of cases, suggesting a high degree of confidence in our calculations⁵.

⁴ Automatic zero EFC occurs when the adjusted gross income of a student (independent) or his/her parent(s) (dependent) is below a federally set income threshold (\$20,000 or less in 2007-08 and 2008-09; \$30,000 in 2009-10 and 2010-11; \$31,000 in 2011-12; and \$23,000 in 2012-13) and if a household member receives means-tested benefits, did not have to file the IRS Form 1040, or was a dislocated worker. Independent students without any dependents do not qualify for an automatic zero EFC, regardless of household income.

⁵ Many of the errors are likely due to unobserved PJs or missing data on certain elements. We are continuing to work to investigate those errors.

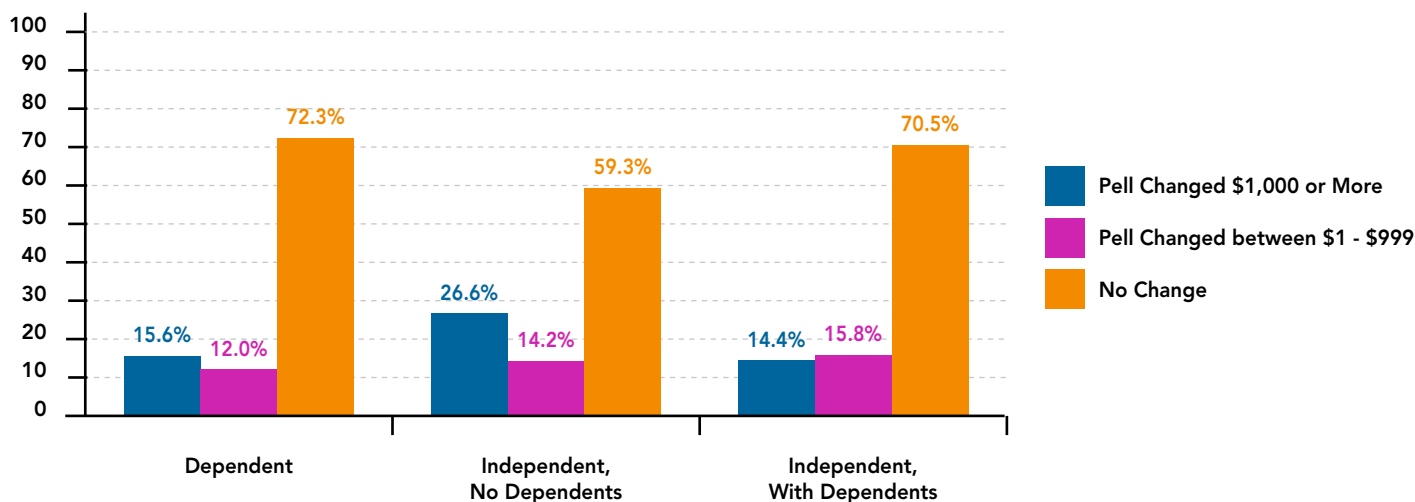
The next step was to calculate the EFC for a given year using PPY data in the PY formula. All elements were used as reported in the PPY, with the exceptions of student and parent ages (used in the asset contribution calculations). Because ages can be carried forward to the PY without any error, we added one year to the PPY age to get the PY age. All other elements, such as household size and the number of family members in college, came from the PPY instead of the PY because the PY values were not perfectly known as of the PPY⁶. The measure of interest was the difference between the calculated EFC using PY income data and the calculated EFC using PPY data. We used the calculated EFC using PY data in lieu of the school's actual EFC to reduce any bias resulting from using the actual EFC for PY and the calculated for PPY. These EFCs from the PY and PPY were then converted to the Pell Grant award using the U.S. Department of Education's conversion guidelines (also known as Pell Schedules) for full-time students. Although enrollment intensity data are not available at all institutions, the assumption that all students are attending full-time will result in larger changes to Pell Grants than would actually occur for part-time students.

Results

By recalculating students' EFCs using both PY and PPY, we focused on how the Pell Grant award would change from PY to PPY.

Finding 1: The percentage of students affected by a change to PPY varies by dependency status. Overall, most students do not see a change in their Pell awards with a switch to PPY: 72% of dependent students, 71% of independents with dependents, and 59% of independents without dependents did not see a Pell Grant award change (Graph 4). However, the point of this study is to examine the potential change that may occur with a switch to PPY. The group least affected by a change to PPY would be independent students with dependents; just 14% of our sample saw a Pell award change of \$1,000 or more compared to the other groups that saw higher percentages of change. Independent students with dependents disproportionately have more EFCs of zero and tend to have consistently low incomes over time. Meanwhile, independent students without dependents tend to see larger changes in their EFCs (and thus their Pell award) and are more likely to see a smaller Pell using PPY data. This is likely due to the reported income in the PPY being from a year in which some people worked full-time and were not enrolled in school, while all students were enrolled in the PY year. Dependent students are affected at rates in between the two groups of independent students.

Graph 4. Change in Pell Award by Dependency Status



⁶ As an illustration, consider the case of a high school senior in the fall of 2013 who wants to enroll in college in fall 2014 under PPY (using 2012 tax data). The student's family structure may change later in fall 2013, resulting in a change before the PY data would become available. As a result, we use PPY data to make a more accurate comparison with what would result if the policy were enacted.

Finding 2: The percentage of students whose Pell Grant awards would be affected varies considerably by institution.

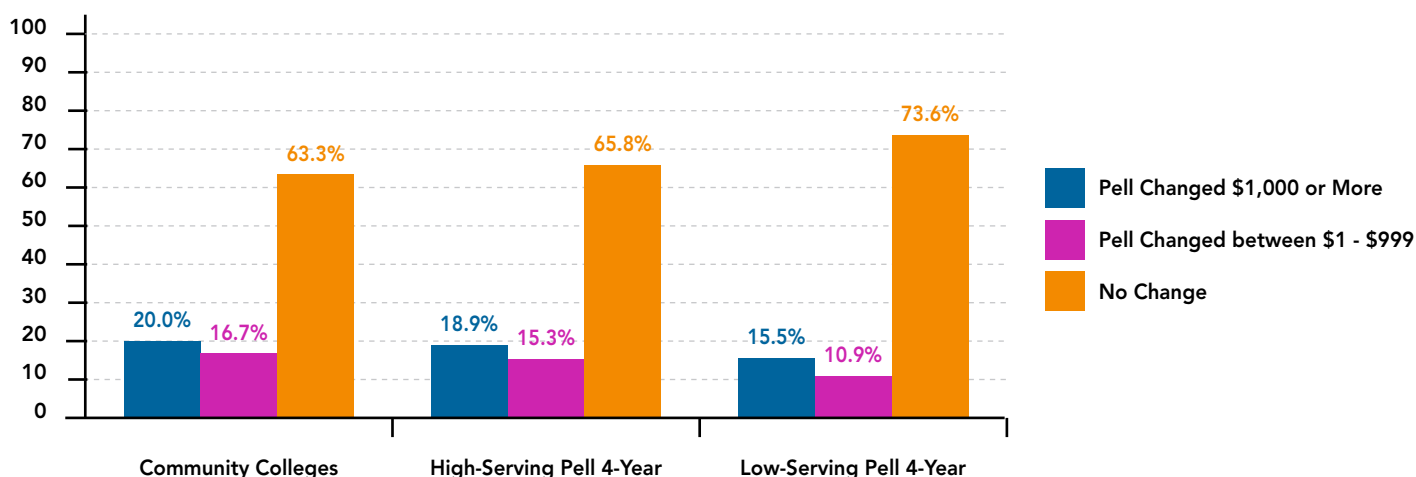
Only one in five students at Virginia Tech, a low-Pell serving institution and a campus with the most students from high-income backgrounds, would see their Pell award change at all by a shift to PPY. But up to half of all students at Florida International University (FIU), a high-Pell serving institution, would see a change in their Pell award (Table 2). At FIU, approximately one in four students would see a change of greater than \$500 in their Pell award, a higher percentage than what Dynarski and Wiederspan (2012) found.

Analyzed by institutional type, 74% at low-serving Pell four-year, 66% at high-serving Pell four-year, and 63% at community colleges did not see a change in Pell awards (Graph 5). Among students that saw a Pell award change of \$1,000 or more, low-serving Pell four-year institutions saw the least change across the institutional types. There is a higher rate of Pell recipients at community colleges and high-serving Pell four-years, which could drive up the rate of students whose Pell awards could change. Also, there are more zero-EFC students at these same schools, whose awards often do not change. This makes it slightly difficult for us to distill the true effects of PPY by institutional type.

Table 2. Change in Pell Award by Campus

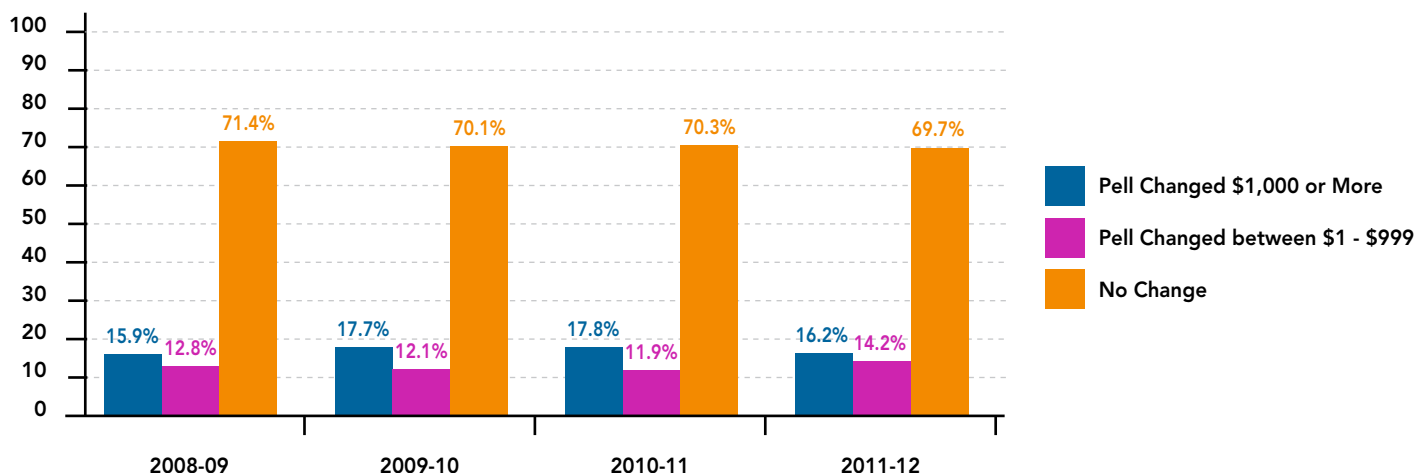
	Pell Changed \$1,000 or more	Pell Changed between \$1 - \$999	No Change
Community Colleges			
Anne Arundel Community College	19.7%	16.6%	63.7%
Barton County Community College	21.6%	17.6%	60.8%
High-Serving Pell 4-year			
Florida International University	26.4%	20.4%	53.0%
Wayne State University	17.7%	14.5%	67.7%
Low-Serving Pell 4-year			
Le Moyne College	15.3%	13.2%	71.5%
Michigan State University	11.6%	9.3%	79.0%
Oregon State University	22.2%	15.5%	62.2%
Pacific Lutheran University	15.6%	10.7%	73.6%
Virginia Polytechnic Institute and State University	12.3%	8.0%	79.6%

Graph 5. Change in Pell Award by Institutional Type



Finding 3: About 16-18% of students would see major changes in their Pell Grant awards (more than \$1,000 in either direction). According to Graph 6, less than 18% of students would see a change in Pell awards under a PPY system. While a PPY system that could work for all students would be ideal, this study demonstrates that some 18% of undergraduate students would be affected with a switch to PPY. As this could potentially affect about 3 million students, there are implications for financial aid offices and policymakers alike. A shift to PPY would likely result in a much higher rate of PJ requests among students whose financial circumstances were to change substantially between the PPY and PY. This could result in higher Pell Grant program costs, as some students would get financial aid based on their lowest year of family income during a two-year period.

Graph 6. Change in Pell Award Year



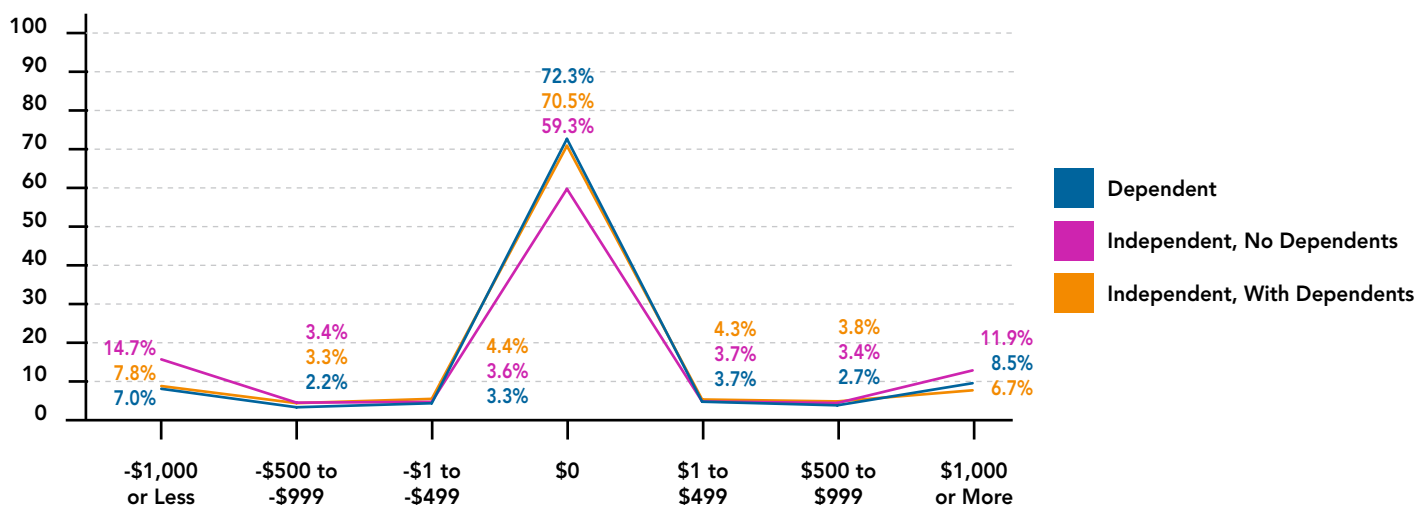
As Table 3 shows, some students would see substantially smaller Pell Grants under a PPY system compared to PY. About one in ten dependent students and independent students with their own dependents would receive a Pell Grant of at least \$500 less in PPY compared to PY; nearly one in five independent students without dependents would see a loss of this magnitude. (A similar percentage would see their Pell awards increase by \$500 or more.) If students were to appeal their PPY aid award due to changes in their financial circumstances, this could increase the workload on financial aid offices by resulting in more PJs. However, at the 2013 NASFAA National Conference, some aid professionals stated that because students could file their FAFSAs earlier, they would be willing to take on the extra PJs because the work would be spread out over a longer period of time. This could increase Pell program costs by as much as five percent, something that policymakers should consider in future policy discussions.

Table 3. Pell Grant Award Change Under PPY System by Dependency Status

Pell change under PPY	Dependent	Independent, no dependents	Independent, with dependents
Increase \$1,000+	8.5%	11.9%	6.7%
Increase \$500-\$999	2.7%	3.3%	3.8%
No change	72.3%	59.3%	70.5%
Decrease \$500-\$999	2.3%	3.4%	3.3%
Decrease \$1,000+	7.1%	14.7%	7.8%
Total Number of Student in Sample	54,711	10,549	8,181

Finding 4: A shift to PPY seems to work best for students from the lowest-income families, many of whom are independent students with dependents. Table 3 is expressed in a graph (Graph 7) to demonstrate the direction of Pell award changes. In addition to focusing on whether students' Pell Grant awards change by a substantial amount, attention should be paid to whether their Pell eligibility status changed as a result of a shift to PPY due to Pell eligibility being used as the eligibility criterion for other state and federal financial aid programs. Because independent students with dependents tend to have few financial resources (two-thirds have an EFC of zero), a large change in income is generally needed for them to lose Pell eligibility. By the 2011-12 award year, fewer than five percent of these students had a change in their Pell eligibility based on a shift to PPY, compared to 10% of students without dependents. Thus, if the income levels of the very poor do not radically change over time, as demonstrated by our study, PPY could be a feasible measure to estimate current income and a student's financial strength or ability to pay for college.

Graph 7. Change in Pell Award by Dependency Status



Future Work and Considerations

This analysis considers only one way to advance the timeline for financial aid notification, and does so for a select group of students who remain continuously enrolled and file the FAFSA each year. Future work should explore the possibility of using a form of PPY for students with nonconsecutive enrollment and/or FAFSA filing patterns. Another possibility worthy of exploration is advancing the aid notification timeline by an additional year (PPPY), which has the potential to provide similar aid offers to PY for students from the lowest-income families. This will build on previous work, which suggests a relatively low degree of family income mobility for students whose families were eligible for federal means-tested benefits in eighth grade (Kelchen & Goldrick-Rab, 2013).

Another future step will be to consider ways to average income over time to get a better measure of a family's true ability to pay for college. The large amount of student-level data over a period of up to five years makes it possible to investigate whether averaging student and family income over two or more years will affect students' aid packages, particularly those of independent students. For example, we could average PY and PPY financial data and compare the resulting Pell Grant eligibility to that of both PY and PPY.

The exact details of PPY also deserve future study. For example, we may allow students to file under PPY until February or March of the year in which they plan to attend college. But for students who decide to attend college much closer to the point of attendance, their PY income and asset data would already be available. Researchers, practitioners and policy makers should carefully consider whether these students should continue under PY or also use PPY.

Conclusion

This study investigated the implications of using PPY income data to estimate the changes to students' Pell Grant awards compared to the current (PY) system. As many have argued in the past, if PPY is a similar proxy of financial strength as the currently used PY, then PPY could be a feasible income measure when filing a FAFSA. A PPY system could revolutionize the way we ask students to submit their FAFSA each year. While students only have a few months to gather their PY information for their FAFSA, under PPY students would have their income tax information a year or more in advance. Obtaining the PPY information would be made easier with the IRS Data Retrieval Tool. Early submission means early award notification. Additionally, many foundations and external scholarship programs use the FAFSA (or a tool that mimics the FAFSA, such as the *College Costs Estimator*), but are hard pressed to provide award announcements by May. It also means there would be more time for financial aid administrators to conduct the necessary verifications or PJs.

Using data for over 70,000 students during a five-year period, we found PPY worked the best for the neediest students: very low-income students, many of whom are independent students with dependents. Importantly, this study analyzed data before, during, and after the 2008 recession. We found that these students' EFCs—and Pell awards—did not vary much over time. However, this study shows that some students would not experience the same outcomes as these neediest students. Namely, dependent students who are on the cusp of receiving a Pell Grant (i.e., those who received the smallest Pell awards and those whose EFCs placed them just outside of Pell eligibility) and those who are independent students without dependents could see their Pell Grant reduced or eliminated under a PPY system. However, these students make up a smaller share of Pell recipients when compared to the neediest, poorest students and would still have opportunity to go through the PJ process. Nearly three-quarters of Pell Grant recipients had a family income of \$30,000 or less in award year 2011-12 (U.S. Department of Education, 2013). Like PY, PPY would still target the neediest students.

This study's findings suggest that PPY should be strongly considered for all the positive benefits it could bring to the poorest students and students with little change in EFCs, which includes a large group of middle-income students. The practical and logical question is: should we continue to make these students use PY and suffer the associated time constraints when PPY could be a just as good and accurate a proxy of current income? PPY could greatly streamline and simplify the FAFSA process for these students, thus, offering more time to plan and prepare for college costs. As we look toward the next reauthorization of the Higher Education Act, we encourage Congress to consider the PPY recommendations put forward by NASFAA's Reauthorization Task Force.

NASFAA's Policy Recommendations

There is general agreement within the financial aid community that use of PPY data would give all students and parents financial aid information earlier in the college application process and increase usability of the DRT. What was less clear, prior to this study, is how accurately a PPY system would assess the short-term financial strength of students. As is common in policy research, the results indicate that certain types of students would see fewer changes in their financial aid awards under PPY, while others would see more. Exploring new ideas for assessing financial aid eligibility means we must carefully weigh all pros, cons, and tradeoffs. We must take care not to dismiss ideas because they present challenges for some, even though they might be better for the majority.

A clear result from the study is that PPY worked best for the neediest students: very low-income students, particularly dependent students and independent students with dependents, who saw very little variation in the EFC using PPY versus PY data. However, the study found that dependent students who are on the cusp of receiving a Pell Grant, or those who are independent without dependents, would not fare as well under a PPY system in terms of EFC variation. While the potential adverse effect of PPY on this group is noteworthy and deserves future research, the benefit to the neediest students of moving to PPY—in the name of simplification and early notification—seems a worthy tradeoff. Importantly, the PJ process would be readily available for those students who experience a significant change in income.

In that spirit, NASFAA puts forth the following policy implications related to the use of PPY data:

1. The Department of Education should implement the use of PPY. The Higher Education Opportunity Act (HEOA) provides the Secretary of Education with authority to use PPY with the purpose of helping to simplify the FAFSA process. The Department of Education (ED) should use this authority and fully implement a PPY system. The benefits of moving to a PPY system outweigh some of the potential negative consequences. Importantly, schools would retain PJ authority to address individual circumstances. In addition, under PPY, financial aid administrators would have more time to exercise PJ because the application process could begin much earlier than under the current system.

The benefits of PPY are many. First, the use of PPY data would greatly expand the availability of the IRS DRT, which both streamlines the application process for students and enhances verification efforts, ensuring that scarce federal student aid dollars are going to the right students. Second, while a shift to PPY may increase the amount of PJs a school has to conduct, there is an offset in that it will also provide additional time for both the school and student to complete the verification process. Third, the earlier availability of income for need analysis allows earlier notification to, and planning by, students and their families. Fourth, the use of PPY data facilitates a better alignment of the aid application process and the admissions application process for new students. Finally, it offers more time for students to evaluate the awards from institutions to make an informed decision about net costs for attendance at the respective institutions. This recommendation mirrors and builds on a recommendation put forth by the NASFAA Task Force on Reauthorization to implement PPY.

2. The Department of Education should explore ways to mitigate potentially negative effects of PPY. ED, in consultation with the financial aid community, should give careful and specific consideration to the identified potential negative consequences that could result from the implementation to PPY and develop solutions for mitigating these outcomes. This primarily refers to the possibility that by using PPY some students may end up submitting a financial aid application that does not reflect their most current financial circumstances. As they do now, students in this situation would have the opportunity to seek adjustments to their income data through the PJ process.

However, ED or colleges could identify certain groups of students (such as independents without dependents who are on the cusp of qualifying for federal grants or subsidies) that are more likely to be in this situation and find ways to streamline the process for these students. For example, ED could create a standardized worksheet that would help students more easily prepare for and engage in the PJ process. ED could also consider ways in which institutions could more proactively identify these students, such as providing fields on the FAFSA for students to indicate whether they have had a significant change in income that could change their student aid eligibility.

3. The IRS Data Retrieval Tool should be expanded to include more taxpayers and more fields from federal tax returns. Currently, certain groups of taxpayers are unable to use the DRT, including those who filed:

- An amended tax return;
- Under the “married filing separately” status; and
- Under the “head of household” status and indicated they are married.

Beginning with the 2014-15 processing year, unmarried parents who live together will both be required to include their income information on their child’s FAFSA. These parents will be unable to use the DRT because the DRT is not capable of populating FAFSA fields with information from multiple parental tax returns.

With the benefit of an extra year of tax return processing time as a result of moving to a PPY system, the IRS and ED could develop a system that would compile the relevant tax information and permit these taxpayers to use the DRT.

Related, the limited time frame currently in place between tax filing and the retrieval of tax information through DRT restricts the tax return fields that can be imported through DRT. For example, the DRT cannot include values from tax schedules that are carried over to the 1040 because those fields may take longer to be indexed by the IRS. Could we improve our ability to judge the financial strength of a family by including more data elements in the need analysis formula, without requiring any additional effort by the family? More work is needed to understand what information could be taken from the tax return if there was a longer period of time to apply using PPY data.

References

- Advisory Committee on Student Financial Assistance (ACSFA). (2005). *The student aid gauntlet: Making access to college simple and certain. Final report of the special study of simplification of need analysis and application for Title IV aid.* Washington, DC: Author. Retrieved from: <http://www2.ed.gov/about/bdscomm/list/acsfa/sag.pdf>
- Asher, L. (2007, March). *Going to the source: A practical way to simplify the FAFSA.* Retrieved from: http://www.ticas.org/files/pub/FAFSA_FINAL.pdf
- Bettinger, E., Long, B.T., Oreopoulos, P., & Sanbonmatsu, L. (2009). *The role of simplification and information in college decisions: Results from the H&R Block FAFSA experiment.* (NBER Working Paper No. 15361). Retrieved from: <http://www.nber.org/papers/w15361>
- Dynan, K.E., Elmendorf, D.W., & Sichel, D.E. (2007). *The evolution of household income volatility.* Federal Reserve Board Finance and Economics Discussion Series 2007-61. Retrieved from: <http://www.federalreserve.gov/pubs/feds/2007/200761/200761pap.pdf>
- Dynarski, S., & Scott-Clayton, J. (2008). Complexity and targeting in federal student aid: A quantitative analysis. In J.M. Poterba (Ed.), *Tax policy and the economy*, Vol. 22 (pp. 109-150). Chicago, IL: University of Chicago Press.
- Dynarski, S., & Wiederspan, M. (2012). *Student aid simplification: Looking back and looking ahead.* (NBER Working Paper No. 17834). Retrieved from: <http://www.nber.org/papers/w17834>
- Gottschalk, P., & Moffitt, R. (2009). The rising instability of U.S. earnings. *Journal of Economic Perspectives*, 23(4), 3-24.
- Kelchen, R., & Goldrick-Rab, S. (2013). *Accelerating college knowledge: Examining the feasibility of a targeted early commitment Pell Grant program.* (Institute for Research on Poverty Discussion Paper No. 1405-13). Retrieved from: <http://www.irp.wisc.edu/publications/dps/pdfs/dp140513.pdf>
- King, J.E. (2006). *Missed opportunities revisited: New information on students who do not apply for financial aid.* Washington, DC: American Council on Education, Center for Policy Analysis.
- Kopczuk, W., Saez, E., & Song, J. (2010). Earnings inequality and mobility in the United States: Evidence from social security data since 1937. *The Quarterly Journal of Economics*, 125(1), 91-128.
- Madzelan, D. (1998). HEA reauthorization issue: Using "prior-prior" year income. Unpublished manuscript. U.S. Department of Education, Washington, DC.
- National Economic Council, Council of Economic Advisers (2009). *Simplifying student aid: The case for an easier, faster, and more accurate FAFSA.* Washington, DC: Executive Office of the President. Retrieved from: http://www.whitehouse.gov/assets/documents/FAFSA_Report.pdf
- National College Access Network (NCAN) (2012, December). *Increasing return on investment from federal student aid.* Retrieved from: <http://www.collegeaccess.org/images/documents/ROIfromFSAFinal.pdf>
- Novak, H., & McKinney, L. (2011). The consequences of leaving money on the table: Examining persistence among students who did not file a FAFSA. *Journal of Student Financial Aid*, 41(3), 6-23.
- Parkinson, M., & Sears, J. (2012). Session 26: FAFSA & application processing update. Power point presentation at the annual Federal Student Aid 2012 Fall Conference, Las Vegas, NV.
- Rowan-Kenyon, H.T., Bell, A.D., & Perna, L.W. (2008). Contextual influences on parental involvement in college going: Variations by socioeconomic class. *The Journal of Higher Education*, 79, 564-586.
- Shin, D., & Solon, G. (2011). Trends in men's earnings volatility: What does the panel study of income dynamics show? *Journal of Public Economics*, 95, 973-982.
- U. S. Department of Education (2006). *A test of leadership: Charting the future of U.S. higher education.* Washington, DC: Department of Education. Retrieved from: <http://www2.ed.gov/about/bdscomm/list/hiedfuture/reports/pre-pub-report.pdf>
- U.S. Department of Education (2009). *2007-2008 federal Pell grant program end-of-year report.* Retrieved from: <http://www2.ed.gov/finaid/prof/resources/data/pell-2007-08/pell-eoy-07-08.pdf>

U.S. Department of Education (2012). 2011-2012 federal Pell grant program end-of-year report. Office of Postsecondary Education. Retrieved from: <http://www2.ed.gov/finaid/prof/resources/data/pell-2011-12/pell-eoy-2011-12.html>

The Institute for College Access & Success (TICAS) (2013, February). *Aligning the means and the ends: How to improve federal student aid and increase college access and success*. Retrieved from: http://www.ticas.org/pub_view.php?idx=873

Acknowledgements

The success of this study and completion of this report would not have been possible without several individuals, organizations, and institutions, including our anonymous external reviewers. Thank you for your support, time, and/or constructive feedback.

Participating schools and contacts:

- Anne Arundel Community College - Richard Heath, Tricia Selby, Caryn Rose & Rachel Siegenthaler
- Barton County Community College - Myrna Perkins
- Florida International University - Francisco Valines, Beatriz Anillo, Ida Pabon & Jose Polo Ramos
- Le Moyne College - William Cheetham & Daniel Skidmore
- Michigan State University - Rick Shipman, Bill Havens, Keith Williams & Colleen Curran
- Oregon State University - Doug Severs & Ben Wessel
- Pacific Lutheran University - Kay Soltis & Ronald Noborikawa
- Virginia Polytechnic Institute and State University – Barry Simmons, Lefter Daku & Wanda Hankins Dean
- Wayne State University - Albert Hermesen & Alexandria Hess

Greg Ratliff at the Bill & Melinda Gates Foundation.

2012-13 Research Committee: Dave Cecil (Transylvania University); Joyce Farmer (DeSales University); Al Hermesen (Wayne State University), Susan Howard, Commission Director (Antioch University); Buddy Mayfield (University of Illinois, Urbana-Champaign); Christa Seagren (University of Phoenix); Doug Severs, Chair (Oregon State University)

NASFAA staff, including Joan Berkes, Justin Draeger, Gary Edmunds, Beth Maglione, Jennifer Martin, Karen McCarthy, Megan McClean & Jesse O'Connell.

Suggested Citation: Kelchen, R. J., & Jones, G. (2013). A tale of two income years: Comparing prior-prior year and prior-year through Pell Grant awards. Washington, DC: National Association of Student Financial Aid Administrators.

Appendix A. National Characteristics, 2011

Characteristics	Percent
Race/Ethnicity	
White	61.2%
Black	15.1%
Hispanic	14.3%
Asian	6.0%
Pacific Islander	0.3%
American Indian/Alaska Native	0.9%
Two or more races	2.1%
Gender	
Male	42.6%
Female	57.4%
Pell Grant	41.3%
6-Year Graduation Rates	58.8%

Sources:

U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Fall Enrollment Survey and Graduation Rates Survey. Digest Tables 263 and 376 (tables prepared November 2012).

2011-12 National Postsecondary Student Aid Study (NPSAS:12): Student Financial Aid Estimates for 2011-12. (August 2013).

Appendix B. Summary Statistics of Students with PPY Data

Panel 1: Dependent Students

Characteristic (from PPY year)	PY Year				Total	Excluded
	2008-09	2009-10	2010-11	2011-12		
Gender: Female	53.0%	53.0%	53.0%	52.1%	53.1%	
Race/Ethnicity						
White	72.9%	69.3%	67.5%	67.2%	70.7%	
Black	11.5%	13.4%	13.8%	12.5%	12.7%	
Hispanic	5.9%	6.7%	6.9%	7.4%	5.7%	
Native American	0.7%	0.7%	0.6%	0.6%	0.6%	
Asian	7.8%	8.7%	9.7%	10.0%	8.7%	
Parent(s) Attended College	70.5%	68.3%	70.8%	72.3%		
Pell-eligible	32.0%	35.5%	41.5%	45.9%		
Zero EFC	12.8%	15.9%	21.6%	21.7%		
Parent Income	\$83,166	\$83,690	\$81,889	\$78,621		
Student Income	\$3,375	\$3,778	\$3,654	\$3,114		
EFC	\$14,087	\$14,271	\$13,271	\$12,390		
Sample Size	26,614	22,514	22,474	21,525	54,711	53,457

Panel 2: Independent Students with no Dependents

Characteristic (from PPY year)	PY Year				Total	Excluded
	2008-09	2009-10	2010-11	2011-12		
Gender: Female	52.4%	52.4%	49.5%	49.6%	50.9%	
Race/Ethnicity						
White	63.6%	61.6%	62.4%	59.4%	63.9%	
Black	23.1%	24.9%	23.5%	21.6%	22.0%	
Hispanic	7.0%	7.3%	7.1%	11.2%	6.9%	
Native American	1.1%	1.1%	1.1%	0.8%	1.1%	
Asian	4.2%	5.6%	4.6%	4.8%	4.7%	
Parent(s) Attended College	53.4%	52.7%	53.1%	54.4%		
Pell-eligible	65.3%	64.8%	73.2%	79.9%		
Zero EFC	35.2%	35.4%	46.2%	54.0%		
Student Income	\$16,866	\$17,615	\$16,427	\$14,044		
EFC	\$4,050	\$4,334	\$3,752	\$3,006		
Sample Size	3,835	3,657	3,902	4,224	10,549	19,322

Panel 3: Independent Students with Dependents

Characteristic (from PPY year)	PY Year				Total	Excluded
	2008-09	2009-10	2010-11	2011-12		
Gender: Female	82.3%	80.3%	79.6%	79.9%	79.5%	
Race/ethnicity						
White	46.3%	46.3%	48.9%	51.3%	50.2%	
Black	42.8%	42.2%	38.7%	34.6%	38.0%	
Hispanic	6.4%	7.2%	7.2%	8.8%	6.7%	
Native American	1.5%	1.3%	1.3%	1.1%	1.3%	
Asian	2.2%	1.9%	2.6%	2.4%	2.6%	
Parent(s) Attended College	46.9%	46.9%	45.7%	45.2%		
Pell-eligible	84.5%	83.8%	88.8%	93.4%		
Zero EFC	53.9%	54.2%	67.0%	75.4%		
Student Income	\$30,454	\$35,391	\$29,444	\$26,949		
EFC	\$2,240	\$2,282	\$1,788	\$1,195		
Sample Size	2,804	2,806	3,312	3,749	8,181	13,722

**The National Association
of Student Financial Aid Administrators
(NASFAA) supports the training,
diversity, and professional development
of financial aid administrators;
advocates for public policies
and programs that increase student
access to and success in postsecondary
education; and serves as a forum for
communication and collaboration on
student financial aid issues.**

© 2013 National Association of Student Financial Aid Administrators



NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

**1101 CONNECTICUT AVENUE NW, SUITE 1100
WASHINGTON, DC 20036-4303**

202.785.0453 FAX. 202.785.1487 WWW.NASFAA.ORG