

NASFAA DATA SHOW VERIFICATION DOES NOT IMPACT MOST FINANCIAL AID AWARDS

Verification plays an important role in ensuring the integrity of the federal student aid programs. However, this additional step in establishing eligibility can discourage students from completing the application process¹, and forces institutions of higher education to divert their limited resources to verification instead of to other valuable student supports. It is essential that the verification process be designed efficiently so as to balance the benefit against the burden.

Unfortunately, the Department of Education (ED) does not consistently publish data on the outcome of verification, leaving unanswered questions about the true impact of the process on students and its value to taxpayers. For example, there are no data available from ED on how many students see a change in their financial aid award based on verification. To try to answer this important policy question, the National Association of Student Financial Aid Administrators (NASFAA) conducted a limited survey of member institutions in November of 2018. Forty-five institutions representing over 700,000 students responded with their verification results for the 2018-19 award year. Acknowledging that the sample is not representative of the makeup of U.S. colleges and universities, the results do identify some areas of concern. From the survey responses, NASFAA found the following:

Verification selection rates are too high and/or selection algorithms may not be well targeted:

- On average, 84% of verified applications resulted in either no EFC change or a change so small that it did not result in a change to the student's Pell Grant award.
- 91% of applications at 2-year public institutions had either no EFC change, or an EFC change that was insignificant enough as to have no impact to the student's Pell Grant award.

The Department of Education (ED) does not regularly publish annual verification data, and what limited data it shares may not tell the true story of the impact of verification.

- The most recent award year for which verification selection and outcomes data was made public was 2014-15², and ED provided only average selection rates across all institutions, not by sector.
- While ED's data showed that 42% of verified applications saw a change to EFC, ED did not disclose whether the final student aid award was impacted.

Survey results indicate that current verification selection rates are higher than ED's last published figures from 2014-15, and averages appear to mask the disproportionate impact of verification on the 2-year public sector:

- Respondents reported an average verification selection rate of 30%, vs. ED's figure of 26%³
- 2-year public institutions bear a disproportionate burden, with an average selection rate of 37%
- 60% of all respondents– and 100% of 2-year public respondents– had average selection rates of over 30%

With today's FAFSA, verifying applicant data is a necessary component of the application process that requires balancing the need to minimize improper payments without locking students out of the programs altogether. An applicant selection mixture of both targeted and random applications should yield the best results, but if NASFAA's survey responses are applicable nationally, it appears that current efforts are not well targeted and grossly imbalanced. NASFAA calls for more transparent information about whether current verification efforts actually yield intended results, and calls for safeguards for students and schools that ensure limits on the total number of applicants selected for verification at any one school.

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¹ National College Access Network, The Leaky FAFSA Pipeline, <http://www.collegeaccess.org/BlogItem?dg=25a2dd88-a0a9-4198-9fbc-1da7a06d290e>

² U.S. Department of Education, FAFSA Application Processing and Verification Update (Presentation), <https://fsaconferences.ed.gov/conferences/library/2015/2015FSACConfSessionGS2.ppt>

³ Ibid.