Written Testimony

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Charge 1: Financial Aid – Free Application for Federal Student Aid (FAFSA)

Recent Changes to FAFSA

- The healthcare reform bill (HR 3221) approved by Congress last month included a section on financial aid, however it did not include any provisions relating to the simplification of the FAFSA.

- The U.S. Department of Education implemented changes to simplify the FAFSA for the 2009-2010 and 2010-2011 school year. For example, the online application has been streamlined, and uses enhanced "skip logic." The demonstration site may be accessed here: http://www.fafsa.ed.gov/FOTWWebApp/complete013.jsp

- Beginning January 2010, students and parents applying for financial aid for the current year (2009-2010) are able to electronically retrieve their tax information from the Internal Revenue Service (IRS) and transfer it into the online FAFSA.

- The College Board received a grant to study the impact on states of further simplifying the FAFSA as was previously proposed by Congress.

- The College Board plans to collaborate with up to six states to identify effective ways to simplify state financial aid processes, with the goal of assuring that states are able to utilize IRS data for purposes of awarding state need-based grant funds.

- In addition, the study will examine the impact that simplification has on state programs and help answer the question, "Will simplification cause scarce state resources to be reallocated to less needy students because of changes to

the formula?" The study may find more students have an EFC of $4,000 or less due to the change in the methodology for calculating the EFC.

- Since Texas is one of the states selected, the College Board will design a model that will allow us to determine the impact of the change in calculating need. Preliminary results of the study are expected to be available by January 2011.