Introduction

• Each year millions of college students seeking financial aid complete the Free Application for Federal Student Aid (FAFSA), which is required in order to be eligible for the upwards of $120 billion in student aid that the federal government awards each year (Federal Student Aid, 2018).

• Before aid is dispersed, the federal government flags a proportion of FAFSAs to undergo further scrutiny by a process known as verification.

• FAFSA verification is a federal mandate that requires Title IV postsecondary institutions to verify that student-provided information is accurate and complete.

• Institutions contact students flagged for verification to request additional information or documents.

• The burden of verification falls to college and university financial aid offices. Financial aid offices must use their administrative resources to comply with verification, even though they have limited human resources and have seen continual decreases in their operating budget in recent years (Cochrane, 2010; NASFAA, 2017).

Data/Methods

Data

• Data for this analysis comes from IPEDS, Dept of Ed Audit Reports, and Financial Aid Office Surveys.

• The study includes 2,837 not-for-profit colleges and universities in 2014.

Method

• We estimate that to verify one student in 2014 would cost institutions $143 dollars, we round this cost down to $100 to account for increases in efficiency in verification.

• We utilize a cost analysis to calculate back-of-the-envelope estimates of the compliance cost to institutions in our sample.

Research Questions

1. What is the total compliance cost of verification to postsecondary institutions?
2. Which sector bears the brunt of the verification burden cost?

Discussion

• Financial aid administrators are experiencing an increase in administrative burden due specifically to increases in the rate with which students are selected for income verification. This increase in verification rates has led to students having reduced access to financial aid office services.

• Our analysis highlights the disparities in verification compliance costs across postsecondary institutional sectors. Community colleges bear the brunt of the cost with a large percentage of their financial aid operating budget going to verifying students.

• The burden on community colleges may be higher given that community college students face more complicated financial situations that would increase the time and, therefore, the cost of verifying those students. Community colleges are already tasked with doing more with less as they face shrinking operating budgets (Romano, 2012).

• It is concerning that this is the sector faced with the bulk of verifications costs, given that students at these institutions may lack the information about navigating the verification process (McKinney & Novak, 2015), and financial aid offices do not have the resources to provide the necessary guidance.

• With the recent passage of the FUTURE Act congress has signaled potential improvements in FAFSA verification. This massive endeavor will require a lot of work by various federal bureaucratic agencies, these changes are expected to take a number of years. In the short-term institutions will continue to face an increase in verifications, as more students seek postsecondary education.

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