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Simplifying Student Aid:

What It Would Mean for States

Sandy Baum
Kathleen Little
Jennifer Ma
Anne Sturtevant

CollegeBoard
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Introduction

Like the federal Pell Grant program, need-based state grant programs are designed to increase access to higher education among low- and moderate-income students. A growing body of research indicates that adequate funding is a necessary but not sufficient condition for successfully achieving this goal. Aid programs that are easy to understand and to apply for are more effective than the same dollars devoted to more complex, less predictable programs.[1]

Consistent with this evidence, the federal government has taken steps to simplify the Free Application for Federal Student Aid (FAFSA) and to make it easier for students and families to provide the required information. Some questions have been eliminated from the form, and others are likely to follow. The Student Aid and Fiscal Responsibility Act of 2009 (H.R. 3221) would have eliminated from the FAFSA all financial information not available from the IRS. President Obama's 2012 budget included a similar proposal. Given a recent innovation that makes it possible for many FAFSA filers to transfer financial data directly from their federal tax forms to the FAFSA, such a change would make it much easier for students and families to file the FAFSA. It would, however, also modify Federal Methodology (FM) calculations of Expected Family Contributions (EFCs) and would remove some data elements currently available to states and institutions for determining eligibility for their grant programs.

Uncertainty about the potential impact of FAFSA simplification on state grant programs has dampened enthusiasm for these changes. Concerns include the idea that a simpler formula will be less able to distinguish the variety of financial circumstances facing applicants and the fear that eliminating some assets and sources of income will lower EFCs, increasing eligibility for state grant programs that are already strained for funds.

With support from Lumina Foundation for Education and assistance from researchers at the University of Michigan, the College Board undertook this study on the implications of simplification of the FAFSA for state grant programs. The goal is to quantify the potential impact of removing data elements from the Federal Methodology, including the assets that remain in the formula[2] and all financial information not included on federal income tax forms. This study also explores possible strategies for counteracting the effects of these changes if states and/or institutions should find that necessary.

The importance of a simpler application process led the Rethinking Student Aid Study Group, sponsored by the College Board and funded by the Lumina, Mellon and Spencer foundations, to recommend in 2008 that the federal government eliminate the existing form for applying for federal student aid and instead have the IRS provide the needed information to determine Pell Grant awards.[3]

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1. See, for example, Susan Dynarski and Judith Scott-Clayton, "College Grants on a Postcard: A Proposal for Simple and Predictable Federal Student Aid," Hamilton Project Discussion Paper 2007-01; KSG Faculty Research Working Paper Series RWP07-014, March 2007; "Federal Student Aid: Highlights of a Study Group on Simplifying the Free Application for Federal Student Aid" (Washington, DC: U.S. Government Accountability Office, 2009). In a seminal study, Eric Bettinger, Bridget Terry Long, Philip Oreopoulos and Lisa Sanbonmatsu, working with H&R Block, found significant increases in college enrollment rates among low-income individuals when the FAFSA was completed for them ("The Role of Simplification and Information in College Decisions: Results from the H&R Block FAFSA Experiment," NBER Working Paper #15361, September 2009).

2. Most assets held by moderate- and middle-income families are already excluded from consideration. These excluded assets include retirement accounts, home and farm equity for principal places of residence, and businesses that employ fewer than 100 FTE employees.

3. Rethinking Student Aid Study Group, Fulfilling the Commitment: Recommendations for Reforming Federal Student Aid (New York: The College Board, 2008).

The group's report noted that:

> The daunting complexity of the existing Free Application for Federal Student Aid (FAFSA) is the product of well-meaning attempts to ensure that the grants awarded through that system go to those who genuinely need them most. Requiring a detailed picture of a student's or a family's financial situation reduces the likelihood that some clever person can qualify for a Pell Grant by arranging his affairs to make him appear poorer than he really is. But as Congress has modified the allocation formula over time, it has become both more complicated and less successful in distinguishing differences in family circumstances. Moreover, we pay a high price for this effort at "full disclosure." Many people can readily be intimidated by a financial aid form that asks for much more detailed information than the IRS requests from most low-income families.

Since that report was issued, the federal government has taken some important steps on the road to simplifying the application process for federal student aid. In May 2009, the U.S. Department of Education began providing FAFSA filers with immediate estimates of their Pell Grant and Stafford Loan eligibility. In addition, applicants now avoid many irrelevant questions. For example, since summer 2009, students who are at least 24 years of age or who are married are automatically considered independent and are no longer required to answer 11 additional questions posed to determine dependency status. Men over the age of 26 are no longer required to respond to the question about Selective Service registration; and the questions about homeless status have been consolidated. Low-income students whose assets are not considered in calculating federal aid eligibility are not asked to report those assets unless this information is required by their state grant agency.

Still, as the U.S. Department of Education acknowledges:[4]

> Applying for financial aid is far more complicated than filing a tax return; students and their parents must answer as many as dozens of questions about their income and assets that are not on the federal tax form. These questions are often difficult to verify, and they add very little to the rest of the aid formulas. The six questions related to assets, for example, only affect the awards of 3 percent of Pell Grant recipients, while penalizing those families for saving for college and opening up loopholes for sophisticated applicants to game the formula.

Perhaps the most important step the government has taken to address this problem is implementation of the system mentioned above that allows FAFSA filers to transfer information directly from their federal income tax forms to their financial aid applications. Although the IRS data retrieval process is not available to all filers because of early financial aid application deadlines and other limitations, for students and parents who opt to populate their FAFSA with data submitted to the IRS, aid eligibility is based on accurate income data and the entire process becomes much less complex. Students do not have to submit copies of their tax forms, an additional step in the process that is often a barrier for low-income students, and institutions are not required to verify the filers' income data.

Relying only on IRS data, as was specified in H.R. 3221 and in President Obama's 2012 budget, would have the advantage of making the application process dramatically simpler for students. The findings we report here indicate that the impact on state grant eligibility would be minimal in the states studied. In Kentucky and Ohio, fewer filers would be eligible for state grants (0.3% and 0.5%, respectively). The percentage of FAFSA filers eligible for state grants would increase by 0.2% in Minnesota and Texas and by 2% in Vermont. In states that do not fully fund their programs, such as Kentucky and Texas, there might be no impact at all on state budgets. In other states, such as Minnesota and Vermont, the impact could be counteracted by small changes in the FM, described later in this report.

Our hope is that the information provided in this report will allay concerns about FAFSA simplification at the state level and increase support for moving toward a simpler financial aid system that is more effective in providing educational opportunities to students with limited financial resources.

4. U.S. Department of Education, "Making College More Affordable by Simplifying the Student Aid Application" (Washington, DC: U.S. Department of Education, 2009).

State Grant Simplification Study Design

In order to examine the potential impact of FAFSA simplification on state grant programs, the College Board, guided by an advisory committee of professionals who have in-depth knowledge of financial aid and state grant policy,[5] selected five states with which to collaborate on the study — Kentucky, Minnesota, Ohio, Texas and Vermont. These states were selected because of their commitment to need-based grant aid, their interest in a simpler student aid system, and their comprehensive and accessible data. These states also represent a variety of approaches to determining eligibility for and allocating state grants. This diversity allowed us to study the impact of FAFSA simplification in a range of systems and to provide examples for other states with policies and approaches resembling one or more of those studied.

Each of the pilot states, after removing personally identifiable information from student records, provided 2007-08 and/or 2008-09 FAFSA, grant award and enrollment data to the College Board for modeling purposes. We designed our study to incorporate each state's objectives for participating, which were identified during project kick-off meetings. Not surprisingly, given the economic downturn and budgetary challenges that states were facing, resource issues topped the list of concerns in every state. With each state's goals and data in hand and with assistance from researchers at the University of Michigan, we simulated the impact of potential data and formula changes on state grant eligibility with the goal of providing estimates of fiscal and distributional impacts to each state.

STUDY POPULATION

The College Board project team asked states to provide 2007-08 data to align with the FAFSA application cycle used in the most recent National Postsecondary Student Aid Study (NPSAS) and by the White House Council of Economic Advisers (CEA) in their study of the impact of using only IRS data on EFCs and Pell Grant distribution and expenditures.[6] This alignment would allow for a meaningful comparison of the results of our state study with the results published by the CEA in their national analysis.[7]

States were asked to provide complete FAFSA data for all undergraduate applicants enrolled in institutions within their states, as well as other data required to determine eligibility for their state grant programs. There was some variation in what states were able to provide. For example:

- Ohio, which provided 2008-09 filer information because of the state's transition to a new state grant program, had data for all FAFSA filers at public institutions, but had only recipient data for private nonprofit and for-profit institutions. For purposes of this report, we elected to display data for FAFSA filers enrolled in four-year public institutions.
- Ohio also did not have data for applicants reporting family income greater than $75,000 because those students are not eligible for state grants.
- Vermont applicants who enrolled in colleges outside Vermont are eligible for Vermont Grants, and they were included in the Vermont study population.

5. The advisory committee members worked with College Board project staff throughout the study. The members are listed in Appendix A.

6. Executive Office of the President, *Simplifying Student Aid: The Case for an Easier, Faster, and More Accurate FAFSA* (Washington, DC: Council of Economic Advisers, National Economic Council, 2009).

7. All states except Ohio provided 2007-08 data. Ohio provided 2008-09 data because of the transition from the Ohio Incentive Grant (OIG) to the Ohio College Opportunity Grant (OCOG) — a process that was complete by the end of the 2008-09 application cycle. Throughout this report, results for Ohio are based on 2008-09 FAFSA filer and award information rather than on 2007-08 information.

- Kentucky did not have data on enrollment intensity for students in the for-profit sector; enrollment status for these students was imputed. In addition, Kentucky did not have Pell Grant award information for students in the private nonprofit and for-profit sectors. Pell eligibility for these students was calculated using EFC and the 2007-08 Pell award schedule.
- Texas provided data for all FAFSA filers at public institutions. However, as we did not receive the academic data required to determine eligibility for TEXAS Grant beyond the freshman year, our study focused on first-year students in the public sector in Texas.

STUDY SIMULATIONS

Using FAFSA data for individual state residents who enrolled at eligible institutions, the College Board estimated EFCs, Pell Grant awards and state grant eligibility under several different scenarios described below. Our study measured the impact of possible data and formula changes both on FAFSA filers and on grant recipients in each state. The results for FAFSA filers illustrate shifts in overall eligibility for Pell Grant and state awards; the effects of changes on grant recipients serve to quantify the magnitude of proposed changes.

Elimination of Worksheet A

In our first simulation, we compared the estimated 2007-08 award patterns to the patterns that would emerge for the same students under a need analysis formula similar to the 2010-11 Federal Methodology. The key change was the 2009-10 removal of FAFSA Worksheet A, which previously collected information on earned income credits, additional child tax credits, welfare benefits and untaxed social security benefits.

This change, which was accomplished with little public attention as part of the College Cost Reduction and Access Act (CCRAA),[8] resulted in a reduction in EFC for many students and families.

The 2007-08 FAFSA, on which this study is based, included the income sources listed on Worksheet A. Their removal from consideration lowered expected contributions, increasing aid eligibility for many students. To make the findings we report more relevant for understanding the potential impact of future changes in the Federal Methodology, we assume a starting point that excludes these data elements. It is useful, however, to take note of the impact of these changes that occurred under the radar.

> Our simulation showed that the elimination of Worksheet A increased the percentage of filers receiving Pell Grants by about 1 percentage point in each of the five states studied. Total Pell Grant funding received by in-state filers increased between 3.6% and 5.5% as a result of this change in the FM.

The elimination of Worksheet A also had an impact on state grant programs.

- Less than 1% of FAFSA filers became eligible for state grant aid in Vermont or Minnesota (where state grants decline when Pell Grants increase), but an additional 2% of FAFSA filers in Ohio's public four-year sector became eligible for state grants.
- Increases in average eligibility *per filer* ranged from $2 (0.2%) in Minnesota to about $50 (5%) in Ohio's public four-year sector (not shown).
- Changes in average state grant eligibility *per recipient* ranged from a decrease of $13 (0.7%) in Minnesota to an increase of $35 (2%) in Ohio (not shown).
- Increases in state grant program eligibility would have ranged from $400,000 in Vermont (1.7%) to $5.4 million in the public four-year sector in Ohio (a 5.3% increase) — if the programs were fully funded.

8. The Act included other changes to the FM that reduced EFCs, increasing not only eligibility for Pell Grants but also for many state grant programs. The income threshold for eligibility for the automatic zero EFC increased from $20,000 to $30,000 and became indexed for inflation. This change (along with other factors including the weak economy) contributed to an increase in the percentage of Pell Grant recipients with a zero EFC from 56% in 2007-08 to 67% in 2009-10. These additional changes in the aid eligibility formula were not simulated in our study, but received considerable support because they resulted in more generous Pell Grants. (Note: The Consolidated Appropriations Act of 2012 subsequently reduced the income threshold to $23,000 for the 2012-13 award year.)

Table 1a: Impact of Eliminating Worksheet A on Overall Eligibility for Pell Grant and State Grant

	Total Pell Grant Eligibility (in Millions)			Total State Grant Eligibility (in Millions)		
	2007-08 FM	No Worksheet A	Change	2007-08 FM	No Worksheet A	Change
Kentucky	$184.5	$191.9	$7.4 (4.0%)	$93.5	$95.3	$1.8 (1.9%)
Minnesota	$159.9	$167.6	$7.7 (4.8%)	$158.4	$158.7	$0.3 (0.2%)
Ohio Public Four-Year	$203.2	$210.5	$7.3 (3.6%)	$101.4	$106.8	$5.4 (5.3%)
Texas Publics	$116.4	$121.6	$5.2 (4.5%)	$92.0	$94.0	$2.0 (2.2%)
Vermont	$27.4	$28.9	$1.5 (5.5%)	$23.9	$24.3	$0.4 (1.7%)

Table 1b: Impact of Eliminating Worksheet A on Percentage of Students Eligible for Pell Grant and State Grant

	% of FAFSA Filers Eligible for Pell Grant			% of FAFSA Filers Eligible for State Grant		
	2007-08 FM	No Worksheet A	Change	2007-08 FM	No Worksheet A	Change
Kentucky	59.2%	60.3%	1.1%	57.5%	58.6%	1.1%
Minnesota	44.3%	45.4%	1.1%	58.7%	59.2%	0.5%
Ohio Public Four-Year	65.0%	66.3%	1.3%	53.4%	55.2%	1.8%
Texas Publics	61.1%	62.2%	1.1%	60.7%	61.8%	1.1%
Vermont	39.7%	40.8%	1.1%	46.6%	46.8%	0.2%

Although not reflected in the above table or our calculations overall, the income threshold for qualifying for the FM Automatic Zero EFC was also raised from $20,000 to $30,000, effective in 2009-10, serving to further increase eligibility for need-based aid.

The remainder of this report will describe the impact of two additional FAFSA simplification steps described below.

Elimination of Assets

In our second simulation, we eliminated assets in addition to Worksheet A data from the formula. Like the elimination of Worksheet A, this step would reduce EFCs for many students and families, but would have a small effect on Pell and state grant eligibility in the five states studied. This is because the largest declines in EFC would occur at relatively high-income levels — in most cases for students whose resources make them ineligible for either Pell or state need-based grants.

It is possible that the next step toward FAFSA simplification at the federal level will involve the removal of assets, even if the move to exclusive reliance on IRS data is postponed. Concerns about simplification of FM frequently focus on the role of assets in determining aid eligibility. However, the assets captured on the FAFSA do not reflect the majority of assets held by moderate- and middle-income families in this country that are in the form of home equity, small business and farm equity and retirement assets.[9]

9. Our analysis of Vermont data included measuring the impact on EFC and state grant eligibility of assets considered in the VSAC methodology: home equity and family farm and small business equity. The data element with the largest impact on EFC was home equity, which lowered state grant eligibility by an average of $167. Business and farm assets collected on the Vermont application had a smaller impact, reducing average state grant eligibility by $55.

Using Only IRS Data

In our third simulation, we examined the effect of relying only on a small number of data elements available on income tax forms: adjusted gross income (AGI), federal taxes paid and number of exemptions. In addition to excluding components of income previously collected on Worksheet A, relying on this reduced set of IRS data also meant excluding untaxed income (e.g., foreign income exclusion) and income adjustments (e.g., child support paid) previously collected on FAFSA Worksheets B and C.

The FM results produced in this simulation were adjusted to account for the number of family members enrolled in college, a data element available on the FAFSA but not on IRS forms.

This simulation involved two further changes to the FM formula:

- Because data on the earnings of individuals in the household are not currently available from the IRS, FICA contributions were estimated. We based these estimates on AGI for tax filers and on total earned income for non-tax filers.
- Calculation of an employment expense allowance was not possible due to absent data on individual earnings. In the current FM, this allowance accounts for expenses incurred by two-earner families and employed single heads of household for items such as additional clothing, food and transportation, and results in lower EFCs. Removing this allowance produces higher EFCs for some FAFSA filers, partially offsetting some of the reductions generated by the elimination of assets and income sources reported on FAFSA worksheets.

The impact of relying on a small number of data elements available from the IRS varies by dependency status and household income. Because of the elimination of the employment expense allowance from the formula, many independent students with dependents would see modest increases in their EFCs and, as a result, small decreases in their Pell Grants and state grant eligibility. Table 2 shows the key reported and derived data elements and other information[10] used in each of the three simulations described above.

Table 2: FAFSA Data Used in College Board Simulations

Data Used	Actual 2007-08	Current FM (No Worksheet A)	No Worksheet A No Assets	IRS Data Only
Type of Tax Form	X	X	X	X
Family Size	X	X	X	X
Number in College	X	X	X	X
Marital Status	X	X	X	X
AGI (or total income for non-tax filers)	X	X	X	X
Federal Taxes [11]	X	X	X	X
Worksheet A	X			
Worksheets B, C	X	X	X	
Assets	X	X		
Employment Expense Allowance	X	X	X	

10. The data fields used in the simulations were the same for parents of dependent filers, dependent students, independent students without dependents and independent students with dependents.

11. Includes reported federal income taxes paid and estimated FICA taxes derived for purposes of this study, based on AGI for tax filers and on total earned income for non-tax filers.

2007-08 State Grant Programs: Eligibility and Filer Characteristics

The bulk of this report discusses how a reduction in the data elements available from the FAFSA would affect the distribution of need-based grants administered by the states in the study. To provide a framework for understanding the potential impact and for making comparisons across states, it is important to understand how eligibility for state need-based grant aid is determined in each state and how filer characteristics differ from state to state. Table 3 displays how eligibility for each state program is determined.

Table 3: State Grant Program Characteristics, 2007-08

Program	Need, Income or EFC Cutoff	Award Process & Awarding Party	Maximum Annual Award	Minimum Enrollment	Other Key Criteria
Kentucky College Access Program	FM EFC cutoff $4,110	First come, first served; centralized awarding	$1,900 for full-time enrollment	Half time	State resident enrolled in state
Minnesota State Grant	Shared responsibility model; Award = cost less student and family share, less Pell Grant	Full funding of almost all eligible students; centralized awarding	Varies by sector cost of attendance and enrollment level; students enrolled in 15 credits receive full award	One-quarter time	State resident enrolled in state
Ohio College Opportunity Grant (2008-09)	FM EFC cutoff $2,190; $75,000 income cutoff	Decentralized awarding (i.e., awards determined by institutions)	$2,496 for full-time enrollment in public sector; $4,992 for private nonprofit sector	One-quarter time	State resident enrolled in state
TEXAS Grant[12]	FM EFC cutoff $4,000	First come, first served; decentralized awarding (i.e., awards determined by institutions)	$5,170 for full-time enrollment at four-year institutions; $1,730 at community colleges; $2,650 at technical colleges	Three-quarter time	State resident enrolled in in-state public institutions; must enroll within 16 months of HS graduation
Vermont Grant	Remaining need per VSAC formula; parent or student contribution cannot exceed $20,900	Late deadline enables full funding of almost all eligible applicants; centralized awarding	Varies by type and cost of institution; range $7,250 to $10,600 at Vermont institutions; $7,250 for attendance out of state	Full time	Supplemental information required; state residents may enroll out of state

12. The Texas Tuition Equalization Grant (TEG) provides grant aid to students with financial need who attend private, nonprofit Texas colleges and universities. However, the findings we report in the body of this report focus on students enrolled in Texas public institutions.

FILER CHARACTERISTICS

Tables 4a and 4b report data about household income and average assets held by FAFSA filers and their parents in each state — important measures of family financial strength that differ significantly from state to state. Data reported are for calendar year 2006, which represented the base year for the 2007-08 FAFSA. Note that in Table 4a the income data in the first column are from the U.S. Census Bureau and represent all households; the next column shows the median income of parents of dependent students in the study population. The asset data in Table 4b are derived from FAFSA records provided by the states participating in the study.

Additional characteristics of the FAFSA filers in the study by dependency status are shown in Tables 5a and 5b. Greater details about each state's filer population appear in Appendix B.

Table 4a: Family Income of FAFSA Filers in the Study

	Median Household Income[13]	Median Parents' Income[14] (Dependent Students)	Mean Income (Dependent Students)		Mean Income (Independent Students)	
			Parents'	Student's	Without Dependents	With Dependents
U.S.	$48,201					
Kentucky	$39,485	$52,140	$59,278	$4,540	$18,405	$23,732
Minnesota	$56,211	$61,940	$69,329	$5,970	$21,315	$27,682
Ohio[15]	$45,900	$37,279	$36,784	$4,690	$15,267	$21,451
Texas[16]	$43,307	$41,236	$54,022	$2,173	$10,771	$15,634
Vermont	$51,981	$63,638	$71,105	$4,741	$18,629	$28,113

Table 4b: Average Assets of FAFSA Filers in the Study

	Average Assets (Dependent Students)		Average Assets (Independent Students)	
	Parents'	Student's	Without Dependents	With Dependents
Kentucky	$29,558	$1,302	$1,730	$1,953
Minnesota	$45,563	$1,771	$3,909	$3,933
Ohio[17]	$17,793	$1,351	$2,467	$2,246
Texas[18]	$21,647	$866	$777	$471
Vermont	$58,847	$2,507	$4,747	$6,275

13. U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplement, 2006 Historical Table H-8.
14. Income in our study is defined as AGI for tax filers and total earned income for non-tax filers.
15. Ohio income data include only students enrolled in four-year public institutions and with family incomes below $75,000.
16. Texas income data include only first-year students enrolled in public two- or four-year institutions.
17. Ohio asset data include only students enrolled in public four-year institutions.
18. Texas asset data include only first-year students enrolled in public two- or four-year institutions.

Table 5a: Characteristics of Undergraduate FAFSA Applicants — Dependent Students					
	Kentucky	Minnesota	Ohio	Texas	Vermont
Percentage Dependent	49%	65%	57%	80%	74%
Parents Married	70%	74%	50%	63%	73%
Age	20	20	20	18	20
Mean Family Income	$59,278	$69,329	$36,784	$54,022	$71,105
Average FM EFC	$10,356	$12,866	$3,973	$8,906	$13,698
Qualify for Simplified Needs Test[19]	30%	20%	41%	44%	18%
Qualify for Automatic Zero EFC[20]	14%	9%	18%	19%	7%
Pell Recipient	41%	31%	57%	52%	31%
Eligible for State Grant	41%	51%	44%	54%	46%
State Grant Recipient	26%	50%	44%	24%	42%
Average Grant per Applicant					
Pell Grant	$1,172	$806	$1,734	$1,516	$894
State Grant Eligibility	$660	$1,212	$814	$1,656	$1,083
Average Grant per Recipient					
Pell Grant	$2,856	$2,575	$3,022	$2,906	$2,889
Actual State Grant	$1,648	$2,330	$1,847	$3,522	$1,903
Type of Institution					
Public Four-Year	52%	39%	100%	52%	45%
Public Two-Year	22%	32%	N/A	48%	8%
Private Nonprofit	17%	21%	N/A	N/A	42%
Proprietary	10%	7%	N/A	N/A	3%

Note: Percentages may not sum to 100 because of rounding in this table and throughout the report.

19. FAFSA filers qualify for the Simplified Needs Test (which eliminates consideration of all assets) if they are non-tax filers or are eligible to file simple (1040A or 1040EZ) tax forms and have an adjusted gross income (earned income for non-tax filers) less than $50,000, or if anyone in the household received benefits during the base year from any of the designated means-tested federal benefit programs.

20. Parents of dependent students and independent students with dependents had Automatic Zero EFCs in 2007-08 if their adjusted gross income (earned income for non-tax filers) was under $20,000 or if anyone in the household received benefits during the base year from any of the designated means-tested federal benefit programs. The income cutoff is $31,000 for the 2011-12 award year. (Note: The Consolidated Appropriations Act of 2012 subsequently reduced the income threshold to $23,000 for the 2012-13 award year.)

Table 5b: Characteristics of Undergraduate FAFSA Applicants — Independent Students					
	Kentucky	Minnesota	Ohio	Texas	Vermont
Percentage Independent	51%	35%	43%	20%	26%
Percentage Married	37%	31%	24%	28%	29%
Percentage with Dependents	64%	56%	44%	68%	45%
Age	30	30	29	26	31
Mean Family Income	$21,798	$24,902	$18,003	$14,056	$22,927
Average FM EFC	$2,924	$3,967	$2,552	$1,433	$4,138
Qualify for Simplified Needs Test	74%	67%	78%	88%	73%
Qualify for Automatic Zero EFC	34%	24%	23%	46%	21%
Pell Recipient	77%	68%	75%	85%	65%
Eligible for State Grant	74%	72%	66%	89%	29%
State Grant Recipient	35%	69%	66%	5%	28%
Average Grant per Applicant					
Pell Grant	$2,199	$1,581	$2,249	$2,516	$2,098
State Grant Eligibility	$1,051	$828	$1,189	$1,840	$967
Average Grant per Recipient					
Pell Grant	$2,866	$2,338	$2,997	$2,956	$3,251
Actual State Grant	$1,441	$1,097	$1,791	$2,778	$2,432
Type of Institution					
Public Four-Year	25%	12%	100%	11%	34%
Public Two-Year	38%	55%	N/A	89%	32%
Private Nonprofit	9%	9%	N/A	N/A	22%
Proprietary	29%	24%	N/A	N/A	7%

SUMMARY INFORMATION ABOUT EACH STATE

Kentucky

- The maximum EFC for state grant eligibility in 2007-08 was $4,110. The minimum required enrollment was six semester hours, with the award amount adjusted by enrollment intensity. The grant was awarded by the state on a first-come, first-served basis, and many students who met the eligibility criteria did not receive a state grant award.
- 14% of dependent filers came from families with incomes below $15,000; 30% came from families with incomes over $75,000. The average parent income for dependent applicants was $59,278.
- 55% of independent filers without dependents and 47% of independent filers with dependents reported incomes below $15,000.
- 49% of Kentucky filers in the study were dependent.

Minnesota

- Eligibility for the state grant program was based on the state's "Design for Shared Responsibility," under which students, their families and, if necessary, state and federal taxpayers share the responsibility for paying for college. The grant was awarded by the state.
- The amount of the award was based on the type of school the student attended and the student's enrollment status. Students enrolled for at least 15 credit hours received the full grant amount, while others received $^{1}/_{15}$ of the full amount for each credit hour of enrollment.
- 10% of dependent filers came from families with incomes below $15,000; 39% came from families with incomes over $75,000. The average parent income for dependent applicants was $69,329.
- 46% of independent filers without dependents and 38% of independent filers with dependents reported incomes below $15,000.
- 65% of Minnesota filers in the study were dependent.

Ohio

- The maximum EFC for state grant eligibility in 2008-09 was $2,190, and the award amount depended on the type of institution in which the student was enrolled as well as the student's enrollment status.
- Ohio provided data for all FAFSA filers with incomes up to $75,000 who enrolled in public two-year and four-year institutions. For students enrolled in private nonprofit and for-profit institutions, only state grant recipient data were available. As a result, it is difficult to compare Ohio applicant data and simulation results with those of the other states in the study.
- Of the dependent filers enrolled in public four-year institutions, 18% came from families with incomes below $15,000; 16% came from families with incomes between $60,000 and $75,000. The average parent income for dependent applicants enrolled in public four-year institutions was $36,784.
- 94% of independent filers without dependents and 99% of those with dependents who were enrolled in public four-year institutions reported incomes below $15,000.

Texas

- The state has separate need-based grant programs for students enrolled in public and private institutions (TEXAS Grant and Tuition Equalization Grant [TEG], respectively). The data provided in the above tables represent first-year, full-time filers enrolled in public four-year and two-year institutions.
- The maximum EFC for TEXAS Grant eligibility in 2007-08 was $4,000, and the minimum enrollment status was three-quarter time. The program is decentralized. Institutions make their own decisions as to which students should receive the grant, as long as the basic eligibility requirements are met.
- The maximum TEXAS Grant varies by type of institution. In 2007-08, the maximum award for full-time enrollment was $5,170 for students enrolled at public four-year universities and state colleges, $1,730 for students at community colleges, and $2,650 for students at technical colleges.
- To be eligible for a TEXAS Grant, students must enter public higher education within 16 months of high school graduation. As a result, only 4% of independent students with dependents and 11% of independent students without dependents who met the need criteria received a TEXAS Grant.
- Of dependent applicants, 16% came from families with incomes below $15,000; 26% came from families with incomes over $75,000. The average parent income for dependent filers was $54,022.
- 75% of independent filers without dependents and 60% of those with dependents reported incomes less than $15,000.

Vermont

- Vermont awards its grants based on a need analysis formula (VSAC Methodology) that differs from Federal Methodology. Using data collected on separate forms, the grant agency supplements federal data with information about small business and farm ownership, home equity, and noncustodial parent financial resources. In addition, the agency verifies financial information and adjusts the outcomes of the formula by using professional judgment for many students. With the exception of the actual state grant numbers, the data in the above tables include only information available on the FAFSA and the results reflect current FM. Additional modeling using the VSAC Methodology was performed at the request of the state, and a summary of those results is in Appendix B.

- The Vermont award eligibility formula takes into account the student's cost of attendance, Pell Grant, parent contribution and the student's assets if dependent, student contribution if independent, and any tuition waiver the student may have received. The student must enroll full time at an eligible institution, which can be located in Vermont or outside the state, including institutions in Canada.

- In 2007-08, if the parent contribution (for dependent students) or student contribution (for independent students) exceeded $20,900, the student was not eligible for a state grant, regardless of need.

- 9% of dependent applicants came from families with incomes below $15,000; 40% came from families with incomes over $75,000.

- 74% of Vermont applicants were dependent. The average parent income for those enrolled in state was $67,310, compared to $74,672 for those enrolled outside Vermont.

As a result of these differences in program characteristics as well as filer demographics, the impact of relying on fewer data elements to calculate Expected Family Contributions was somewhat different in each state. However, the patterns and the general outcomes were the same. The following section details our findings.

Specific Findings of Simulations — Elimination of Assets

DEPENDENT APPLICANTS

As shown in Table 6a, if assets were eliminated, EFCs for most dependent filers would decline, with the largest decreases occurring among filers from higher-income backgrounds. However, the impact on the EFCs of most Pell and state grant recipients would be relatively small.

- The decline in the average EFCs resulting from eliminating assets ranged from about $500 per filer at public four-year institutions in Ohio (including only those with incomes up to $75,000) to almost $1,900 for full-time Vermont residents, including those enrolled out of state.
- EFC decreases for state grant recipients were much smaller than for all FAFSA filers within the state. For example, in Ohio, where state grant eligibility is targeted at the lowest-income filers, the decrease in the average EFC was only $7 among Pell Grant recipients and was only $11 among state grant recipients. In Vermont, where higher-income filers qualify for state grants, the drop in the average EFC was $43 among Pell Grant recipients and was $188 among state grant recipients.
- For dependent filers enrolled at Texas public institutions, the average decrease in EFC was $73 for those with family incomes below $15,000, $414 for filers with incomes between $45,000 and $60,000, and $1,946 for filers from the highest-income backgrounds.
    - The average EFC decreases were much smaller for state grant recipients from these income groups — $14, $1 and $79, respectively.
- Average EFCs declined most in Vermont because of the characteristics of the sample population. The sample included only full-time students; income and asset levels were higher than those in most of the other states examined; unlike the other states, the study population included out-of-state enrollees who are eligible for state grants.
    - Average EFC decreases per dependent filer in Vermont ranged from $468 for those from families with incomes below $15,000 to $1,164 for those from families with incomes between $45,000 and $60,000, and $3,181 for those from families with incomes above $75,000.
    - However, average EFC declines were more modest among state grant recipients from these income groups — $235, $469 and $178, respectively.

Because the largest declines in EFCs were concentrated among high-income filers, most of whom were not eligible for need-based federal and state grants in the specific states studied, the redistribution of grant aid was much smaller than the overall EFC changes would suggest.

- The average increase in Pell Grant eligibility for dependent filers ranged from $21 for students at Texas public institutions to $83 for Vermont residents enrolled full time either at in-state or out-of-state institutions. However, the average increase for Pell recipients was less than $12 in all states except Vermont, where the increase averaged $45.
- Removing assets would lead to an increase of roughly 1 to 3 percentage points in the share of filers in each state eligible for a Pell Grant.

Changes in Pell eligibility varied somewhat across states within income bands because asset levels differed, with parents in Minnesota and Vermont having the greatest wealth ($46,000 and $59,000, respectively) and those in Texas and Ohio at public institutions (with incomes up to $75,000 in Ohio) having the least asset wealth ($22,000 and $18,000, respectively).

State grant programs differ significantly among the states studied. Some states do not fully fund their grant programs, relying on a first-come, first-served rationing mechanism. In these cases, it is possible to estimate only changes in grant eligibility — not in the actual grants awarded.

> Removing assets would result in an increase of roughly 1 to 2 percentage points in the proportion of filers in our study eligible for state grant programs.

- If assets were removed from the formula, average increases in dependent filers' eligibility for state grants would range from $8 in Minnesota to $64 in Vermont. Among dependent recipients, changes in grant eligibility would range from an average decrease of $38 in Minnesota to an average increase of $42 in Vermont.
- The largest increase in state grant eligibility resulting from the removal of assets from the formula would be $143 per filer from families with incomes between $45,000 and $60,000 in Vermont.
- The lowest-income state grant recipients in Minnesota would see an average decline of $54 in state grant eligibility because under the state's shared responsibility model, an increase in the Pell Grant (on average, $48 per recipient if assets were eliminated) would result in a decrease in state grant eligibility.

This pattern of EFC changes would have the potential to lead to a redistribution of grant aid up the income scale if those at the top of the income distribution were eligible for need-based aid. Appendix C shows the impact on EFC, Pell and state grant eligibility of removing assets on Kentucky and Minnesota applicants with family incomes of $75,000 or higher.

- In Kentucky, where 30% of dependent filers reported family incomes of $75,000 or more, 0.3% of these filers would be eligible for a Pell or state grant if assets were eliminated from the FAFSA, same as those under current FM rules.
- In Minnesota, where 39% of dependent filers come from families with incomes of $75,000 or more, 8.4% of these filers would be eligible for state grants if assets were eliminated, while less than 1% would be eligible for a Pell Grant.

> As noted in the report and discussed below, states and institutions that award need-based aid to higher-income students are likely to need additional data not necessary for the equitable distribution of federal and state grants targeted to students from low- or moderate-income backgrounds.

Table 6a: Impact of Eliminating Assets — Dependent Applicants

	Current FM (No Worksheet A)		Eliminating Assets		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Kentucky											
EFC											
per Filer	$10,092		$9,178		-$914	-$119	-$192	-$390	-$636	-$741	-$2,080
per Pell Recipient	$1,023		$1,020		-$3	-$29	-$32	-$22	-$21	-$30	$3
per State Recipient	$1,030		$1,028		-$2	-$29	-$33	-$21	-$20	-$29	$3
Pell Grant											
per Filer	$1,249	43%	$1,285	44%	$36	$44	$67	$78	$45	$11	$2
per Recipient	$2,936		$2,943		$7	$25	$29	$26	$27	$36	$12
State Grant											
per Filer	$684	42%	$703	43%	$19	$8	$19	$48	$44	$13	$1
per Recipient	$1,623		$1,625		$2	-$1	$1	$2	$7	-$6	$28
Minnesota											
EFC											
per Filer	$12,626		$11,276		-$1,350	-$242	-$279	-$502	-$814	-$1,054	-$2,540
per Pell Recipient	$1,173		$1,172		-$1	-$54	-$65	-$31	-$26	$11	-$113
per State Recipient	$3,323		$3,156		-$167	-$111	-$172	-$233	-$286	-$282	-$278
Pell Grant											
per Filer	$864	33%	$914	35%	$50	$86	$123	$113	$68	$18	$1
per Recipient	$2,632		$2,643		$11	$48	$63	$35	$30	-$2	$105
State Grant											
per Filer	$1,214	52%	$1,222	53%	$8	-$46	-$48	$6	$53	$51	$11
per Recipient	$2,343		$2,305		-$38	-$54	-$62	-$38	-$28	$7	$13

Table 6a: Impact of Eliminating Assets — Dependent Applicants

	Current FM (No Worksheet A)		Eliminating Assets		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Ohio (Public Four-Year)											
EFC											
per Filer	$3,795		$3,286		-$509	-$200	-$213	-$480	-$769	-$909	N/A
per Pell Recipient	$1,027		$1,020		-$7	-$44	-$53	-$39	-$32	-$32	N/A
per State Recipient	$451		$440		-$11	-$34	-$34	-$11	-$9	-$4	N/A
Pell Grant											
per Filer	$1,823	59%	$1,902	62%	$79	$75	$96	$109	$71	$32	N/A
per Recipient	$3,080		$3,084		$4	$31	$41	$28	$25	$9	N/A
State Grant											
per Filer	$877	46%	$922	48%	$45	$76	$81	$48	$13	$3	N/A
per Recipient	$1,898		$1,917		$19	$43	$41	$14	$9	$7	N/A
Texas (Publics)											
EFC											
per Filer	$8,622		$7,962		-$660	-$73	-$59	-$153	-$414	-$718	-$1,946
per Pell Recipient	$860		$861		$1	-$14	-$12	-$11	-$5	$36	-$68
per State Recipient	$834		$836		$2	-$14	-$12	-$9	-$1	$48	-$79
Pell Grant											
per Filer	$1,913	55%	$1,934	56%	$21	$27	$29	$37	$33	$10	$2
per Recipient	$3,446		$3,445		-$1	$15	$12	$12	$5	-$34	$66
State Grant											
per Filer	$1,698	55%	$1,727	56%	$29	$14	$21	$53	$78	$40	$4
per Recipient	$3,085		$3,100		$15	$5	$7	$18	$32	$84	$116

Table 6a: Impact of Eliminating Assets — Dependent Applicants											
	Current FM (No Worksheet A)		Eliminating Assets		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Vermont											
EFC											
per Filer	$13,486		$11,608		-$1,878	-$468	-$562	-$1,085	-$1,164	-$1,557	-$3,181
per Pell Recipient	$1,294		$1,251		-$43	-$107	-$114	-$70	-$26	-$29	-$90
per State Recipient	$5,922		$5,734		-$188	-$235	-$331	-$392	-$469	-$393	-$178
Pell Grant											
per Filer	$954	32%	$1,037	34%	$83	$194	$232	$210	$67	$17	$1
per Recipient	$2,978		$3,023		$45	$110	$115	$70	$29	$23	$90
State Grant											
per Filer	$1,102	51%	$1,166	53%	$64	$30	$53	$118	$143	$84	$23
per Recipient	$2,162		$2,204		$42	$33	$67	$108	$143	$73	$22

INDEPENDENT APPLICANTS

As shown in Tables 6b and 6c, eliminating assets from the Federal Methodology had a smaller impact on independent students, both with and without dependents, than dependent students.

- Declines in average EFCs for independent filers without dependents ranged from $71 at public institutions in Texas to $358 in Vermont. Among recipients of state grants, EFC changes were minimal, ranging from a $51 decline in Vermont to a $1 increase in Texas.
- EFC decreases for independent students with dependents were less than $100 per filer on average for all states studied — and as low as $5 for students at Texas public institutions. Among recipients of state grants, there was basically no effect on average EFCs for students with this dependency status in any state other than Vermont, where the EFCs of the recipients of state grants declined by an average of $23. In other words, average EFCs were virtually unaffected for independent students with dependents when assets were removed from the FM.
- The difference in impact between the two types of independent students can be explained by the lower assessment rate applied to the assets of independent students with dependents (7%) in the Federal Methodology compared to the 20% rate used to assess the net worth of independent students without dependents. It is not a surprise that eliminating assets had a larger benefit for the latter group because in the current need analysis system more is expected from their assets to help pay for college expenses.

> Because changes in independent students' EFCs would be modest if assets were eliminated, changes in their Pell and state grant eligibility would also be minimal.

- The average Pell Grant increase for independent filers without dependents ranged from $5 in Texas to $23 in Vermont. Among Pell Grant recipients, the change in the average Pell Grant was no more than $5 in any state studied.
- The average Pell Grant award increased no more than $5 for independent filers with dependents in any of the states in our study.
- Removing assets would lead to an increase of less than 1% in the share of independent FAFSA filers in each state eligible for Pell Grants.
- If assets were removed from the formula, average increases in eligibility for state grants among independent filers without dependents would be less than $10 in each of the states, and among independent filers with dependents the average increase would be $2 or less.
- Removing assets would have virtually no impact on the share of FAFSA filers in each state eligible for a state grant.

Table 6b: Impact of Eliminating Assets — Independent Applicants Without Dependents

	Current FM (No Worksheet A)		Eliminating Assets		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Kentucky											
EFC											
per Filer	$4,661		$4,515		-$146	-$55	-$78	-$162	-$444	-$653	-$2,136
per Pell Recipient	$870		$868		-$2	-$7	$0	-$85	$0	$0	N/A
per State Recipient	$882		$879		-$3	-$7	$0	-$83	$0	$0	N/A
Pell Grant											
per Filer	$1,684	61%	$1,693	62%	$9	$15	$6	$1	$0	$0	$5
per Recipient	$2,745		$2,747		$2	$6	$0	$92	$0	$0	N/A
State Grant											
per Filer	$874	60%	$879	60%	$5	$5	$8	$1	$0	$0	$2
per Recipient	$1,464		$1,464		$0	$0	$1	$9	$0	$0	N/A
Minnesota											
EFC											
per Filer	$5,997		$5,688		-$309	-$100	-$219	-$234	-$725	-$1,206	-$3,413
per Pell Recipient	$990		$987		-$3	-$12	-$6	$0	$0	$0	N/A
per State Recipient	$2,357		$2,339		-$18	-$32	-$37	-$7	-$105	-$5	N/A
Pell Grant											
per Filer	$1,164	50%	$1,178	51%	$14	$25	$9	$0	$0	$0	$0
per Recipient	$2,323		$2,327		$4	$11	$7	$0	$0	$0	N/A
State Grant											
per Filer	$948	65%	$957	66%	$9	$3	$21	$8	$4	$0	$0
per Recipient	$1,452		$1,455		$3	-$1	$10	$3	$16	$4	N/A

Table 6b: Impact of Eliminating Assets — Independent Applicants Without Dependents

	Current FM (No Worksheet A)		Eliminating Assets		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Ohio (Public Four-Year)											
EFC											
per Filer	$3,618		$3,493		-$125	-$51	-$105	-$281	-$643	-$965	N/A
per Pell Recipient	$756		$753		-$3	-$8	-$10	$0	$0	N/A	N/A
per State Recipient	$323		$321		-$2	-$3	$0	N/A	$0	N/A	N/A
Pell Grant											
per Filer	$1,874	64%	$1,887	65%	$13	$15	$13	$0	$0	$0	N/A
per Recipient	$2,918		$2,917		-$1	$3	$13	$0	$0	N/A	N/A
State Grant											
per Filer	$983	54%	$991	54%	$8	$12	$2	$0	$0	$0	N/A
per Recipient	$1,822		$1,822		$0	$2	$6	N/A	$0	N/A	N/A
Texas (Publics)											
EFC											
per Filer	$2,734		$2,663		-$71	-$13	-$76	-$40	-$723	-$2,676	-$835
per Pell Recipient	$623		$628		$5	$0	$26	$0	$0	$0	$0
per State Recipient	$598		$599		$1	$0	$5	$0	$0	$0	$0
Pell Grant											
per Filer	$2,860	78%	$2,865	78%	$5	$6	$4	$0	$0	$0	$0
per Recipient	$3,681		$3,676		-$5	-$1	-$24	N/A	N/A	N/A	N/A
State Grant											
per Filer	$1,843	77%	$1,848	77%	$5	$6	$3	$0	$0	$0	$0
per Recipient	$2,389		$2,391		$2	$3	-$4	N/A	N/A	N/A	N/A

Table 6b: Impact of Eliminating Assets — Independent Applicants Without Dependents											
	Current FM (No Worksheet A)		Eliminating Assets		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Vermont											
EFC											
per Filer	$5,306		$4,948		-$358	-$160	-$157	-$311	-$1,160	-$312	-$8,349
per Pell Recipient	$862		$864		$2	-$3	-$19	$0	$0	$0	$0
per State Recipient	$2,649		$2,598		-$51	-$40	-$43	-$123	-$656	$0	$0
Pell Grant											
per Filer	$1,776	55%	$1,799	56%	$23	$36	$12	$0	$0	$0	$0
per Recipient	$3,245		$3,240		-$5	$0	$23	$0	$0	N/A	N/A
State Grant											
per Filer	$978	36%	$987	36%	$9	$14	$5	$4	$0	$0	$0
per Recipient	$2,747		$2,759		$12	$15	$8	$10	$0	$0	$0

Table 6c: Impact of Eliminating Assets — Independent Applicants with Dependents

	Current FM (No Worksheet A)		Eliminating Assets		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Kentucky											
EFC											
per Filer	$1,724		$1,704		-$20	$0	-$2	-$14	-$37	-$107	-$265
per Pell Recipient	$402		$402		$0	$0	-$1	-$3	-$1	$14	$0
per State Recipient	$404		$404		$0	$0	-$1	-$3	$2	$15	$0
Pell Grant											
per Filer	$2,585	87%	$2,586	87%	$1	$0	$2	$8	$5	$1	$0
per Recipient	$2,984		$2,983		-$1	$0	$1	$3	$3	-$9	$0
State Grant											
per Filer	$1,166	83%	$1,167	83%	$1	$0	$1	$3	$4	$3	$0
per Recipient	$1,404		$1,404		$0	$0	$0	$0	-$1	$7	$0
Minnesota											
EFC											
per Filer	$2,194		$2,155		-$39	-$1	-$4	-$21	-$76	-$134	-$345
per Pell Recipient	$474		$475		$1	$0	-$2	-$3	$3	$4	-$3
per State Recipient	$609		$609		$0	-$1	-$2	-$13	-$8	$4	$108
Pell Grant											
per Filer	$2,003	83%	$2,006	83%	$3	$1	$2	$7	$6	$1	$0
per Recipient	$2,427		$2,427		$0	$0	$1	$2	-$2	-$2	-$10
State Grant											
per Filer	$742	79%	$743	79%	$1	-$1	$0	$3	$7	$5	$1
per Recipient	$944		$945		$1	$0	$0	$2	$3	$14	-$21

Table 6c: Impact of Eliminating Assets — Independent Applicants with Dependents

	Current FM (No Worksheet A)		Eliminating Assets		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Ohio (Public Four-Year)											
EFC											
per Filer	$992		$976		-$16	-$2	-$3	-$10	-$81	-$101	N/A
per Pell Recipient	$399		$401		$2	-$1	-$14	-$66	$11	-$68	N/A
per State Recipient	$203		$204		$1	$0	-$2	$2	-$1	-$6	N/A
Pell Grant											
per Filer	$2,822	90%	$2,825	90%	$3	$0	$2	$6	$10	$2	N/A
per Recipient	$3,127		$3,125		-$2	$0	$1	-$4	-$4	$9	N/A
State Grant											
per Filer	$1,538	84%	$1,538	84%	$0	$0	$2	$2	$1	$1	N/A
per Recipient	$1,835		$1,835		$0	$0	$1	-$2	$0	$3	N/A
Texas (Publics)											
EFC											
per Filer	$630		$625		-$5	$0	-$3	-$2	-$5	-$74	-$341
per Pell Recipient	$227		$227		$0	$0	-$2	$3	$0	$48	N/A
per State Recipient	$223		$222		-$1	$0	-$2	-$1	$0	$48	N/A
Pell Grant											
per Filer	$3,910	96%	$3,911	96%	$1	$0	$2	$2	$0	$14	$0
per Recipient	$4,079		$4,079		$0	$0	$2	-$2	$1	-$50	N/A
State Grant											
per Filer	$1,859	96%	$1,859	96%	$0	$0	$0	$0	$0	$21	$0
per Recipient	$1,942		$1,942		$0	$0	$0	$0	$0	$0	N/A

Table 6c: Impact of Eliminating Assets — Independent Applicants with Dependents

	Current FM (No Worksheet A)		Eliminating Assets		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Vermont											
EFC											
per Filer	$2,390		$2,319		-$71	-$2	-$7	-$15	-$146	-$165	-$675
per Pell Recipient	$478		$478		$0	-$2	-$8	$13	-$6	$0	$0
per State Recipient	$1,242		$1,219		-$23	-$4	-$12	-$9	-$99	-$62	-$242
Pell Grant											
per Filer	$2,635	78%	$2,640	78%	$5	$2	$7	$10	$8	$0	$0
per Recipient	$3,372		$3,372		$0	$2	$8	-$11	$7	$0	$0
State Grant											
per Filer	$965	34%	$967	34%	$2	$0	$0	$0	$17	$1	$0
per Recipient	$2,799		$2,805		$6	$1	$0	$0	$53	$9	$0

OVERALL IMPACT OF ELIMINATING ASSETS ON PELL AND STATE GRANT ELIGIBILITY

As shown in Tables 7a and 7b, eliminating assets from the Federal Methodology would have a relatively small impact on the overall eligibility for both Pell and state grants.

The percentage increase in total Pell Grant eligibility would range from 0.7% ($900,000) in Texas to 4.8% ($1.4 million) in Vermont.

The percentage increase in total state grant eligibility, assuming full program funding, would range from 0.7% ($1.1 million) in Minnesota to 4.5% ($1.1 million) in Vermont.

The percentage of filers eligible for Pell Grants and state grants would increase in each state. The largest percentage increase in grant-eligible filers would be in Vermont (1.8% increase in Pell-eligible applicants and 1.5% increase in state grant-eligible filers).

Table 7a: Impact of Eliminating Assets on Overall Eligibility for Pell Grant and State Grant

	Total Pell Grant Eligibility (in Millions)	$ (in Millions) and % Changes in Eligibility	Total State Grant Eligibility (in Millions)	$ (in Millions) and % Changes in Eligibility
	Current FM (No Worksheet A)	Eliminating Assets	Current FM (No Worksheet A)	Eliminating Assets
Kentucky	$191.9	$2.1 (1.1%)	$95.3	$1.1 (1.2%)
Minnesota	$167.6	$5.1 (3.1%)	$158.7	$1.1 (0.7%)
Ohio Public Four-Year	$210.5	$5.0 (2.4%)	$106.8	$2.9 (2.7%)
Texas Publics	$121.6	$0.9 (0.7%)	$94.0	$1.3 (1.4%)
Vermont	$28.9	$1.4 (4.8%)	$24.3	$1.1 (4.5%)

Table 7b: Impact of Eliminating Assets on Percentage of Students Eligible for Pell Grant and State Grant

	Base % of FAFSA Filers Eligible for Pell Grant	% Eligible If Assets Eliminated	Base % of FAFSA Filers Eligible for State Grant	% Eligible If Assets Eliminated
	Current FM (No Worksheet A)	Eliminating Assets	Current FM (No Worksheet A)	Eliminating Assets
Kentucky	60.3%	60.9% (0.6%)	58.6%	59.2% (0.6%)
Minnesota	45.4%	46.7% (1.3%)	59.2%	60.1% (0.9%)
Ohio Public Four-Year	66.3%	67.9% (1.6%)	55.2%	56.4% (1.2%)
Texas Publics	62.2%	62.8% (0.6%)	61.8%	62.4% (0.6%)
Vermont	40.8%	42.6% (1.8%)	46.8%	48.3% (1.5%)

Specific Findings of Simulations — Using Only IRS Data

DEPENDENT APPLICANTS

As shown in Table 8a, the impact of relying only on AGI, federal taxes paid and number of exemptions from the IRS would be similar to the impact of just removing assets from the formula when we examine changes for all FAFSA filers. Large decreases in EFC would occur only at relatively high-income levels.

- Among dependent students, declines in EFCs ranged from $289 per filer among Ohio public four-year students (with incomes up to $75,000) to $2,379 per filer among Vermont residents enrolled full time at either in-state or out-of-state institutions.
- Average declines in EFCs among dependent filers from families with incomes above $75,000 ranged from $2,515 in Kentucky to $4,294 in Vermont. These changes were larger than those resulting from the simple removal of assets from the Federal Methodology because income sources currently collected on the FAFSA, both taxed and untaxed, were not used under this simulation to determine the family's expected contribution.
    - Appendix C shows more detailed results for Kentucky and Minnesota families with incomes above $75,000. For example, in Minnesota, EFCs decreased by $1,464 (from $14,900 to $13,436) for students from families with incomes between $75,000 and $90,000 and by $8,193 (from $52,539 to $44,346) for students from families with incomes of $150,000 or more.

We saw a much different pattern in EFC changes among Pell Grant and state grant recipients than among all FAFSA filers.

- In Kentucky, Ohio and Texas, average EFCs for Pell Grant and state grant recipients declined slightly for students from the lowest-income backgrounds but increased on average for those from middle- and higher-income backgrounds.
    - Among state grant recipients in Ohio's public four-year institutions, for example, average EFCs declined by $38 for students with family incomes less than $15,000 but increased for all other income groups. Increases ranged from $34 for recipients with family incomes between $45,000 and $60,000 to $81 for those from families with incomes between $30,000 and $45,000.
    - We saw similar patterns in Kentucky and Texas. This is the result of the elimination of the employment expense allowance, which under the current FM protects a portion of family income when both parents are employed or when the single head of household is employed.
- In Minnesota and Vermont, where students from higher-income backgrounds qualify for state grant funds and where assets and other sources of taxed and untaxed income play a larger role, the EFCs of state grant recipients declined modestly for most students, but increased slightly for those from families with incomes above $75,000.

As was the case with eliminating assets, changes in federal and state grant aid under the IRS data only system would be smaller than the declines in average EFCs would suggest because EFC decreases were generally larger among higher-income filers than among those with lower incomes.

- Using only AGI, taxes paid and number of exemptions, the average Pell Grant per dependent filer decreased by $17 in Kentucky, $8 in Ohio public four-year institutions and $33 in Texas public institutions, but increased by $23 in Minnesota and $45 in Vermont.
- The lowest-income filers would see increases in their Pell Grant awards ranging from $45 per filer at Texas public institutions to $257 per filer in Vermont.
- Among Pell Grant recipients, average awards declined for all but the lowest-income students in Kentucky, Ohio and Texas. Average awards declined for all but the two lowest-income groups in Minnesota and Vermont.
- Relying only on this small number of IRS data elements would lead to an increase of 0 to 2 percentage points in the proportion of dependent FAFSA filers in each state eligible for Pell Grants.

Changes in state grant eligibility would be smaller under the IRS data system (which excludes the employment expense allowance) than with just the removal of assets.

- Our study results show that among dependent filers, average eligibility for state grants declined by $5 to $6 in Ohio and Minnesota, remained unchanged in Kentucky, and increased by $17 in Texas and $51 in Vermont.
- Among the lowest-income filers, increases in average state grant eligibility ranged from $11 in Kentucky to $89 in Ohio public four-year institutions. Only in Minnesota would the lowest-income filers see declines in state aid eligibility averaging $45. This is because of the average Pell Grant increase of $118 among these filers.
- Among state grant recipients, average eligibility increased very slightly for students in Kentucky, in Ohio public four-year institutions, and in Texas public institutions. In contrast, average state grant eligibility declined by $34 in Minnesota and by $14 in Vermont.
- Appendix C shows more detailed results of the impact of eliminating assets on Pell Grant and state grant eligibility for those with family incomes of $75,000 or higher in Kentucky and Minnesota. For example, in Kentucky the percentage of dependent filers with incomes of $75,000 or higher eligible for a CAP grant under current FM was 0.3%. Using only a limited number of IRS data elements, the percentage of state grant-eligible filers in this income category decreased to 0.1%. In Minnesota, which awards state grants to students from higher-income backgrounds, 7.8% of dependent filers with reported family incomes of $75,000 or higher were eligible for a state grant under current FM. Using the IRS data only approach, the percentage eligible for state grants was slightly lower (7.4%).

> With the exception of Vermont, which could see a 3-percentage-point rise in the share of dependent filers eligible for its state grants, using only IRS data would have virtually no impact on the proportion of students who would become newly eligible to receive state grants.

Table 8a: Impact of Using Only IRS Data — Dependent Applicants

	Current FM (No Worksheet A)		IRS Data Only		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Kentucky											
EFC											
per Filer	$10,092		$9,099		-$993	-$150	-$89	-$325	-$532	-$590	-$2,515
per Pell Recipient	$1,023		$1,075		$52	-$36	$88	$179	$118	$181	$1,157
per State Recipient	$1,030		$1,082		$52	-$37	$88	$176	$118	$183	$1,157
Pell Grant											
per Filer	$1,249	43%	$1,232	43%	-$17	$60	-$17	-$68	-$66	-$22	-$6
per Recipient	$2,936		$2,896		-$40	$32	-$62	-$146	-$109	-$162	-$993
State Grant											
per Filer	$684	42%	$684	42%	$0	$11	$21	$33	-$40	-$24	-$3
per Recipient	$1,623		$1,624		$1	-$1	$1	$5	$5	$3	$183
Minnesota											
EFC											
per Filer	$12,626		$10,976		-$1,650	-$304	-$270	-$505	-$840	-$972	-$3,323
per Pell Recipient	$1,173		$1,196		$23	-$69	-$5	$110	$110	$78	$321
per State Recipient	$3,323		$3,228		-$95	-$147	-$86	-$87	-$32	-$86	$71
Pell Grant											
per Filer	$864	33%	$887	34%	$23	$118	$92	$36	-$14	-$14	-$2
per Recipient	$2,632		$2,624		-$8	$63	$22	-$78	-$88	-$57	-$311
State Grant											
per Filer	$1,214	52%	$1,208	52%	-$6	-$45	$23	$55	$3	-$47	-$14
per Recipient	$2,343		$2,309		-$34	-$56	-$2	-$24	-$76	-$40	-$107

Table 8a: Impact of Using Only IRS Data — Dependent Applicants

	Current FM (No Worksheet A)		IRS Data Only		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Ohio (Public Four-Year)											
EFC											
per Filer	$3,795		$3,506		-$289	-$236	-$110	-$337	-$555	-$152	N/A
per Pell Recipient	$1,027		$1,054		$27	-$49	$56	$141	$83	$81	N/A
per State Recipient	$451		$451		$0	-$38	$54	$81	$34	$35	N/A
Pell Grant											
per Filer	$1,823	59%	$1,815	59%	-$8	$91	$4	-$43	-$45	-$37	N/A
per Recipient	$3,080		$3,054		-$26	$32	-$50	-$104	-$81	-$86	N/A
State Grant											
per Filer	$877	46%	$872	46%	-$5	$89	-$16	-$60	-$16	-$3	N/A
per Recipient	$1,898		$1,904		$6	$45	-$45	-$71	-$38	-$21	N/A
Texas (Publics)											
EFC											
per Filer	$8,622		$7,731		-$891	-$99	-$49	-$171	-$515	-$804	-$2,756
per Pell Recipient	$860		$932		$72	-$21	$74	$206	$144	$222	$893
per State Recipient	$834		$904		$70	-$21	$74	$198	$140	$288	$1,017
Pell Grant											
per Filer	$1,913	55%	$1,880	56%	-$33	$45	-$28	-$122	-$95	-$29	-$4
per Recipient	$3,446		$3,374		$-72	$22	-$74	-$204	-$141	-$227	-$895
State Grant											
per Filer	$1,698	55%	$1,715	55%	$17	$21	$50	$100	-$77	-$30	-$6
per Recipient	$3,085		$3,106		$21	$5	$13	$55	$67	-$36	-$123

Table 8a: Impact of Using Only IRS Data — Dependent Applicants											
	Current FM (No Worksheet A)		IRS Data Only		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Vermont											
EFC											
per Filer	$13,486		$11,107		-$2,379	-$604	-$578	-$1,141	-$1,269	-$1,728	-$4,294
per Pell Recipient	$1,294		$1,293		-$1	-$126	-$26	$97	$173	$35	$754
per State Recipient	$5,922		$5,927		$5	-$300	-$314	-$373	-$317	-$124	$81
Pell Grant											
per Filer	$954	32%	$999	34%	$45	$257	$200	$71	-$49	-$18	-$3
per Recipient	$2,978		$2,982		$4	$129	$30	-$97	-$162	-$26	-$739
State Grant											
per Filer	$1,102	51%	$1,153	54%	$51	$41	$63	$158	$74	$25	$15
per Recipient	$2,162		$2,148		-$14	$42	$78	$158	$14	-$43	-$29

INDEPENDENT APPLICANTS

As was the case with eliminating assets, the impact of using only a few IRS data elements was much more significant for dependent filers than for independent filers, both with and without dependents.

- Table 8b shows that average declines in EFC for independent students without dependents ranged from $46 per filer in Kentucky to $418 in Vermont. Average EFC decreases were smaller for state grant recipients, and ranged from $11 in Ohio public four-year institutions to $85 in Minnesota.

- EFCs of the lowest-income independent filers without dependents in all states declined by amounts ranging from $124 in Ohio public four-year institutions to $357 in Minnesota and $373 in Vermont. Among the lowest-income state grant recipients, decreases ranged from an average of $3 in Kentucky and $4 in Ohio public four-year institutions to $146 in Minnesota.

In contrast, as displayed in Table 8c, average EFCs *increased* for independent students with dependents in all states except Vermont, where the average EFC decreased by just $4. EFC increases were generally larger among higher-income filers than among those with lower incomes.

- EFC increases ranged from $36 per filer in Texas to $126 per filer in Ohio public four-year institutions. Among state grant recipients, EFC increases ranged from $21 in Ohio public four-year institutions to $78 in Minnesota.

- Among the lowest-income independent filers with dependents, average EFCs declined slightly, by less than $12 on average in all states.

- Among filers reporting incomes between $30,000 and $45,000, average EFC increases ranged from $160 in Vermont to $279 in Ohio. Among state grant recipients in this income group, average EFC increases were larger than increases per filer in all states except Ohio. For example, in Vermont the average increase was $255 among recipients of state grants and $160 per filer.

EFC increases were a result of eliminating the employment expense allowance, which reduces the level of income protection in the need analysis formula and, as a result, increases the amount of income available to help pay for college expenses.

- The proportion of independent students with dependents who qualified for the FM employment expense allowance in 2007-08 or 2008-09 was very high — for example, 84% in Minnesota and 78% in Ohio.

- In contrast, only 16% of independent students without dependents in Minnesota and 11% in Ohio received the employment expense allowance. These filers were married, and both the student and the spouse were employed.

The impact of using only IRS data for determining Pell Grant eligibility differed depending on whether or not the independent student had dependents.

- For independent students without dependents, the average Pell Grant award decreased by $8 per filer in Kentucky but increased for filers in the remaining states. These average increases ranged from $11 per filer in Ohio public four-year institutions to $75 per applicant in Texas. Among Pell Grant recipients, students' average awards decreased by $3 in Vermont, but increased in Kentucky ($10), Ohio public four-year institutions ($12), Minnesota ($29) and Texas ($47).

- For those with dependents, the average Pell Grant declined in all states, with amounts ranging from $49 per filer in Texas to $64 per filer in Ohio public four-year institutions.

- Using this model would lead to small changes in the share of independent filers without dependents in each state eligible for Pell Grants.
- The same model would lead to a slight drop in the share of independent applicants with dependents eligible for a Pell Grant.

In an IRS data only model, eligibility for state grants would decline slightly for independent students with dependents and — with the exception of Kentucky — increase somewhat for independent students without dependents, again because independent students with dependents are more likely to qualify for the employment expense allowance, which was eliminated in the IRS data only model for purposes of this study.

- Among independent students without dependents, changes in average eligibility for state grants ranged from a decline of $7 per filer in Kentucky to an increase of $28 per filer in Texas.
- Among independent filers with dependents, declines ranged from an average of $2 per filer in Texas to $49 per filer in Ohio public four-year institutions.

Using only IRS data would lead to small declines (up to 2 percentage points) in the proportion of independent filers with dependents eligible for a state grant in the five states.

The share of eligible independent filers without dependents would increase by 1 percentage point or less in all states except Kentucky, where the proportion of eligible filers would drop by a similar amount.

Table 8b: Impact of Using Only IRS Data — Independent Applicants Without Dependents											
	Current FM (No Worksheet A)		IRS Data Only		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Kentucky											
EFC											
per Filer	$4,661		$4,615		-$46	-$132	$95	$381	$314	-$33	-$2,691
per Pell Recipient	$870		$855		-$15	-$2	$305	$440	N/A	N/A	N/A
per State Recipient	$882		$866		-$16	-$3	$293	$402	N/A	N/A	N/A
Pell Grant											
per Filer	$1,684	61%	$1,676	61%	-$8	$41	-$106	-$17	-$5	-$9	$0
per Recipient	$2,745		$2,755		$10	$0	-$237	-$301	N/A	N/A	N/A
State Grant											
per Filer	$874	60%	$867	59%	-$7	$19	-$59	-$21	-$4	-$4	$0
per Recipient	$1,464		$1,463		-$1	-$1	-$3	$284	N/A	N/A	N/A
Minnesota											
EFC											
per Filer	$5,997		$5,674		-$323	-$357	-$132	-$3	-$120	-$681	-$3,375
per Pell Recipient	$990		$960		-$30	-$29	$289	N/A	N/A	N/A	N/A
per State Recipient	$2,357		$2,272		-$85	-$146	$169	$752	$1,043	$2,847	N/A
Pell Grant											
per Filer	$1,164	50%	$1,200	51%	$36	$117	-$52	-$8	-$6	-$7	$0
per Recipient	$2,323		$2,352		$29	-$30	$202	N/A	N/A	N/A	N/A
State Grant											
per Filer	$948	65%	$950	65%	$2	$20	$8	-$59	-$27	-$16	$0
per Recipient	$1,452		$1,451		-$1	-$2	$6	-$98	-$118	-$778	N/A

Table 8b: Impact of Using Only IRS Data — Independent Applicants Without Dependents

	Current FM (No Worksheet A)		IRS Data Only		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Ohio (Public Four-Year)											
EFC											
per Filer	$3,618		$3,570		-$48	-$124	$36	$109	$168	$103	N/A
per Pell Recipient	$756		$729		-$27	-$10	$232	N/A	$0	N/A	N/A
per State Recipient	$323		$312		-$11	-$4	$380	N/A	$0	N/A	N/A
Pell Grant											
per Filer	$1,874	64%	$1,885	64%	$11	$47	-$71	-$2	$0	$0	N/A
per Recipient	$2,918		$2,930		$12	-$1	-$143	N/A	$0	N/A	N/A
State Grant											
per Filer	$983	54%	$998	55%	$15	$35	-$25	$0	$0	$0	N/A
per Recipient	$1,822		$1,830		$8	$2	-$348	N/A	$0	N/A	N/A
Texas (Publics)											
EFC											
per Filer	$2,734		$2,544		-$190	-$206	-$70	$263	-$175	-$2,267	-$1,356
per Pell Recipient	$623		$575		-$48	-$49	$295	$0	$0	$0	$0
per State Recipient	$598		$551		-$47	-$49	$324	$0	$0	$0	$0
Pell Grant											
per Filer	$2,860	78%	$2,935	79%	$75	$123	-$97	-$27	$0	$0	$0
per Recipient	$3,681		$3,728		$47	$49	-$291	N/A	N/A	N/A	N/A
State Grant											
per Filer	$1,843	77%	$1,871	78%	$28	$49	-$47	-$32	$0	$0	$0
per Recipient	$2,389		$2,393		$4	$3	$29	N/A	N/A	N/A	N/A

Table 8b: Impact of Using Only IRS Data — Independent Applicants Without Dependents											
	Current FM (No Worksheet A)		IRS Data Only		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Vermont											
EFC											
per Filer	$5,306		$4,888		-$418	-$373	-$167	-$240	-$461	$460	-$8,719
per Pell Recipient	$862		$854		-$8	-$15	$251	N/A	$0	$0	$0
per State Recipient	$2,649		$2,606		-$43	-$107	$126	$390	$953	$1,001	$824
Pell Grant											
per Filer	$1,776	55%	$1,821	56%	$45	$114	-$49	-$5	-$29	$0	$0
per Recipient	$3,245		$3,242		-$3	$3	-$236	N/A	-$1,616	N/A	N/A
State Grant											
per Filer	$978	36%	$980	36%	$2	$20	-$19	-$21	-$5	$0	$0
per Recipient	$2,747		$2,743		-$4	$24	-$97	-$80	$6	$0	$0

Table 8c: Impact of Using Only IRS Data — Independent Applicants with Dependents											
	Current FM (No Worksheet A)		IRS Data Only		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Kentucky											
EFC											
per Filer	$1,724		$1,805		$81	-$4	$77	$225	$327	$485	-$288
per Pell Recipient	$402		$452		$50	-$2	$97	$299	$174	$216	-$665
per State Recipient	$404		$455		$51	-$2	$96	$304	$172	$274	-$1,323
Pell Grant											
per Filer	$2,585	87%	$2,532	86%	-$53	$3	-$54	-$215	-$158	-$37	$0
per Recipient	$2,984		$2,949		-$35	$2	-$62	-$223	-$105	-$219	$300
State Grant											
per Filer	$1,166	83%	$1,156	82%	-$10	$0	$4	-$1	-$119	-$29	$0
per Recipient	$1,404		$1,405		$1	$0	$0	-$2	$24	-$77	$0
Minnesota											
EFC											
per Filer	$2,194		$2,264		$70	-$8	$107	$211	$235	$212	-$314
per Pell Recipient	$474		$553		$79	-$4	$135	$318	$189	$287	-$15
per State Recipient	$609		$687		$78	-$6	$118	$319	$380	$357	$534
Pell Grant											
per Filer	$2,003	83%	$1,947	82%	-$56	$5	-$67	-$182	-$143	-$27	-$5
per Recipient	$2,427		$2,380		-$47	$3	-$77	-$202	-$116	-$178	$186
State Grant											
per Filer	$742	79%	$731	77%	-$11	$0	-$9	$4	-$53	-$58	-$16
per Recipient	$944		$945		$1	$0	$2	$24	-$17	-$60	-$33

Table 8c: Impact of Using Only IRS Data — Independent Applicants with Dependents

	Current FM (No Worksheet A)		IRS Data Only		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Ohio (Public Four-Year)											
EFC											
per Filer	$992		$1,118		$126	-$3	$74	$279	$378	$722	N/A
per Pell Recipient	$399		$449		$50	-$2	$103	$318	$174	$144	N/A
per State Recipient	$203		$224		$21	-$1	$117	$112	$57	$62	N/A
Pell Grant											
per Filer	$2,822	90%	$2,758	89%	-$64	$1	-$50	-$220	-$207	-$73	N/A
per Recipient	$3,127		$3,100		-$27	$1	-$64	-$199	-$105	-$44	N/A
State Grant											
per Filer	$1,538	84%	$1,489	82%	-$49	$1	-$71	-$184	-$57	-$9	N/A
per Recipient	$1,835		$1,825		-$10	$0	-$89	-$80	-$9	-$60	N/A
Texas (Publics)											
EFC											
per Filer	$630		$666		$36	-$5	$83	$162	$296	$194	-$775
per Pell Recipient	$227		$271		$44	-$1	$91	$272	$189	$758	N/A
per State Recipient	$223		$267		$44	-$1	$91	$260	$243	$652	N/A
Pell Grant											
per Filer	$3,910	96%	$3,861	96%	-$49	$1	-$87	-$239	-$200	-$73	$0
per Recipient	$4,079		$4,035		-$44	$0	-$91	-$269	-$197	-$727	N/A
State Grant											
per Filer	$1,859	96%	$1,857	96%	-$2	$1	$2	$6	-$94	-$43	$0
per Recipient	$1,942		$1,943		$1	$0	$0	$3	$42	$0	N/A

Table 8c: Impact of Using Only IRS Data — Independent Applicants with Dependents											
	Current FM (No Worksheet A)		IRS Data Only		Average Net Change by Income						
	Average	% Eligible	Average	% Eligible	All	<$15,000	$15,000–$30,000	$30,000–$45,000	$45,000–$60,000	$60,000–$75,000	>$75,000
Vermont											
EFC											
per Filer	$2,390		$2,386		-$4	-$7	$34	$160	$19	$422	-$954
per Pell Recipient	$478		$500		$22	-$6	$72	$252	$22	$403	$2,129
per State Recipient	$1,242		$1,292		$50	-$11	$23	$255	$158	$501	-$205
Pell Grant											
per Filer	$2,635	78%	$2,584	77%	-$51	$6	-$35	-$188	-$143	-$67	-$17
per Recipient	$3,372		$3,355		-$17	$5	-$61	-$217	-$10	-$498	-$1,047
State Grant											
per Filer	$965	34%	$961	34%	-$4	$0	$0	$0	-$19	-$38	$4
per Recipient	$2,799		$2,792		-$7	$1	$0	$1	-$81	-$167	$32

OVERALL IMPACT OF IRS DATA ONLY MODEL ON PELL AND STATE GRANT ELIGIBILITY

As shown in Tables 9a and 9b, using IRS data only would have a small impact on the overall eligibility for both Pell and state grants.

- The percentage change in total Pell Grant eligibility would range from a decrease of 1.5% ($2.9 million) in Kentucky to an increase of 2.4% ($700,000) in Vermont.
- The percentage change in total state grant eligibility would range from a decrease of 0.7% ($800,000) in Ohio to an increase of 3.3% ($800,000) in Vermont.
- Using an IRS data only model, the percentage of FAFSA filers eligible for a Pell Grant would decline very slightly in Kentucky and Ohio public four-year institutions, but increase by 1% or less in the other four states in our study. We see similar patterns of gains and losses when we apply the IRS data only model to state grant eligibility.

Table 9a: Impact of Using IRS Data Only on Overall Eligibility for Pell Grant and State Grant

	Total Pell Grant Eligibility (in Millions)	$ (in Millions) and % Changes in Eligibility	Total State Grant Eligibility (in Millions)	$ (in Millions) and % Changes in Eligibility
	Current FM (No Worksheet A)	IRS Data Only	Current FM (No Worksheet A)	IRS Data Only
Kentucky	$191.9	-$2.9 (-1.5%)	$95.3	-$0.4 (-0.4%)
Minnesota	$167.6	$1.3 (0.8%)	$158.7	-$0.8 (-0.5%)
Ohio Public Four-Year	$210.5	-$1.5 (-0.7%)	$106.8	-$0.8 (-0.7%)
Texas Publics	$121.6	-$1.6 (-1.3%)	$94.0	$0.8 (0.9%)
Vermont	$28.9	$0.7 (2.4%)	$24.3	$0.8 (3.3%)

Table 9b: Impact of Using IRS Data Only on Percentage of Students Eligible for Pell Grant and State Grant

	Base % of FAFSA Filers Eligible for Pell Grant	% Eligible If IRS Data Only	Base % of FAFSA Filers Eligible for State Grant	% Eligible If IRS Data Only
	Current FM (No Worksheet A)	IRS Data Only	Current FM (No Worksheet A)	IRS Data Only
Kentucky	60.3%	59.9% (-0.4%)	58.6%	58.3% (-0.3%)
Minnesota	45.4%	46.1% (0.7%)	59.2%	59.4% (0.2%)
Ohio Public Four-Year	66.3%	66.2% (-0.1%)	55.2%	54.7% (-0.5%)
Texas Publics	62.2%	62.4% (0.2%)	61.8%	62.0% (0.2%)
Vermont	40.8%	41.9% (1.1%)	46.8%	48.8% (2.0%)

Additional Potential Formula Modifications

Even small changes to state grant eligibility could create problems for tight state budgets. In order to address this issue, we modeled the impact of combining the simulated data changes with simple modifications to the FM formula.

Under the current FM formula, the income remaining after subtracting taxes and other allowances from total income is called available income. For parents of dependent students and independent students with dependents, a percentage of available assets is added to available income to arrive at adjusted available income (AAI), which is then assessed at graduated rates from 22% to 47%. The lowest marginal rate applies to the first dollars of AAI for all applicants, with extra dollars of AAI being assessed at progressively higher rates.

For independent students without dependents and for dependent students, a flat 50% assessment rate is applied to available income. A contribution from assets is calculated separately and added to the contribution from income.

The assessment rates and income brackets used in the current system are somewhat arbitrary, and changing them would not necessarily make the calculated contributions any less representative of actual financial capacity. The 2007-08 FM AAI assessment rate structure below has been in place for many years, with periodic modifications made to the adjusted available income brackets.

Adjusted Available Income (AAI) for Parents of Dependent Students or Independent Students with Dependents	Assessment Rate Applied to AAI
Less than -$3,409	-$750
-$3,409 to $13,400	22% of AAI
$13,401 to $16,800	$2,948 + 25% of AAI over $13,400
$16,801 to $20,200	$3,798 + 29% of AAI over $16,800
$20,201 to $23,700	$4,784 + 34% of AAI over $20,200
$23,701 to $27,100	$5,974 + 40% of AAI over $23,700
$27,101 or more	$7,334 + 47% of AAI over $27,100

It would be possible to modify this formula to restore EFCs calculated with more limited data to levels closer to their current levels. The simplest changes to the methodology would involve lowering the income levels at which each marginal tax rate sets in and/or increasing the tax rates applied to adjusted available income in the formula.

Our simulations demonstrate that raising each assessment rate by 3 percentage points or combining the two lowest rates and slightly narrowing the income brackets would effectively counteract the effect of more limited data on the average calculated EFCs of parents and independent students with dependents. A similar effect occurs when increasing the assessment rate from 50% to 53% for dependent students and for independent students without dependents.

In other words, the federal government could simplify the FAFSA and the formula for calculating EFCs without generating a significant increase in the measured need for aid applicants.

As shown in Table 10, which uses the Kentucky study population as an example, the average EFC would decline from $6,382 to $5,899 if assets were excluded.

- If, at the same time assets were eliminated from the formula, the adjusted available income level at which each marginal tax rate sets in were lowered by $500, and if the 22% and 25% brackets were combined into one 25% bracket, the average overall EFC would be a slightly higher $6,067.
- Alternatively, if the marginal tax rates were each increased by 3 percentage points, the average EFC would rise to $6,374 — almost the same as the current level of $6,382. Under this approach, 8% of Kentucky filers would have EFCs lower than the current EFC calculated after eliminating Worksheet A; 37% would have exactly the same EFC; 55% would have EFCs higher than the current EFC.
- Among dependent filers, the average EFC would increase from $9,178 after eliminating assets to $9,929 if the marginal tax rates were raised by 3% — just $163 less than the current average EFC.
    - Under this approach, 66% of the dependent filers would have a higher EFC; 19% would have exactly the same EFC; 15% would have a lower EFC.
    - Among the lowest-income filers, only 1% would have an EFC higher than their current EFC; 85% would have exactly the same EFC; 13% would have a lower EFC.
- Average EFCs for independent students, those with and those without dependents, would be higher than under the current formula if the marginal tax rates were increased by 3%.
    - Among independent filers without dependents, 63% would have an EFC higher than their current EFC; 34% would have exactly the same EFC; 3% would have a lower EFC.
    - Among independent filers with dependents, 65% would have the same EFC; 34% would have a higher EFC; 1% would have a lower EFC.

Similar patterns would emerge if these formula changes were made under a system relying only on IRS data.

These examples are only representative of the many simple options available for adjusting the EFC computation if the data elements available on the FAFSA are reduced. Eliminating data from the computation of EFCs need not reduce family contributions or increase overall measured need. Modifications to the formula that do not reduce its equity or effectiveness can make the overall changes revenue-neutral.

Table 10: Impact on Expected Family Contributions of Two Approaches to Modifying the Federal Methodology Assessment Rates (Kentucky FAFSA Filers)

	Current FM (No Worksheet A)	Eliminate Assets	Lower AAI Bracket by $500; Combine First Two Rate Brackets at 25% Assessment Rate	Raise Marginal Tax Rate by 3 Percentage Points	IRS Data Only	Lower AAI Bracket by $500; Combine First Two Rate Brackets at 25% Assessment Rate	Raise Marginal Tax Rate by 3 Percentage Points
All Students	$6,382	$5,899	$6,067	$6,374	$5,911	$6,086	$6,392
Dependent Students	$10,092	$9,178	$9,454	$9,929	$9,099	$9,381	$9,851
Independent Students Without Dependents	$4,661	$4,515	$4,515	$4,784	$4,615	$4,615	$4,891
Independent Students with Dependents	$1,724	$1,704	$1,805	$1,875	$1,805	$1,915	$1,988
Dependent Students							
Below $15,000	$174	$55	$57	$59	$24	$24	$26
$15,001–$30,000	$1,130	$938	$985	$1,021	$1,041	$1,097	$1,135
$30,001–$45,000	$3,623	$3,233	$3,486	$3,581	$3,298	$3,573	$3,662
$45,001–$60,000	$6,495	$5,859	$6,241	$6,484	$5,963	$6,357	$6,607
$60,001–$75,000	$10,408	$9,667	$10,098	$10,572	$9,818	$10,254	$10,736
Over $75,000	$23,633	$21,553	$21,969	$23,163	$21,118	$21,534	$22,706

As indicated in the previous sections, our analysis of the five states reveals shifts in eligibility and corresponding expenditures that would be required if the simulated changes were enacted. Our projections reflect which changes would most affect the eligibility distribution patterns and overall costs based on the data from these states. We also estimated how the financial effects of these changes could be managed with modifications in the derivation of EFC in FM.

We recognize that the actual outcomes of changes of this nature will vary across states depending on the financial characteristics of the filers within each state and the eligibility requirements of individual state grant programs. The following section is intended to shed light on how these changes might affect states outside the study and to suggest factors to consider in applying the results of this research to local evaluations.

Implications for Other States

As the results from the five states in this study indicate, the impact of a simpler FAFSA on the level and distribution of federal and state grant aid would be relatively small overall. However, the impact would vary from state to state because of differences in state grant programs. In addition, since many states are not in a position to fund all eligible students, unfunded eligibility may increase. Variations in the incomes and assets of state residents would also affect the results of a change in the need analysis formula. Because relying on a small number of data elements available from the IRS has a greater impact on EFCs for higher-income filers, states with more affluent populations — and more affluent aid applicants — would see the greatest changes.

Looking at states not included in this study may provide a perspective on potential differences across the country. Table 11 uses U.S. Census data to compare median 2006 household income in the five states studied (reported in Table 3a above) to the states with the highest and lowest incomes in the nation. In 2006, seven states had higher median incomes than Minnesota, with New Jersey's $68,059 the highest; six had lower incomes than Kentucky, with Mississippi's $34,733 the lowest.

Table 11 also displays information on FAFSA filers in the states listed. These data are drawn from an analysis of 2007-08 FAFSA filers performed by the Council of Economic Advisers (CEA). The CEA provided the College Board with estimates of the impact of relying only on IRS data on EFCs and Pell eligibility in all 50 states. Table 11 includes average 2007-08 EFCs (as calculated by the CEA) for dependent filers, along with the income distribution of those filers.

Table 11: Average EFCs and Income Distribution of Dependent Students in Selected States

State (from lowest to highest income)	Median Household Income [21]	Average Actual 2007-08 EFC	% Filers with AGI <$20,000	% Filers with AGI $20,000–$60,000	% Filers with AGI $60,000–$100,000	% Filers with AGI >$100,000
Mississippi	$34,733	$5,721	37%	38%	16%	9%
Louisiana	$36,488	$8,301	27%	33%	22%	18%
Kentucky	$39,485	$8,315	23%	37%	25%	15%
Texas	$43,307	$7,430	28%	38%	19%	15%
Ohio	$45,900	$10,109	16%	33%	31%	20%
Vermont	$51,981	$10,304	12%	35%	35%	18%
Minnesota	$56,211	$11,079	12%	32%	32%	23%
Maryland	$63,668	$11,361	14%	32%	24%	30%
New Jersey	$68,059	$11,218	17%	30%	23%	30%

The distribution of income of FAFSA filers reflects the characteristics of state grant programs, the grant policies of institutions in which state residents are enrolled and the income profile of the general population. If assets are eliminated from the FAFSA or if the formula relies only on a few elements of IRS data, it is likely that low-income states will see smaller changes in EFCs in comparison to changes in higher-income states.

21. U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, 2006 Historical Table H-8.

Implications for Colleges and Universities

As discussed above, calculated EFCs for students from families with incomes greater than $75,000 in 2007-08 would have fallen enough under either simplified formula — eliminating assets or using only IRS data — to generate significant increased eligibility for need-based aid programs that extend up the income scale. Many institutional aid programs, particularly in the private nonprofit sector, would be substantially affected if these changes were made. However, a formula that includes additional data elements from federal income tax forms could generate EFCs comparable to those under current Federal Methodology.

We developed a methodology that relies only on data available from income tax forms, but contains a broader set of data than that used in the IRS only simulation. For example, our formula replaces FAFSA reported assets with asset values imputed from interest and dividend income reported on tax forms.

We asked the Urban-Brookings Tax Policy Center (TPC) to compare simulated EFC calculations using this new formula to EFCs reported in the 2007-08 National Postsecondary Student Aid Survey (NPSAS). This approach yielded the following estimates:

- Average Parent Contributions (PCs) would be $7,630 for dependent applicants with family adjusted gross incomes of $125,000 or less, compared to $7,410 under actual 2007-08 FM.
- Average PCs for higher-income filers would decline from $38,600 under actual FM to $33,210 using the new formula.
- The overall average PC would decrease slightly, from $9,470 under actual FM to $9,320 under the new formula, using the specific formula modeled here.

It is important to note that the 2007-08 NPSAS figures cited above were based on FM as it was at the time, which included the income sources reported on FAFSA Worksheet A. Under current FM, which does not include these income elements, PCs would be somewhat lower and therefore closer to the estimates generated by the new formula.

Other formula modifications are possible, affecting filers differently depending on income level:

- Adding an employment expense allowance for all filers would reduce EFCs, particularly for dependent filers with family AGI greater than $80,000.
- Allowing for extraordinary medical/dental expenses would have a smaller effect, but would reduce average EFCs by about $300 for filers with AGI between $100,000 and $125,000.
- Subtracting capital and other gains from income and adding back losses have very little impact on average PCs for filers with AGI below $125,000 since it affects relatively few filers. However, this adjustment does significantly increase average PCs for the small number of filers with negative AGI. It lowers average PCs for filers with AGI above $125,000, presumably because the gains that are subtracted exceed the losses that are added back.

The estimates displayed in Table 12 represent just a few possible outcomes that could result from a formula based on IRS data. Note that these comparisons reflect only the parental portion of EFCs. Assessing contributions from dependent students would be more complicated, since it would require the use of the separate student income tax form.

Table 12: Impact of a Formula Based on Additional IRS Data — Parent Contributions

Family AGI	% of Filers[22]	Average PC	IRS Formula[23]	Additional Changes to IRS Formula		
				Add Employment Expense Allowance	Allow Medical/ Dental	Add Losses/ Subtract Gains
All	100%	$9,470	$9,320	-$710	-$130	-$130
≤$0	2%	$740	$2,060	$0	$0	$1,504
$1–$20,000	18%	$620	$170	-$60	$0	$30
$20,001–$40,000	20%	$1,800	$1,910	-$450	-$50	$140
$40,001–$60,000	17%	$5,240	$5,160	$-580	-$170	$170
$60,001–$80,000	15%	$10,320	$11,090	-$870	-$140	$60
$80,001–$100,000	12%	$16,320	$16,930	-$1,090	-$200	-$80
$100,000–$125,000	9%	$22,250	$22,990	-$1,130	-$300	$50
Average for <= $125,000	93%	$7,410	$7,630	-$670	-$140	$70
$125,000+	7%	$38,600	$33,210	-$990	-$110	-$3,350

A formula based on IRS data alone could also yield contributions for independent students similar to those based on current Federal Methodology. As is the case for dependent students, total EFCs and need for independent students can be maintained through simple changes to the FM computation formula to make reliance on IRS data alone revenue neutral.

However, to use IRS data elements effectively would require a move to "prior prior year" income, or income from the year prior to the "base" year that is currently used in FM. In a recent working paper written for the National Bureau of Economic Research,[24] Susan Dynarski and Mark Wiederspan argue that use of "prior prior year data" would allow all tax filers to benefit from the FAFSA IRS data retrieval process, resulting in a "nearly automatic aid application." Using NPSAS data for applicants who completed the FAFSA in two consecutive years (2007-08 and 2008-09), they show that this change would have little impact on the targeting of aid to Pell Grant–eligible students. However, their study does not examine changes in income from one year to the next as applicants move up the income scale. More analysis will be needed to answer the question of whether use of "prior prior year" income can be adopted for determination of eligibility for state and institutional need-based aid programs. It is clear that such a change would significantly simplify the aid application process for students, families and postsecondary institutions and, as a result, is worthy of further study.

22. Distribution of filers and average PCs are based on the Urban-Brookings Tax Policy Center analysis of 2007-08 NPSAS data.

23. The IRS formula uses the FM definition of income, including Earned Income Tax Credit (EITC) and refundable Child Tax Credit (CTC). It imputes assets based on a 2 percent interest rate and a 9 percent return on assets yielding dividends. It does not include an employment expense allowance.

24. Susan Dynarski and Mark Wiederspan, "Student Aid Simplification: Looking Back and Looking Ahead," Working Paper 17834 (Cambridge, MA: National Bureau of Economic Research, 2012).

Conclusion

Would limiting the information on which the allocation of need-based federal and state grant programs to a small number of data elements reported on federal income tax forms have a major impact on state grant programs?

This study investigates the potential effects on federal and state grant aid of simplifying the FAFSA, with special emphasis on two approaches: (1) eliminating all assets from the Federal Methodology, and (2) limiting the EFC calculation to a small number of data elements available from the IRS. Using FAFSA data from five states, we simulated the impact of having fewer data elements on EFCs, Pell eligibility and state grant eligibility. We also examined the impact of these changes on the cost of the state grant programs and the distribution of awarded funds.

> Our analysis suggests that simplifying the FAFSA would lead to small changes in the distribution of federal and state grant awards and that the general integrity of the aid programs would be retained.

Given that even small changes in eligibility could create problems for constrained budgets, we also modeled the impact of combining the simulated data changes with modifications to the FM formula in order to derive EFCs closer to their current levels. Any revenue-neutral change to the need analysis formula will generate some winners and some losers. The relevant questions are the magnitude of those wins and losses and the extent to which they represent a loss in equity.

> We found that the reduced EFCs generated by the removal of assets and use of limited IRS data could be counteracted through minor modifications to the assessment rate structure in the Federal Methodology. We also found that similar results could be achieved by creating a more robust formula that includes more data elements from the IRS without adding to the application burden of filers.

It is easy to think of the current distribution of aid as optimal just because it exists. But the reality is that the current FM has many arbitrary components and it is unrealistic to consider all changes as moves away from an ideal. Moreover, as detailed in this report, numerous modifications have been implemented in recent years that have shifted funds toward some students and away from others.

Eliminating information from the FAFSA that is not available from the IRS and relying only on AGI and federal taxes paid would measurably reduce calculated EFCs primarily at the upper end of the income distribution of filers. These modifications would lead to relatively small changes in eligibility for the state grant programs studied in this analysis. In addition, these types of changes could result in federal and state grant application and eligibility systems that are simpler and more predictable for filers — outcomes that we believe could considerably improve participation in postsecondary education by students with limited financial resources.

Appendix A: Authors, Researchers and Advisory Committee Members

Report Authors

Sandy Baum, Consultant to the College Board and Senior Fellow, Graduate School of Education and Human Development, George Washington University

Kathleen Little, Senior Adviser, Student Aid Policy, The College Board

Jennifer Ma, Independent Policy Analyst, The College Board

Anne Sturtevant, Executive Director, Higher Education Initiatives, The College Board

Report Researchers

Susan Dynarski, Associate Professor of Public Policy, Gerald R. Ford School of Public Policy, and Associate Professor of Education, School of Education, University of Michigan

Jennifer Ma, Independent Policy Analyst, The College Board

Mark Wiederspan, Doctoral Student, Center for the Study of Higher and Postsecondary Education, University of Michigan

Advisory Committee Members

Lauren Asher, President, The Institute for College Access and Success

Kristen Conklin, Principal, HCM Strategists

Lois Hollis, Former Special Assistant to the Deputy Commissioner, Texas Higher Education Coordinating Board and Past President, National Association of State Student Grant and Aid Programs

Paul Lingenfelter, President, State Higher Education Executive Officers

David Longanecker, President, Western Interstate Commission for Higher Education

Shirley Ort, Associate Provost and Director of Scholarships and Student Aid, University of North Carolina at Chapel Hill

Jeff Stanley, Former Associate Vice President, State Higher Education Executive Officers

Appendix B: The Study Population — Excerpts from State Reports

KENTUCKY

Key Characteristics of Study Population

The analysis of the impact of FAFSA simplification on the Kentucky CAP Grant is based on 108,933 Kentucky residents who filed the 2007-08 FAFSA and enrolled in a single Kentucky postsecondary institution during that academic year.[25] Table KY1 shows characteristics of this population. More than 60% of the full-time dependent FAFSA filers were enrolled in public four-year institutions, and about one-third of the part-time dependent students attended public two-year colleges. Almost 40% of the full-time independent students were enrolled in proprietary institutions, and just under half of the part-time independent students attended public two-year colleges.

Table KY1: Characteristics of Kentucky Undergraduate FAFSA Applicants, 2007-08

	All Enrolled Applicants	Full-Time Dependent Students	Part-Time Dependent Students	Full-Time Independent Students	Part-Time Independent Students
Average Family Income [26]	$40,236	$62,487	$51,531	$20,241	$22,910
Parents Married		72%	65%		
Student Married				36%	38%
Average Student Age	25	20	20	30	31
Student Has Dependents				61%	66%
Type of Institution					
Public Four-Year	38%	61%	31%	28%	22%
Public Two-Year	30%	16%	35%	26%	46%
Private Nonprofit	13%	15%	19%	7%	10%
Proprietary*	19%	8%	14%	38%	22%
Number of Students	108,933	37,895	15,694	23,062	32,282
Share of Population	100%	35%	14%	21%	30%

Note: Percentages may not sum to 100 because of rounding.
*Enrollment status for students in the proprietary sector is imputed.

Table KY2 reports on the financial aid eligibility of FAFSA filers.

- "CAP Eligibility" refers to the amounts for which students would be eligible with the existing formula under a fully funded program; "Actual CAP Grant" refers to the amounts actually received given funding limitations. Fifty-eight percent of FAFSA filers qualified for a CAP Grant. However, only 30% received a CAP Grant

25. There were 121,151 undergraduate FAFSA applicants who attended a single institution in the 2007-08 Kentucky data file. Of these, 4,002 observations (3.3% of the sample) were dropped from the analysis because key data variables needed to calculate the EFC were missing: number in household or number in college (3,248 students), dependency status (728) and cost of attendance (26 students). Of the remaining 117,149 students, 475 students were dropped because data pertaining to CAP were missing and 7,741 were dropped because they were ineligible for CAP.

26. Family income in our study is defined as AGI for tax filers and as total earned income for non-tax filers.

because of program funding limits. If all eligible applicants had received a CAP award, the average grant per applicant would have increased from $463 to $858.

- Full-time independent applicants received over twice as much in Pell Grants and 45% more in state grant aid on average than full-time dependent students. Looking at the combined totals of Pell plus CAP grants, the percentage of grant aid that students received from the state of Kentucky in 2007-08 ranged from 17% for part-time independent applicants ($347 out of $1,996) to 28% for full-time dependent applicants ($497 out of $1,755).

Table KY2: Financial Aid Eligibility of Kentucky Undergraduate FAFSA Applicants, 2007-08

	All Enrolled Applicants	Full-Time Dependent Students	Part-Time Dependent Students	Full-Time Independent Students	Part-Time Independent Students
Average EFC	$6,580	$10,980	$8,849	$2,714	$3,073
Qualify for Simplified Needs Test[27]	52%	27%	37%	76%	73%
Qualify for Automatic Zero EFC[28]	24%	12%	19%	34%	34%
Pell Recipient	59%	39%	46%	79%	75%
Eligible for CAP	58%	39%	44%	79%	70%
CAP Recipient	30%	27%	22%	39%	32%
Average Grant per Applicant					
Pell Grant[29]	$1,694	$1,258	$964	$2,970	$1,649
CAP Eligibility[30]	$858	$742	$461	$1,494	$734
Actual CAP Grant	$463	$497	$241	$720	$347
Average Grant per Recipient					
Pell Grant	$2,862	$3,215	$2,113	$3,771	$2,189
Actual CAP Grant	$1,527	$1,840	$1,083	$1,824	$1,099

Figure KY1 and Table KY3 provide more information about the impact of the state's policy to award grants to FAFSA filers until funds are exhausted. This policy affects some groups of applicants more than others.

- The great majority of CAP recipients submitted their FAFSAs between January and the end of April 2007. Beginning in May 2007, very few students received CAP Grants.
- Nearly 50% of eligible independent applicants applied too late to receive a CAP Grant, compared to 32% of eligible dependent applicants.

27. FAFSA filers qualify for the Simplified Needs Test (which eliminates consideration of all assets) if they are non-tax filers or are eligible to file simple (1040A or 1040EZ) tax forms and have an adjusted gross income (earned income for non-tax filers) less than $50,000, or if anyone included in the household received benefits during the base year from any of the designated means-tested federal benefit programs.

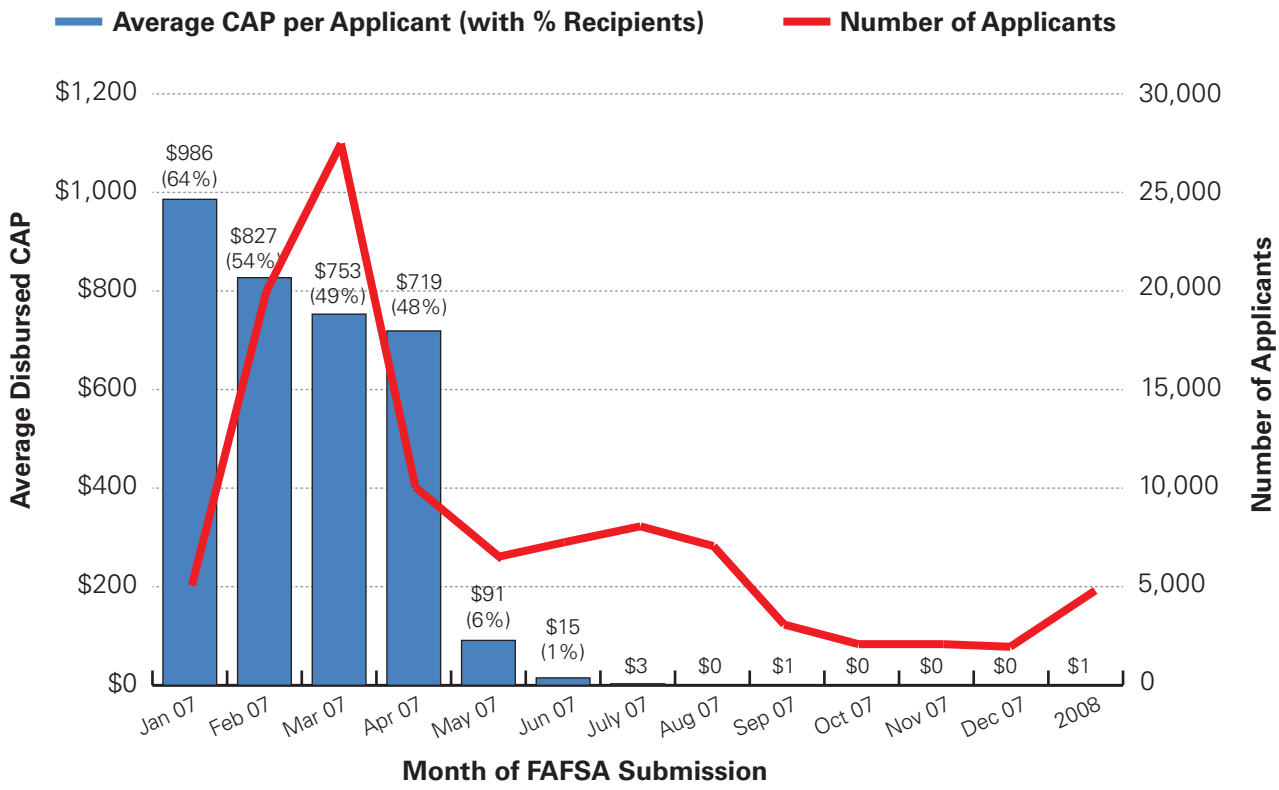
28. Parents of dependent students and independent students with dependents had Automatic Zero EFCs in 2007-08 if their adjusted gross income (earned income for non-tax filers) was under $20,000, or if anyone included in the household received benefits during the base year from any of the designated means-tested federal benefit programs. The income cutoff is $31,000 for the 2011-12 award year.

29. Actual Pell Grant award amounts are not available for students in the private nonprofit four-year and proprietary sectors. These averages reflect estimated awards based on the EFC and 2007-08 Pell payment schedule.

30. The average calculated CAP eligibility row reflects estimated average awards, assuming that there is full funding for the program and that all applicants with an EFC below the maximum ($4,110) received the grant for which they were eligible.

- Forty-seven percent of eligible students with household incomes less than $15,000 applied too late, compared to about one-third of eligible applicants with family incomes of $45,000 or more.
- Forty-nine percent of eligible community college applicants and 60% of proprietary school applicants applied too late to receive a CAP Grant. This compares to 30% of public four-year college applicants and 22% of private nonprofit applicants.

Figure KY1: Average Disbursed CAP Grant (with Percentage Receiving CAP) and Number of Applicants by Month of FAFSA Submission



Note: From July 07 through 2008, the percentage of applicants receiving CAP was close to zero.

Table KY3: Percentage of Kentucky FAFSA Applicants Eligible for CAP and Percentage Receiving CAP by Selected Characteristics, 2007-08

	% Eligible for CAP	% CAP Recipients	% of Eligible Receiving CAP	% of Eligible Not Receiving CAP Due to Inadequate Funding*	Number of Students
Total	58%	30%	53%	43%	108,933
Dependency Status					
Dependent	42%	26%	63%	32%	53,589
Independent Without Dependents	60%	28%	48%	48%	20,093
Independent with Dependents	83%	39%	47%	49%	35,251
Household Income					
Below $15,000	96%	47%	49%	47%	34,829
$15,000–$30,000	76%	42%	55%	41%	22,078
$30,000–$45,000	64%	37%	59%	36%	14,243
$45,000–$60,000	28%	17%	62%	32%	10,775
$60,000–$75,000	5%	3%	61%	31%	8,858
Over $75,000	0.2%	0%	50%	33%	18,150
Enrollment Status					
Full Time	54%	32%	59%	36%	60,957
Part Time	62%	28%	46%	50%	47,976
Sector					
Public Four-Year	47%	31%	66%	30%	41,709
Public Two-Year	72%	36%	50%	49%	32,356
Private Nonprofit	47%	35%	74%	22%	13,632
Proprietary	63%	18%	28%	60%	21,236

*In addition to those who did not receive a CAP Grant because of inadequate funding, a small percentage of eligible students did not receive a CAP Grant because of pending enrollment verification.

MINNESOTA

Key Characteristics of Study Population

The analysis of the impact of FAFSA simplification on the Minnesota State Grant is based on 147,198 Minnesota residents who filed the 2007-08 FAFSA and enrolled in Minnesota postsecondary institutions.[31] Table MN1 shows characteristics of this population. Almost half of the full-time dependent FAFSA filers were enrolled in public four-year institutions, and over half of the part-time dependent and independent students attended public two-year colleges.

Table MN1: Characteristics of Minnesota Undergraduate FAFSA Applicants, 2007-08

	All Enrolled Applicants	Full-Time Dependent Students	Part-Time Dependent Students	Full-Time Independent Students	Part-Time Independent Students
Average Family Income[32]	$53,563	$74,495	$56,738	$22,759	$25,630
Parents Married		78%	65%		
Student Married				30%	32%
Average Student Age	23	20	20	29	30
Student Has Dependents				46%	60%
Type of Institution					
Public Four-Year	30%	46%	23%	22%	9%
Public Two-Year	40%	24%	54%	51%	56%
Private Nonprofit	17%	27%	7%	13%	7%
Proprietary	13%	4%	16%	14%	28%
Number of Students	147,198	67,333	27,629	13,246	38,990
Share of Population	100%	46%	19%	9%	26%

Note: Percentages may not sum to 100 because of rounding.

Table MN2 reports on the financial aid eligibility of these FAFSA filers. On average, Minnesota aid applicants received just over $1,000 per student in both Pell Grant and Minnesota State Grant funds. However, full-time dependent students received a greater proportion of their aid from the state, while Pell Grants comprised the dominant share of grant aid to independent students.

Looking at the combined totals of Pell plus Minnesota grants, the percentage of grant aid that students received from the state of Minnesota in 2007-08 ranged from 62% for full-time dependent students ($1,392 out of $2,239) to 28% for part-time independent students ($508 out of $1,794).

31. There were 158,193 undergraduate FAFSA applicants in the 2007-08 Minnesota data file. Of these, 832 observations (0.5% of the sample) were dropped from the analysis because their EFCs or key data variables needed to calculate the EFC were missing: number in household or number in college (401 students), number of dependents (303 independent students), EFC (37 students) and cost of attendance (91 students). Of the remaining 157,361 students, the 10,163 who never enrolled during 2007-08 were also dropped from the analysis.

32. Family income in our study is defined as AGI for tax filers and as total earned income for non-tax filers.

Table MN2: Financial Aid Eligibility of Minnesota Undergraduate FAFSA Applicants, 2007-08					
	All Enrolled Applicants	Full-Time Dependent Students	Part-Time Dependent Students	Full-Time Independent Students	Part-Time Independent Students
Qualify for Simplified Needs Test[33]	37%	17%	29%	69%	66%
Qualify for Automatic Zero EFC[34]	15%	7%	15%	21%	25%
Average Pell Grant	$1,081	$847	$706	$2,450	$1,286
Average Minnesota State Grant	$1,025	$1,392	$638	$1,497	$508
Average EFC	$9,708	$13,971	$10,174	$3,971	$3,966
Average Parent Contribution	—	$12,596	$8,298	—	—
Pell Grant Recipient	44%	28%	38%	69%	67%
Minnesota State Grant Recipient	57%	49%	54%	81%	65%

OHIO

Key Characteristics of Study Population

The simulations of the impact of FAFSA simplification on the Ohio College Opportunity Grant (OCOG) are based on 234,318 Ohio residents who filed the FAFSA in 2008-09, came from families with incomes of $75,000 or less, and enrolled in Ohio postsecondary institutions. All applicants with incomes below $75,000 who enrolled in public four-year and two-year colleges are included in the study population. However, for private nonprofit and proprietary institutions, only those who were eligible for an OCOG or OIG are included.[35]

Table OH1 shows the characteristics of these applicants. Note that data for the four sectors reported in Table OH1 are not exactly comparable, since the public sectors reflect all FAFSA filers with incomes of $75,000 or less, while the private sectors reflect only those who received state grants.

- Dependent aid applicants enrolled in public two-year colleges came from families with lower incomes than those enrolled in public four-year institutions, but independent applicants in the two sectors had similar incomes.
- In the public four-year sector, 57% of the applicants were dependent, compared to only 31% in the public two-year sector.
- Only 14% of 2008-09 Ohio grant recipients who enrolled in proprietary institutions were dependent students, compared to 56% in private nonprofit institutions.
- About 60% of public four-year and about 25% of public two-year FAFSA filers enrolled full-time.

33. FAFSA filers qualify for the Simplified Needs Test (which eliminates consideration of all assets) if they are non-tax filers or are eligible to file simple (1040A or 1040EZ) tax forms and have an adjusted gross income (earned income for non-tax filers) less than $50,000, or if anyone included in the household received benefits during the base year from any of the designated means-tested federal benefit programs.

34. Parents of dependent students and independent students with dependents had Automatic Zero EFCs in 2007-08 if their adjusted gross income (earned income for non-tax filers) was under $20,000, or if anyone included in the household received benefits during the base year from any of the designated means-tested federal benefit programs. The income cutoff is $31,000 for the 2011-12 award year.

35. There were 235,405 undergraduate FAFSA applicants in the 2008-09 Ohio data file; 1,087 observations (0.5% of the sample) were dropped from the analysis because key data variables were missing or problematic:

- Number in household or number in college was missing (151 students)
- Dependency status could not be determined (551 students)
- Household income was greater than $75,000 (385 students)

- Thirty-seven percent of the proprietary sector recipients and 70% of those in the private nonprofit sector were enrolled full time.

Table OH1: Characteristics of Ohio Undergraduate FAFSA Applicants with Incomes of $75,000 or Less, 2008-09

	Total Study Population	Full-Time Dependent Students	Part-Time Dependent Students	Full-Time Independent Students	Part-Time Independent Students
Public Four-Year					
Average Family Income[36]	$28,705	$37,097	$35,835	$14,160	$20,490
Parents Married		51%	47%		
Student Married				21%	26%
Average Student Age	24	20	21	28	30
Student Has Dependents				41%	46%
Number of Students	103,906	44,526	14,685	17,562	27,133
Share of Population	100%	43%	14%	17%	26%
Public Two-Year					
Average Family Income	$23,274	$32,288	$31,975	$14,078	$20,521
Parents Married		48%	42%		
Student Married				22%	27%
Average Student Age	28	20	20	30	31
Student Has Dependents				65%	63%
Number of Students	95,494	11,129	18,467	12,352	53,546
Share of Population	100%	12%	19%	13%	56%

36. Family income in our study is defined as AGI for tax filers and as total earned income for non-tax filers.

Table OH1: Characteristics of Ohio Undergraduate OCOG Recipients with Incomes of $75,000 or Less, 2008-09

	Total Study Population	Full-Time Dependent Students	Part-Time Dependent Students	Full-Time Independent Students	Part-Time Independent Students
Private Nonprofit					
Average Family Income	$17,103	$21,882	$20,381	$10,087	$12,740
Parents Married		43%	36%		
Student Married				17%	19%
Average Student Age	24	20	20	28	30
Student Has Dependents				55%	67%
Number of Students	16,055	7,593	1,385	3,748	3,329
Share of Population	100%	47%	9%	23%	21%
Proprietary					
Average Family Income	$11,046	$14,497	$14,272	$10,898	$10,258
Parents Married		22%	20%		
Student Married				14%	13%
Average Student Age	28	20	20	30	30
Student Has Dependents				80%	80%
Number of Students	18,863	1,109	1,591	5,893	10,270
Share of Population	100%	6%	8%	31%	54%

Note: All FAFSA applicants with incomes below $75,000 who enrolled in public colleges and universities are included in the data. Among private nonprofit and proprietary school students, only applicants who actually received state grants are included.

Table OH2 shows that among 2008-09 Ohio FAFSA filers with incomes of $75,000 or less who enrolled in Ohio public four-year institutions, 65% qualified for Pell Grants and 53% qualified for OCOG.

- Independent students were more likely than dependent students to qualify for federal and state grants.
    - Pell Grants for full-time dependent students averaged $3,327 per recipient, compared to $4,014 for full-time independent students.
- The pattern was similar for OCOG, with the amounts $2,045 and $2,450, respectively.
- For all groups of students, about one-third of the grant aid came from the state and about two-thirds came from the federal government.

Among public two-year college aid applicants, 75% qualified for Pell and 65% qualified for OCOG and the eligibility patterns across groups were similar to those for the public four-year sector.

Comparisons to eligibility among private nonprofit and proprietary applicants are not possible, since the data for these sectors include only state grant recipients. However, it is possible to compare the average grants received by recipients in different sectors.

- Within each dependency/enrollment intensity category, average Pell Grants were the largest in the proprietary sector and the smallest in the public four-year sector.
    - Pell Grants for full-time dependent students averaged $4,558 per recipient for proprietary students and $3,327 for those enrolled in public four-year institutions.
- OCOG grants for full-time dependent students followed the same pattern, averaging $4,035 for proprietary sector recipients and $2,045 in the public four-year sector. However, among independent students, average OCOG awards were the largest in private nonprofit colleges and universities.

Note that Table OH2 reflects all FAFSA applicants with incomes below $75,000 who enrolled in Ohio public colleges and universities. However, among private nonprofit and proprietary school students, only applicants who actually received state grants are included. In addition, the percentages of students eligible for OCOG are below 100% in some cases, presumably because some students were included because they received OIG, but would not have been eligible for OCOG.

Table OH2: Financial Aid Eligibility: Ohio Undergraduate FAFSA Applicants with Incomes of $75,000 or Less, 2008-09

	All	Full-Time Dependent Students	Part-Time Dependent Students	Full-Time Independent Students	Part-Time Independent Students
Public Four-Year					
Average Expected Family Contribution	$3,362	$3,939	$4,077	$1,866	$2,997
Qualify for Simplified Needs Test[37]	57%	40%	43%	83%	75%
Qualify for Automatic Zero EFC[38]	20%	17%	19%	27%	21%
Eligible for OCOG	53%	44%	42%	74%	61%
Eligible for Pell Grant	65%	61%	58%	83%	72%
Average Award per FAFSA Filer					
OCOG	$975	$908	$531	$1,814	$784
Pell Grant	$1,956	$1,935	$1,126	$3,294	$1,572
Average Award per Recipient					
OCOG	$1,827	$2,045	$1,254	$2,450	$1,289
Pell Grant	$3,010	$3,327	$2,046	$4,014	$2,230

37. FAFSA filers qualify for the Simplified Needs Test (which eliminates consideration of all assets) if they are non-tax filers or are eligible to file simple (1040A or 1040EZ) tax forms and have an adjusted gross income (earned income for non-tax filers) less than $50,000, or if anyone included in the household received benefits during the base year from any of the designated means-tested federal benefit programs.

38. Parents of dependent students and independent students with dependents had Automatic Zero EFCs in 2008-09 if their adjusted gross income (earned income for non-tax filers) was under $20,000, or if anyone included in the household received benefits during the base year from any of the designated means-tested federal benefit programs. The income cutoff is $31,000 for the 2011-12 award year.

Table OH2: Financial Aid Eligibility: Ohio Undergraduate FAFSA Applicants with Incomes of $75,000 or Less, 2008-09

	All	Full-Time Dependent Students	Part-Time Dependent Students	Full-Time Independent Students	Part-Time Independent Students
Public Two-Year					
Average Expected Family Contribution	$2,532	$2,973	$3,397	$1,241	$2,440
Qualify for Simplified Needs Test	71%	52%	53%	87%	78%
Qualify for Automatic Zero EFC	32%	27%	27%	45%	32%
Eligible for OCOG	65%	55%	50%	83%	68%
Eligible for Pell Grant	75%	69%	64%	90%	78%
Average Award per FAFSA Filer					
OCOG	$1,000	$1,181	$617	$2,095	$841
Pell Grant	$2,051	$2,592	$1,362	$3,902	$1,749
Average Award per Recipient					
OCOG	$1,538	$2,158	$1,236	$2,513	$1,235
Pell Grant	$2,729	$3,745	$2,145	$4,343	$2,271
Private Nonprofit					
Average Expected Family Contribution	$663	$736	$1,125	$406	$594
Qualify for Simplified Needs Test	72%	59%	68%	87%	86%
Qualify for Automatic Zero EFC	36%	32%	41%	36%	42%
Eligible for OCOG	94%	95%	86%	95%	93%
Eligible for Pell Grant	97%	98%	92%	99%	98%
Average Award per FAFSA Filer					
OCOG	$3,325	$3,637	$1,897	$4,183	$2,240
Pell Grant	$3,637	$4,037	$2,201	$4,363	$2,503
Average Award per Recipient					
OCOG	$3,547	$3,825	$2,219	$4,409	$2,415
Pell Grant	$3,730	$4,132	$2,406	$4,394	$2,568

Table OH2: Financial Aid Eligibility: Ohio Undergraduate FAFSA Applicants with Incomes of $75,000 or Less, 2008-09

	All	Full-Time Dependent Students	Part-Time Dependent Students	Full-Time Independent Students	Part-Time Independent Students
Proprietary					
Average Expected Family Contribution	$260	$389	$457	$227	$235
Qualify for Simplified Needs Test	88%	79%	81%	90%	90%
Qualify for Automatic Zero EFC	59%	58%	60%	59%	59%
Eligible for OCOG	98%	98%	96%	98%	98%
Eligible for Pell Grant	99%	99%	98%	100%	100%
Average Award per FAFSA Filer					
OCOG	$3,033	$3,959	$2,199	$4,257	$2,360
Pell Grant	$3,500	$4,500	$2,749	$4,602	$2,877
Average Award per Recipient					
OCOG	$3,099	$4,035	$2,297	$4,336	$2,409
Pell Grant	$3,518	$4,558	$2,813	$4,606	$2,888

Note: All FAFSA applicants with incomes below $75,000 who enrolled in public colleges and universities are included in the data. Among private nonprofit and proprietary school students, only applicants who actually received state grants are included.

TEXAS GRANT

Key Characteristics of Study Population and Award Distribution Patterns

Full-time, first-year FAFSA applicants were the focus in our analysis of the impact of simplification on the TEXAS Grant. Our analysis is based on 54,369[39] full-time, first-year FAFSA applicants who were Texas residents enrolled in either a public two-year or a public four-year institution in 2007-08.[40] Table TX1 shows characteristics of this population.

- More than half (52%) of the full-time, first-year dependent FAFSA filers were enrolled in public four-year institutions, compared to only 11% of independent students.
- Independent students comprised 20% of the TEXAS Grant study population.
- Almost half of the parents of full-time, first-year dependent students in the public sector had pursued education beyond high school. About one-third of the parents were high school graduates, and 5% had not completed high school.

39. The dataset contains records of 57,721 in-state, first-year students who attended either a four-year or a two-year institution for the full 2007-08 academic year; 3,352 records were dropped from the analysis because key variables needed to calculate EFC were not available. Nonimmigrant residents were excluded from the analysis.

40. In consultation with the Texas Higher Education Coordinating Board, we assumed all recipients were enrolled full time. We did not simulate eligibility for students beyond the first year because we did not have data on academic standing, which determines eligibility for renewal.

Table TX1: Characteristics of Texas First-Year, Full-Time Undergraduate FAFSA Applicants Enrolled in Texas Public Institutions, 2007-08

	All Enrolled Applicants	Full-Time Dependent Students	Full-Time Independent Students
Average Family Income [41]	$46,227	$54,022	$14,056
Parents Married		63%	
Student Married			28%
Average Student Age	20	18	26
Student Has Dependents			68%
Type of Institution			
Public Four-Year	44%	52%	11%
Public Two-Year	56%	48%	89%
Parents' Highest Education Level			
Not a High School Graduate		5%	
High School Graduate		35%	
College or Beyond		47%	
Unknown		14%	
Number of Students	54,369	43,764	10,605
Share of Population	100%	80%	20%

Note: Percentages may not sum to 100 because of rounding in this table and throughout the report.

Table TX2 displays financial indicators of first-time FAFSA filers who enrolled full time at Texas public institutions.

- Independent students demonstrated high-need characteristics, with almost half (46%) qualifying for Automatic Zero EFC. Nearly 90% demonstrated eligibility for the Pell Grant and met financial need requirements for the TEXAS Grant, compared to 54% of dependent students.[42]
- Although more than 60% of all applicants were eligible for the TEXAS Grant, less than one-fourth of dependent students (and only 5% of independent students) received these funds in 2007-08. Program funding limits probably explain the failure of eligible dependent students to receive awards. Other individual eligibility factors combined with funding shortages may have more dramatically affected independent students. Given their average age of 26 years, it is unlikely that most independent students met the requirement of entering college within 16 months of graduating from high school.
- On average, filers received almost $700 in TEXAS Grant and roughly $1,700 in Pell Grant. Average grant awards per recipient were much higher — $2,920 in Pell Grant and $3,484 in TEXAS Grant.

41. Family income in our study is defined as AGI for tax filers and as total earned income for non-tax filers.

42. TEXAS Grant eligibility requires that the student enroll in a public higher education institution within 16 months of graduating from high school, along with requirements related to high school rigor, Selective Service registration and absence of a felony drug conviction. Data regarding these conditions for final award determination were not available to be included in the analysis.

Table TX2: Financial Aid Eligibility of Texas First-Year, Full-Time Undergraduate FAFSA Applicants Enrolled in Texas Public Institutions, 2007-08

	All Enrolled Applicants	Full-Time Dependent Students	Full-Time Independent Students
Average EFC	$7,449	$8,906	$1,433
Qualify for Simplified Needs Test[43]	52%	44%	88%
Qualify for Automatic Zero EFC[44]	24%	19%	46%
Eligible for Pell Grant	61%	54%	89%
Pell Recipient	59%	52%	85%
Eligible for TEXAS Grant	61%	54%	89%
TEXAS Grant Recipient	20%	24%	5%
Average Grant per Applicant			
Pell Grant	$1,711	$1,516	$2,516
TEXAS Grant	$696	$829	$146
Average Grant per Recipient			
Pell Grant	$2,920	$2,906	$2,956
TEXAS Grant	$3,484	$3,522	$2,778

Figure TX1 and Table TX3 provide information about the apparent impact of the state's policy to award grants to FAFSA filers until funds are exhausted. This policy affects some groups of applicants more than others.

- The great majority of TEXAS Grant recipients in the study submitted FAFSAs between January and the end of April 2007. Beginning in May 2007, the percentage of filers receiving awards dropped below 20% and continued to decline in subsequent months, along with the average award amount per applicant.
- One-third of applicants meeting financial need criteria received a TEXAS Grant.
    - Dependent students were more likely to receive a TEXAS Grant than independent students (44% versus 4% to 11%). As mentioned above, independent students may be denied the grant at greater rates based on the requirement to enter college within 16 months of high school graduation.
    - Among eligible applicants, the percentage of dependent students receiving a TEXAS Grant increased with income. For example, 40% to 44% of eligible students with household incomes less than $45,000 received a TEXAS Grant compared to half (50%) of eligible applicants with incomes of $45,000 to $60,000. This pattern could be attributable to institutional "first-come, first-served" policies that may favor higher-income families, as they tend to file earlier than students from families with lower incomes.
- Sixty percent of eligible students at four-year institutions received a TEXAS Grant, compared to 21% of eligible students at two-year institutions.

43. FAFSA filers qualify for the Simplified Needs Test (which eliminates consideration of all assets) if they are non-tax filers or are eligible to file simple (1040A or 1040EZ) tax forms and have an adjusted gross income (earned income for non-tax filers) less than $50,000, or if anyone included in the household received benefits during the base year from any of the designated means-tested federal benefit programs.

44. Parents of dependent students and independent students with dependents had Automatic Zero EFCs in 2007-08 if their adjusted gross income (earned income for non-tax filers) was under $20,000, or if anyone included in the household received benefits during the base year from any of the designated means-tested federal benefit programs. The income cutoff is $31,000 for the 2011-12 award year.

Figure TX1: Average TEXAS Grant per Recipient (with Percentage of Applicants Receiving Grants) and Number of Applicants by Month of FAFSA Submission — First-Year, Full-Time Undergraduates

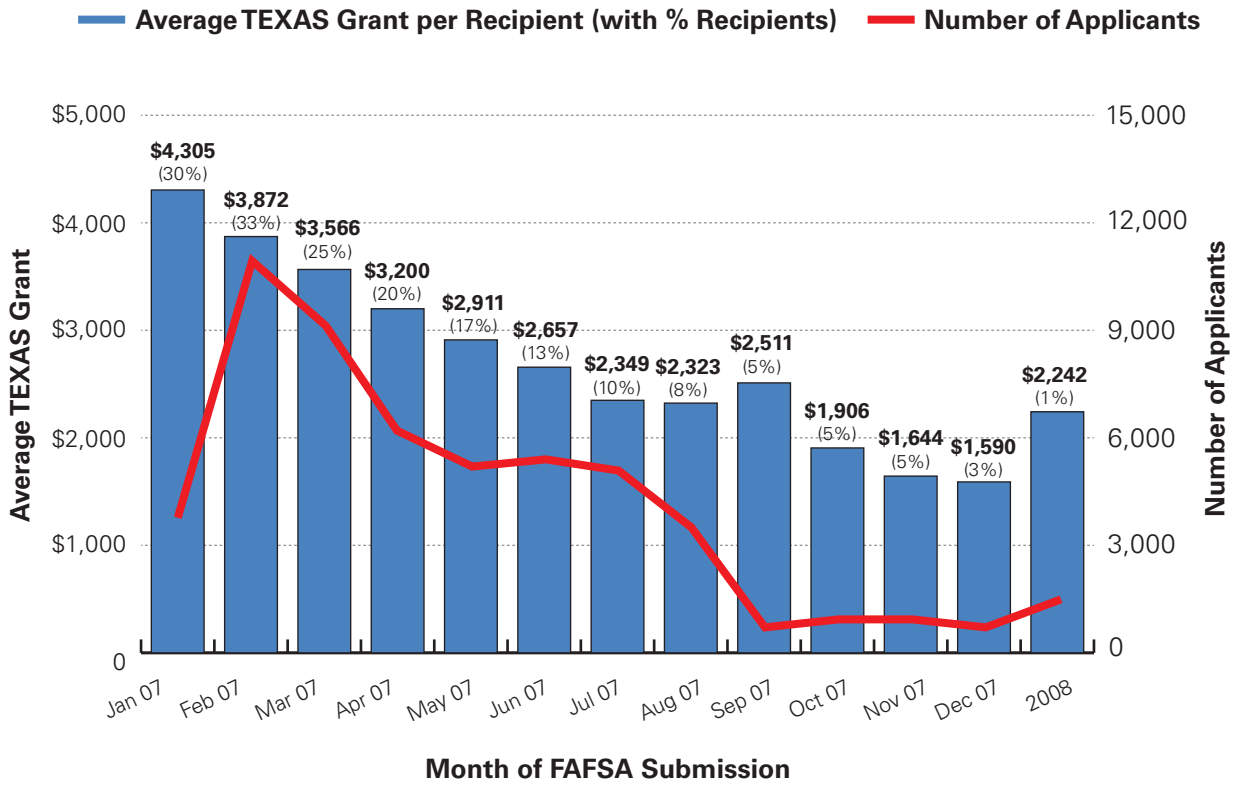


Table TX3: Percentage of First-Year, Full-Time FAFSA Filers Meeting TEXAS Grant Financial Need Criteria and Percentage Receiving TEXAS Grant by Selected Characteristics, 2007-08

	% FAFSA Filers Eligible for TEXAS Grant	% of Eligible Receiving Grant	Grant Recipients as % of FAFSA Filers
Total	61%	33%	20%
Dependency Status			
Dependent	54%	44%	24%
Independent Without Dependents	76%	11%	8%
Independent with Dependents	95%	4%	4%
Household Income of Dependent Students			
Below $15,000	99%	40%	40%
$15,000–$30,000	95%	44%	42%
$30,000–$45,000	79%	44%	35%
$45,000–$60,000	34%	50%	17%
$60,000–$75,000	6%	72%	4%
Over $75,000	—	—	—
Sector			
Public Four-Year	42%	60%	26%
Public Two-Year	75%	21%	16%

TEXAS TUITION EQUALIZATION GRANT

At the request of the Texas Higher Education Coordinating Board (THECB), the College Board also studied the effects of FAFSA simplification on the state's Tuition Equalization Grant (TEG).

The Texas legislature established the TEG in 1973 to provide grant aid to students with financial need who attend private nonprofit Texas colleges and universities. The TEG program is administered by the THECB and awarded by institutions. In 2007-08, the program awarded more than $100 million in need-based grants.[45]

- To be considered for a TEG, students must demonstrate financial need[46] in addition to residency and other requirements.
- The TEG program is decentralized, with each institution determining who will receive the grant award. Institutions may establish their own application deadlines; award on a first-come, first-served basis; or establish other priorities for awarding grants from the TEG program.
- The maximum TEG award, based on the average appropriation per student enrolled in a public institution, was $3,331 in 2007-08. However, students with Expected Family Contributions (EFCs) equal to or less than $1,000 were eligible for awards up to 150% of the maximum ($4,997 in 2007-08).

45. Source: National Association of State Student Grant and Aid Programs, *39th Annual Survey Report: 2007-08*, Table 9.

46. For purposes of this study, financial need was derived by subtracting the Expected Family Contribution from the reported institutional cost of attendance.

Key Characteristics of Study Population and Award Distribution Patterns

The analysis of the impact of simplification on the TEG program is based on 41,788[47] full-time, in-state undergraduate applicants.[48] Table TX4 shows the characteristics of this population. More than three-quarters of the applicants were dependent, and virtually all were enrolled in four-year institutions, regardless of dependency status.

Because the TEG analysis includes all FAFSA filers at private institutions and the TEXAS Grant analysis includes only first-year students in the public sector, comparisons between the two groups should be interpreted with caution.

- In the TEG population, dependent filers' average family income exceeded $80,000, which is significantly higher than the average family income of dependent applicants at public institutions ($54,022).
- Average family income of independent filers at private nonprofit institutions was also higher than that of independent filers at public institutions — almost $26,000 compared to $14,056.
- Almost two-thirds of dependent filers at private nonprofit institutions reported that their parents had pursued postsecondary education, compared to 47% at public institutions.
- Among independent filers at private nonprofit institutions, 38% were married, and 49% had dependents, compared to their counterparts at public institutions, 28% of whom were married and 68% of whom had dependents.

Table TX4: Characteristics of Full-Time Undergraduate FAFSA Applicants at Texas Private Nonprofit Institutions, 2007-08

	All Enrolled Applicants	Full-Time Dependent Students	Full-Time Independent Students
Average Family Income	$66,830	$80,029	$25,921
Parents Married		75%	
Student Married			38%
Average Student Age	22	20	30
Student Has Dependents			49%
Type of Institution			
Four-Year	99%	99%	99%
Two-Year	1%	1%	1%
Parents' Highest Education Level			
Not a High School Graduate		2%	
High School Graduate		24%	
College or Beyond		62%	
Unknown		12%	
Number of Students	41,788	31,594	10,194
Share of Population	100%	76%	24%

Table TX5 reports on the financial characteristics of the FAFSA filers at private nonprofit institutions.

47. 1,466 records were dropped from the analysis because key variables needed to calculate EFC were not available. Nonimmigrant residents were excluded.
48. All undergraduate students were included in the TEG analysis because of the relatively small sample size.

- FAFSA filers at private nonprofit institutions, both dependent and independent, were more affluent than first-year applicants at public institutions.
- The average EFC for dependent applicants at private nonprofit institutions was $15,709, much higher than the $8,906 average EFC of first-year filers at public institutions.
- Independent applicants at private nonprofit institutions were less likely to demonstrate high-need characteristics than first-year filers at public institutions. Only 17% qualified for Automatic Zero EFC in contrast to 46% at public institutions. A smaller percentage of applicants were eligible for a Pell Grant (68%) than at public institutions (almost 90%).
- Thirty-two percent of dependent applicants were eligible for a Pell Grant, compared to 54% of first-year filers at public institutions.

Table TX5: Financial Aid Eligibility of Full-Time Undergraduate FAFSA Applicants at Texas Private Nonprofit Institutions, 2007-08

	All Enrolled Applicants	Full-TimeDependent Students	Full-Time Independent Students
Average EFC	$12,981	$15,709	$4,529
Qualify for Simplified Needs Test	32%	21%	67%
Qualify for Automatic Zero EFC	9%	6%	17%
Eligible for Pell Grant	41%	32%	68%
Pell Recipient	40%	32%	64%
Eligible for TEG	87%	84%	94%
TEG Recipient	54%	54%	56%
Average Grant per Applicant			
Pell Grant	$1,148	$904	$1,904
TEG	$1,860	$1,859	$1,863
Average Grant per Recipient			
Pell Grant	$2,890	$2,833	$2,978
TEG	$3,414	$3,445	$3,322

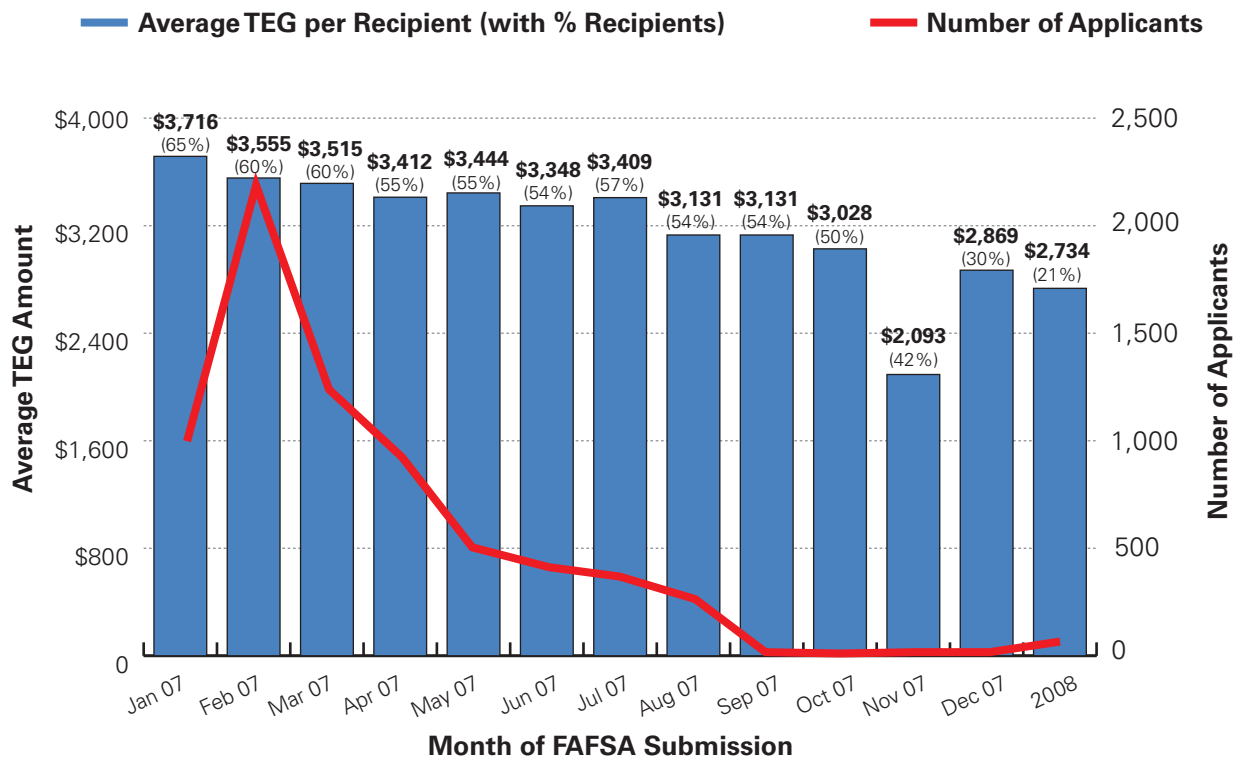
Figure TX2 and Table TX6 provide information about colleges' implementation of the state's awarding policies for first-year applicants at private nonprofit institutions.

In contrast to TEXAS Grant awarding patterns, students applying throughout the calendar year appeared to receive consideration for a TEG.

- From January through March 2007, at least 60% of FAFSA filers received a TEG, with awards averaging over $3,500 per recipient. By December 2007, the percentage receiving aid had fallen and the awards were smaller, but 30% of applicants received TEG awards averaging $2,869 per recipient. During the remainder of the academic year, 21% of filers received a TEG, averaging $2,734 per recipient.
- Applicants to private institutions applied earlier than their public sector peers. Fewer than 500 freshmen at private schools submitted FAFSAs each month starting in May 2007 and continuing through the end of the academic year. This drop-off in applications did not occur until September 2007 at public schools.
- Eighty-two percent of first-year dependent applicants and 97% of independent applicants were eligible for a TEG. At least 70% of those eligible, regardless of dependency status, received a TEG.

- The average TEG per recipient exceeded $3,500. Students from families with incomes below $15,000 received grants averaging about $4,390, and students from families with incomes between $60,000 and $75,000 received average grants of almost $3,170. More than 80% of eligible filers with incomes of $75,000 or less received a TEG. Thirty-two percent of eligible applicants from families with incomes above $75,000 received a TEG, with awards averaging $3,064 per recipient.
- Eighty-four percent of TEG recipients received the maximum award of $3,331. Fifty-eight percent of those with EFCs of $1,000 or less received 150% of the maximum award ($4,997). The latter group represented more than one-fifth of all first-year FAFSA filers at private nonprofit institutions, evidence that these high-priced institutions are successfully recruiting low-income students.

Figure TX2: Average 2007-08 TEG Award per Recipient (with Percentage of Recipients) and Number of Applicants by Month of FAFSA Submission — Full-Time, First-Year Undergraduates at Private Nonprofit Institutions



VERMONT

Key Characteristics of Study Population

The analysis of the impact of FAFSA simplification on the Vermont Grant is based on 22,714 state residents who filed the 2007-08 FAFSA, and in most cases the Vermont Grant application,[49] and who enrolled full time in a postsecondary institution during that academic year.[50] Table VT1 shows characteristics of this population.

- Just over 40% of applicants enrolled out of state and 57% attended colleges in Vermont.
    - Sixty-six percent of the dependent out-of-state enrollees attended private nonprofit institutions and 25% attended public four-year institutions. Four percent attended public two-year colleges and 4% attended proprietary institutions.
        - Dependent students who attended Vermont institutions reflected different enrollment patterns. Sixty-five percent attended public four-year institutions and 20% attended private nonprofit colleges and universities. Twelve percent were enrolled in public two-year colleges and 2% in proprietary schools.
    - Among independent[51] out-of-state enrollees, 44% attended private nonprofit institutions, 21% attended public four-year institutions, 12% attended public two-year institutions and 22% attended proprietary institutions.
        - Independent students who enrolled in Vermont institutions reflected quite different enrollment patterns. Forty percent attended public four-year colleges, 17% attended private nonprofit institutions, 39% attended public two-year institutions and 4% attended proprietary institutions.
- Dependent applicants who enrolled in institutions outside Vermont had a higher socioeconomic status, on average, than Vermont enrollees.
    - They reported higher family incomes than students attending in-state institutions ($74,672 compared to $67,310). They were more likely to report business or farm ownership (13% compared to 10%).
    - A higher percentage of parents of out-of-state enrollees had at least some college education (74%) than was the case for parents of in-state enrollees (62%).
- Seven percent of all dependent applicants reported information about their noncustodial parent or second parent in the case of a civil union.
    - The average contribution from this parent was almost $1,000 higher for students enrolled out of state than for Vermont enrollees.
- Forty-eight percent of all applicants reported home equity with an average value of $94,089.
    - A higher percentage of dependent students who enrolled out of state (65%) than of those who enrolled in state (57%) reported home equity and the average home equity was higher for those who enrolled outside Vermont ($104,185 compared to $91,695).

49. The Vermont grant application collects supplemental information, which is reported below but which was not used in the simplification analysis.

50. There were 23,154 full-time FAFSA applicants in the 2007-08 Vermont data file. Of these, 40 (0.2 percent of the sample) were dropped from the analysis because key data variables were missing. Of the remaining 23,114 records, 400 were dropped because they were graduate students.

51. For purposes of this study, dependency status was based on FM rules.

Table VT1: Characteristics of Undergraduate VSAC Applicants[52] Enrolled Full Time, 2007-08

	All Applicants	Dependent Students		Independent Students	
		Enrolled In State	Enrolled Outside Vermont	Enrolled In State	Enrolled Outside Vermont
Average Family Income[53]	$58,514	$67,310	$74,672	$22,518	$22,579
% with Small Business/Farm Assets[54]	9%	10%	13%	2%	2%
Average Value	$122,372	$125,630	$123,173	$73,164	$75,909
% with Home Equity	48%	57%	65%	15%	15%
Average Value	$94,089	$91,695	$104,185	$44,663	$48,607
% with Noncustodial PCs		7%	7%		
Average Value		$4,512	$5,495		
Parents Married		72%	75%		
Student Married				28%	29%
Average Student Age	23	20	20	31	30
Student Has Dependents				46%	43%
Type of Institution					
Public Four-Year	42%	65%	25%	40%	21%
Public Two-Year	14%	12%	4%	39%	12%
Private Nonprofit	36%	20%	66%	17%	44%
Proprietary	4%	2%	4%	4%	22%
Unknown	2%	0%	0%	0%	0%
School Location					
In State	57%				
Out of State	40%				
Out of Country	0.5%				
Unknown	2%				
Parents' Highest Education Level					
Not a High School Graduate		1%	0%		
High School Graduate		31%	21%		
College or Beyond		62%	74%		
Other/Unknown		6%	5%		
Number of Students	22,714	8,529	8,016	4,406	1,219
Share of Population	100%	38%	35%	19%	5%

Note: Percentages may not sum to 100 because of rounding.

52. VSAC applicants in this report refer to students who completed the Vermont Grant application in addition to the FAFSA.

53. Family income in our study is defined as AGI for tax filers and as total earned income for non-tax filers. Family income does not include income of the noncustodial parent or the second parent in the case of a civil union.

54. VSAC methodology (VM) considers business and farm asset values that are not required to be reported on the FAFSA.

Vermont Grants are distributed on the basis of a need analysis formula that differs from the FM.

- Using data collected on a separate application, VSAC supplements federal data with information about small business and farm ownership, home equity, noncustodial parents, and other resources. It derives parent and student contributions from this comprehensive information.
- VSAC also makes changes to the methodology and adjusts the outcomes of the formula by using professional judgment for many students.
- In finalizing the amount of the Vermont Grant, VSAC considers each student's total grant aid as well as tuition, fees and room and board charges, as reported by the institution in which the student enrolls.

As a result of this series of calculations, the actual average Vermont Grant awarded during the 2007-08 academic year differed from the grant eligibility calculated in our study.

Table VT2 displays the financial aid eligibility of Vermont Grant applicants, comparing average EFCs and PCs using FM and VSAC Methodology (VM) as well as Vermont Grant eligibility calculated under both need-analysis approaches. It also provides information about Pell Grant eligibility for all FAFSA applicants.

- EFCs and PCs calculated under VM are higher than those calculated under FM.
    - The average VM EFC for 2007-08 dependent Vermont Grant recipients was $6,846, compared to $5,685 under FM.
    - The average PC for dependent student recipients was $6,736 using VM, compared to $4,764 under FM.
    - Independent recipients had an average EFC of $2,739, compared to $2,231 under FM.
- Overall, Vermont applicants had much higher EFCs than Vermont Grant recipients — $13,698 for dependent FAFSA filers and $4,138 for independent filers. Among independent filers, 73% would have qualified for the Simplified Needs Test. This was the case for 18% of dependent filers.
- 42% of dependent and 28% of independent applicants were eligible for state grants under VM in 2007-08.
    - 46% of dependent and 29% of independent applicants would have been eligible for state grants under FM in 2007-08.
    - Relying on FM would have increased the average Vermont Grant per recipient from $2,005 to $2,290.
- Among 2007-08 Vermont FAFSA filers, 65% of independent students and 31% of dependent students were eligible for federal Pell Grants. They received an average of $1,208 in Pell Grant assistance — $894 per dependent applicant and $2,098 per independent applicant. These amounts corresponded to the average Pell Grant per recipient of $2,889 for dependent students, $3,251 for independent students and $3,043 overall.

Table VT2: Financial Aid Eligibility of Undergraduate VSAC Applicants Enrolled Full Time, 2007-08

	All Applicants	Dependent Students	Independent Students
Comparisons of VSAC and Federal Methodologies			
Average EFC per Vermont Grant Recipient			
VSAC Methodology [55]	$6,060	$6,846	$2,739
Federal Methodology	$5,024	$5,685	$2,231
Average PC per Vermont Grant Recipient			
VSAC Methodology		$6,736	
Federal Methodology		$4,764	
Average Vermont Grant per Recipient			
VSAC Methodology	$2,005	$1,903	$2,432
Federal Methodology	$2,290	$2,170	$2,844
% Receiving Vermont Grant			
Actual	38%	42%	28%
Federal Methodology	42%	46%	29%
Pell Grant Eligibility			
Average FM EFC for All VSAC Applicants	$11,200	$13,698	$4,138
Qualify for Simplified Needs Test	32%	18%	73%
Qualify for Automatic Zero EFC	11%	7%	21%
% Eligible for Pell	40%	31%	65%
Average Pell Grant per Applicant	$1,208	$894	$2,098
Average Pell Grant per Pell Recipient	$3,043	$2,889	$3,251

55. The EFC calculated using the VSAC Methodology reflects the contribution of both the custodial and the noncustodial parent in the case of divorce or separation or the second parent in the case of a civil union.

Appendix C: Impact of Formula Changes on Applicants with Incomes of $75,000 or More

Data on Kentucky and Minnesota filers were selected for these tables to provide examples of the impact of fewer data elements on higher-income filers in states with very different populations and grant programs.[56]

Impact of Eliminating Assets and Using IRS Data Only on EFC, Pell Eligibility and State Grant Eligibility — Kentucky and Minnesota Dependent Filers

Kentucky		Average EFC			Percentage of Students Eligible for Pell			Percentage of Students Eligible for CAP		
Dependent Students	% of Filers	Current FM	No Assets	IRS Data Only	Current FM	No Assets	IRS Data Only	Current FM	No Assets	IRS Data Only
All Filers	100%	$10,092	$9,178	$9,099	42.5%	43.7%	42.5%	42.1%	43.2%	42.1%
$75,000+	30%	$23,633	$21,553	$21,118	0.3%	0.3%	0.1%	0.3%	0.3%	0.1%
$75,000–$90,000	10%	$15,180	$14,090	$14,147	0.6%	0.7%	0.2%	0.6%	0.7%	0.2%
$90,000–$105,000	8%	$19,259	$17,921	$17,679	0.2%	0.3%	0.1%	0.2%	0.3%	0.1%
$105,000–$120,000	5%	$23,986	$21,975	$21,357	0.1%	0.1%	0.0%	0.1%	0.1%	0.0%
$120,000–$135,000	3%	$28,767	$26,128	$25,342	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$135,000–$150,000	2%	$33,387	$29,580	$28,645	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$150,000+	3%	$52,249	$46,360	$44,651	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Minnesota		Average EFC			Percentage of Students Eligible for Pell			Percentage of Students Eligible for State Grant		
Dependent Students	% of Filers	Current FM	No Assets	IRS Data Only	Current FM	No Assets	IRS Data Only	Current FM	No Assets	IRS Data Only
All Filers	100%	$12,626	$11,276	$10,976	32.8%	34.6%	33.8%	51.8%	53.0%	52.3%
$75,000+	39%	$24,879	$22,339	$21,556	0.3%	0.4%	0.2%	7.8%	8.4%	7.4%
$75,000–$90,000	12%	$14,900	$13,555	$13,436	0.8%	1.1%	0.7%	18.2%	19.5%	17.7%
$90,000–$105,000	10%	$19,060	$17,321	$16,800	0.2%	0.2%	0.1%	6.8%	7.4%	5.6%
$105,000–$120,000	6%	$23,932	$21,567	$20,672	0.0%	0.0%	0.0%	2.0%	2.2%	2.4%
$120,000–$135,000	3%	$28,374	$25,215	$24,273	0.0%	0.0%	0.0%	1.0%	1.1%	1.0%
$135,000–$150,000	2%	$32,920	$29,455	$27,992	0.1%	0.1%	0.0%	0.4%	0.6%	0.4%
$150,000+	5%	$52,539	$46,550	$44,346	0.0%	0.1%	0.1%	0.1%	0.2%	0.1%

56. Ohio was not included because no data were provided for filers with incomes over $75,000. We included only filers at Texas public institutions in our study, and these filers do not accurately represent the income distribution in the state. Vermont uses its own need analysis methodology to determine eligibility for its state grant program, and for this reason Vermont was not selected for this table.

Impact of Eliminating Assets and Using IRS Data Only on EFC, Pell Eligibility and State Grant Eligibility — Kentucky and Minnesota Independent Applicants Without Dependents

Kentucky		Average EFC			Percentage of Students Eligible for Pell			Percentage of Students Eligible for CAP		
Independent Students Without Dependents	% of Filers	Current FM	No Assets	IRS Data Only	Current FM	No Assets	IRS Data Only	Current FM	No Assets	IRS Data Only
All Filers	100%	$4,661	$4,515	$4,615	61.3%	61.7%	60.9%	59.7%	60.0%	59.3%
$75,000+	2%	$33,575	$31,439	$30,884	0.0%	0.3%	0.0%	0.0%	0.3%	0.0%
$75,000–$90,000	1%	$26,329	$25,527	$25,571	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$90,000–$105,000	0.5%	$33,843	$30,784	$30,837	0.0%	1.0%	0.0%	0.0%	1.0%	0.0%
$105,000–$120,000	0.2%	$43,853	$39,647	$37,876	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$120,000–$135,000	0.1%	$50,677	$45,003	$39,988	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$135,000–$150,000	0.1%	$55,397	$50,546	$46,649	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$150,000+	0.1%	$74,428	$72,542	$71,787	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Minnesota		Average EFC			Percentage of Students Eligible for Pell			Percentage of Students Eligible for State Grant		
Independent Students Without Dependents	% of Filers	Current FM	No Assets	IRS Data Only	Current FM	No Assets	IRS Data Only	Current FM	No Assets	IRS Data Only
All Filers	100%	$5,997	$5,688	$5,674	50.1%	50.6%	51.0%	65.3%	65.8%	65.5%
$75,000+	3%	$34,001	$30,588	$30,626	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$75,000–$90,000	1%	$27,447	$25,588	$25,946	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$90,000–$105,000	1%	$33,680	$30,631	$30,683	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$105,000–$120,000	0.3%	$41,807	$35,951	$35,526	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$120,000–$135,000	0.1%	$53,703	$43,452	$43,738	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$135,000–$150,000	0.1%	$67,631	$45,855	$44,500	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$150,000+	0.1%	$74,202	$68,412	$65,318	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Impact of Eliminating Assets and Using IRS Data Only on EFC, Pell Eligibility and State Grant Eligibility — Kentucky and Minnesota Independent Applicants with Dependents

Kentucky		Average EFC			Percentage of Students Eligible for Pell			Percentage of Students Eligible for CAP		
Independent Students with Dependents	% of Filers	Current FM	No Assets	IRS Data Only	Current FM	No Assets	IRS Data Only	Current FM	No Assets	IRS Data Only
All Filers	100%	$1,724	$1,704	$1,805	86.6%	86.7%	85.9%	83.0%	83.1%	82.3%
$75,000+	4%	$17,540	$17,275	$17,252	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
$75,000–$90,000	2%	$13,197	$12,977	$13,147	0.1%	0.1%	0.1%	0.3%	0.3%	0.1%
$90,000–$105,000	1%	$17,936	$17,686	$17,507	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$105,000–$120,000	0.3%	$22,527	$22,374	$22,049	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$120,000–$135,000	0.2%	$25,656	$25,332	$24,936	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$135,000–$150,000	0.1%	$31,091	$29,672	$29,126	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$150,000+	0.2%	$46,812	$46,337	$46,020	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Minnesota		Average EFC			Percentage of Students Eligible for Pell			Percentage of Students Eligible for State Grant		
Independent Students with Dependents	% of Filers	Current FM	No Assets	IRS Data Only	Current FM	No Assets	IRS Data Only	Current FM	No Assets	IRS Data Only
All Filers	100%	$2,194	$2,155	$2,264	82.5%	82.6%	81.8%	78.6%	78.6%	77.4%
$75,000+	6%	$17,517	$17,172	$17,203	1.4%	1.4%	0.5%	4.8%	5.0%	3.5%
$75,000–$90,000	3%	$12,920	$12,637	$13,016	2.0%	2.1%	0.7%	6.2%	6.4%	4.7%
$90,000–$105,000	1%	$17,559	$17,357	$17,143	0.9%	0.9%	0.5%	4.5%	4.7%	3.1%
$105,000–$120,000	1%	$22,004	$21,589	$21,330	0.5%	0.5%	0.0%	3.2%	3.2%	1.6%
$120,000–$135,000	0.2%	$27,938	$26,668	$26,714	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
$135,000–$150,000	0.2%	$28,198	$27,868	$27,604	0.0%	0.0%	0.0%	0.0%	0.0%	2.0%
$150,000+	0.2%	$51,285	$50,338	$47,938	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Appendix D: Tuition Trends

In considering the effect of proposed changes in eligibility for state grant programs, as well as college affordability in general, it is helpful to view the rate of tuition and fee increases over time.

Enrollment-Weighted Average Tuition and Fees, Not Adjusted for Inflation, 2008-09 Through 2011-12

	2011-12	2010-11	2009-10	2008-09	Three-Year % Change
Public Two-Year In-State					
Kentucky	$4,051	$3,900	$3,759	$3,684	10.0%
Minnesota	$5,162	$4,939	$4,739	$4,562	13.2%
Ohio	$3,608	$3,473	$3,327	$3,176	13.6%
Texas	$2,049	$1,858	$1,746	$1,662	23.3%
Vermont	$6,520	$6,250	$6,070	$5,830	11.8%
Nation	$2,963	$2,727	$2,558	$2,372	24.9%
Public Four-Year In-State					
Kentucky	$7,963	$7,519	$7,116	$6,809	16.9%
Minnesota	$9,966	$9,387	$8,788	$8,317	19.8%
Ohio	$8,904	$8,605	$8,170	$8,140	9.4%
Texas	$8,078	$7,744	$7,328	$6,919	16.8%
Vermont	$13,078	$12,474	$12,016	$11,341	15.3%
Nation	$8,244	$7,613	$7,050	$6,591	25.1%
Private Nonprofit Four-Year					
Kentucky	$22,171	$21,114	$19,974	$19,121	16.0%
Minnesota	$31,462	$29,978	$28,675	$27,294	15.3%
Ohio	$28,376	$27,135	$26,104	$25,119	13.0%
Texas	$26,828	$25,234	$23,765	$22,509	19.2%
Vermont	$33,643	$32,470	$31,164	$29,812	12.9%
Nation	$28,500	$27,265	$26,129	$25,177	13.2%

Note: Enrollment-weighted tuition and fees are derived by weighting the price charged by each institution by the number of full-time students enrolled.
Source: The College Board, *Trends in College Pricing 2011*, online Table 6c.

State Grant Simplification Study Sponsors

About the College Board

The College Board is a mission-driven not-for-profit organization that connects students to college success and opportunity. Founded in 1900, the College Board was created to expand access to higher education. Today, the membership association is made up of over 6,000 of the world's leading educational institutions and is dedicated to promoting excellence and equity in education. Each year, the College Board helps more than seven million students prepare for a successful transition to college through programs and services in college readiness and college success — including the SAT® and the Advanced Placement Program®. The organization also serves the education community through research and advocacy on behalf of students, educators and schools. For further information, visit www.collegeboard.org.

The College Board Advocacy & Policy Center was established to help transform education in America. Guided by the College Board's principles of excellence and equity in education, we work to ensure that students from all backgrounds have the opportunity to succeed in college and beyond. We make critical connections between policy, research and real-world practice to develop innovative solutions to the most pressing challenges in education today. For further information, visit advocacy.collegeboard.org.

About Lumina Foundation for Education

Lumina Foundation for Education is an Indianapolis-based private foundation, which strives to help people achieve their potential by expanding access to and success in education beyond high school. Through grants for research, innovation, communication and evaluation, as well as policy education and leadership development, Lumina Foundation addresses issues that affect access and educational attainment among all students, especially underserved student groups such as minorities, students from low-income families, first-time college-goers and working adults. The Foundation believes postsecondary education is one of the most beneficial investments individuals can make in themselves and that a society can make in its people. For further information, visit www.luminafoundation.org.

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