

Michele:

Again, we got some feedback last year about kind of the simplification. People wanted to kind of understand how the skip logic was configured, and I guess they had started to see, based on information that was coming across on the ISIR, depending on the application type, certain questions that had been previously populated were no longer populated because we were making determinations about a student's status earlier in the process. And so we thought with today's session we'd just delve a little bit deeper into the simplification, explaining the skip logic, and some of how the application works. And so, again, if you have any questions, please ask us. If you have any concerns about some of these changes and they impact your internal processes, please make us aware of those. I don't know that we would be changing things, but it would at least let us understand what are some of the impacts on some of these changes that we've made.

We're gonna go through a couple of application scenarios and then just talk about the questions and answers, and how they impact the experience that the applicant will have. So, basically, _____ on the Web has been customized to meet the needs of a couple of different scenarios. Of course, we have the new students, we have our renewal students, and then we have both the dependent and independent applicants, and so their application experience has been _____ customized around that customer applicant demographic. The skip logic in the application basically reduces the number of data elements that an applicant has to complete. One of the challenges, and you may have heard us talk about it during other sessions, is when they came and talked about simplifying the application, we had to kind of scratch our heads a little bit. There weren't any changes to laws or regulations that would have impacted the number of questions on the FAFSA. I mean you see even from the current 2011-2012 cycle that we're planning, we added a question, which is the high school question. So, I mean kind of a quandary; how do we simplify and reduce the amount of time or complexity for the applicant and the parents to kind of complete the application while there hasn't been any changes to legislation or regulation that would have actually eliminated questions from the FAFSA.

So, today, we're gonna cover several topics, kind of going through different data elements or scenarios and helping you understand how these impact the applicants' experience. We're gonna talk about state of legal residence, the driver's license information, Selective Service, drug conviction, the new high school information, again, getting into some detail around the conditions that impact students being asked these different questions. We're

gonna talk about dependency status. Again, the homeless questions. There's different scenarios for those that are 21 or younger. Those are designated as homeless youth, and then another scenario for those that are 22 or 23. We're gonna talk a little bit about the _____ for students that have special circumstances, and those that do not have special circumstances but are unable to provide parental data on the FAFSA. Again, we're gonna be providing some of the financial information scenarios, going through a full needs analysis, auto zero, simplified needs, and then talking about the treatment that we provide for non-tax filers.

What we're gonna do is kind of walk through these scenarios using some students. All this information is kind of made up, so it's not based on any real student, and I'm sure these circumstances do apply to any number of our applicants, but this is just designed to kind of create a scenario around a student or particular applicant type, and then to help you understand at a greater level of detail what their experience would be in completing the FAFSA. So, first, we have Kim, 18. She will be graduating from high school in May, and she is a new applicant, never completed a FAFSA before. As I explained this morning, basically from the homepage, we have this one kind of Start Here button, so no longer the multiple options for students to decide kind of where they are in the process, and then to figure out from one of those options would kind of take them through what they're trying to accomplish with the application. So, once applicants – and this is every applicant – clicks on that Start Here, what they're presented with is their login page, and so every student would see this login page. They would provide their _____, their first and last name, their Social Security number, and their date of birth.

As I described this morning, once we have this morning, once we have this information, we can start to, again, customize that applicant's experience based on what those identifiers are telling us about that applicant. So, for example, when Kim put in her identifiers, we did a bump-up against our database. We know that she's not previously applied for federal aid, and so she would be designated as a new or first-time applicant. For these applicants, one of the things that we heard repeatedly is that students often put in their identifiers incorrectly, and so once they have entered those identifiers and kind of navigated beyond that, in the current version of FAFSA on the Web, they aren't able to go back and verify or change those identifiers, so they're pretty much locked into those identifiers, and there's a pretty complicated process that a student would have to go through to actually correct that information.

Officially, in our system, they do kind of stay connected to those incorrect identifiers for their lifetime of applying for aid.

So, one of the things that we've implemented with this 11-12 application is kind of an accuracy review for those first-time filers, so then we will present them with a screen kind of welcoming them, asking them to review the information that they put in and confirm the accuracy before they navigate beyond this page. So, all new applicants will now have an opportunity to just kind of take a look at their identifiers again – first and last name, Social Security number, date of birth – and then do a visual confirmation that that information is accurate before they would navigate beyond this point. So, then, Kim would be presented with her My FAFSA page, and so this is, again, one of the new enhancements for the 11-12 application. Again, we know that Kim is a new applicant, so what we would be presenting her with then is her customized landing page for where she is at this point in the process.

So, we're asking her what would be her period of attendance. So, this example here just assumes the period in time where we have two active application cycles, and so you know between January 1 and June 30 we have two concurrent application cycles, and so, again, she would be asked to indicate which cycle she would be applying for. She could just click on, and in this instance she would be starting a 2011-2012 application, and, again, flowing through all of these landing pages is the PIN information. So, again, Kim is made aware that she does not have a PIN, and that she would need a PIN in order to sign her application, and from here she could link over to our PIN website and apply for a PIN. So, all of this can be done from the student landing page.

Our next example is Christopher. Christopher is 22 years old. He's a second-year student. He is what we would consider to be a renewal applicant, and this assumes that he has previously filed a FAFSA within the last two years, so that's how far back we'd go to determine if someone is renewal eligible. So, again, pretty much the same experience. He's able to navigate to the login page, enter his identifiers, and then once we identified that Christopher was a previous applicant, he will be taken to his customized login page, as well. So, from this, again, it shows that he had previously filed a FAFSA. Again, it assumes the time period when we have the two application cycles. So, again, he would be asked if he wanted to start a renewal 2011-2012 FAFSA, or if he wanted to start a brand new FAFSA, and I can't imagine why someone would want to start over, but there are circumstances that students to opt to

start over with a new FAFSA. And, again, for his PIN, it shows that he has an active PIN. If he has forgotten his PIN, from this page he can request a duplicate PIN, and so this process works pretty much as the duplicate PIN process right now. He can click on Request a Duplicate PIN, put in his information; he's able to display that PIN on the screen and then use that PIN downstream within the application process. And so, again, we've kind of built this stuff right into these My FAFSA pages.

Just as a reminder, I don't know if all of you are aware, but the information that you're gonna see on the next couple of slides is the information that gets carried over for renewal applicants, so from one year to the next. He had filed a 2010-2011 application, and if he opted to start his renewal application, all of the data that was previously provided in these data elements will be carried forward into his 2011-2012 application. So, you can just look at the list, it's a couple of screens, but, again, this is kind of a timesaving. These are data elements that we believe do not change substantially from year to year, and so we're gonna port this information over, but the applicant has the ability to update or correct any of these data elements once they go into the entry mode. Okay, so for Kim and both Christopher, they are able to save their FAFSA.

And again, currently if a student is in the process of completing their FAFSA, they aren't able to complete it in one session, they have the ability to save the application. This is current functionality. They would be able to _____ a password, and then they would need that password in order to access that saved information when they come back at a later date. Because Christopher is going to be accessing renewal information, which is, again, information that was provided in the previous cycle, we will ask him to provide his PIN because that is the way that we can actually validate that he is who he says that he is before we provide access to that historic data. Okay, I'm gonna let Shamarli take over from here, and we're just gonna kind of go back and forth. Are there any questions right now about any of the information that I've shared so far? Okay.

Audience: Can you tell me again how many years back for the student is it for them to be considered a renewal?

Michele: Two years. They have to have filed the application within the last two years, or within the last two application cycles.

Audience: Thank you.

Audience: When you roll this out new, January 1, my assumption is students who are doing FAFSAs for this year, all the functionality for the new FAFSA on the Web will be for both years.

Michele: No, that's not quite accurate. Now most of the changes that I'm showing, the homepage and the landing page is going to go across both application cycles. But for anyone that is completing a 2010-2011 application, they'll have the current experience. So, for six months, they'll continue to have that current experience, so they won't have kind of the new corrections module. So, I think that's the one biggest difference between that experience, but for anyone doing the 2011-2012, all of the functionality that I've described earlier around corrections, they'll have all of that, they'll be able to do the IRS in corrections entry. That's kind of another distinction. They won't be able to do IRS in corrections entry for 10-11. But, again, beyond 11-12, this functionality, again, will roll across both application cycles.

Audience: On the previous slide, it indicated that one of the renewal-eligible fields is the dependency override. Can you tell us a little bit more about that, what steps would be needed if I have done a dependency override on 10-11 for a student? If that is part of the renewable fields, how does that work?

Shamarli: What it allows us to do is it allows the applicant to go ahead and use FAFSA on the Web to submit their renewal application, and so the FAA would still need to do a follow-up process to continue the dependency override. It just allows them to resubmit their FAFSA.

Hello, everybody. Michele got to do the easy stuff, so I guess she's left me to do the more complicated stuff. So, I mean once someone logs into the application, they start what we consider to be the student demographic section, and we collect basic demographic information. One of the first skip logic fields that we have is around the state of legal residence. Last year, we made some changes to try to simplify those questions that are involved in determining a student's state of legal residence. So, what we found was that looking at the data that was provided based on historical information, about 95 percent of the applicants who entered a mailing address state had the same state of legal residence. So, what we did was we built in a filtering question that, based on the state of legal residence, we asked the applicant to confirm – well, based on the mailing address, we asked the applicant to confirm that that is their state of legal residence, and that they believe they've lived there for five or more years. So, if they can answer yes to that filtering question, we can pre-populate their state of legal residence questions. If they answer no to that

question, then we present them additional questions to figure out what is their state of legal residence.

So, you can see in this example – I don't know if you can see well – they've indicated that North Carolina is where they live, so we've asked them if they've lived in North Carolina for at least five years. They've answered no in this example, and so then we ask them what is their state of legal residence, and then they've entered North Carolina, and then we ask them to indicate whether they've met the time period of the state of legal residence requirements. We have similar logic for the driver's license question. We ask applicants whether or not they want to provide driver's license information. A lot of students, at the time they're applying, they don't have a driver's license, and so, previously, we were presenting the question to all applicants, whether or not they even had the information, so now we ask them whether they want to provide the information, and they can indicate yes or no.

Michele: This was kind of a stumbling block for a lot of students. If they didn't have a driver's license, they would just kind of stop here and be a little bit confused about why we were asking them for a driver's license, so we found that this works a lot better, you know, providing them the option. If they have one, they can provide it. If they don't, then it doesn't seem to be a big deal anymore.

Shamarli: We also have logic built in around the Selective Service question. We ask applicants in the demographic section what their gender is, and so we then present the Selective Service question to applicants who indicate that they are male, and then we only present the Selective Service question to applicants who are also between the ages of 18 and 25. For students that are 26 or older, they are unable to register for Selective Service, so there's no need to provide them those questions. We also have logic built in around the drug conviction eligibility question. We found that a lot of students, with the change to the legislation over the last couple of years, you had to have been enrolled in college while you had received your conviction, and so for students that had never attended college before, we really didn't need the information from them. So, the first thing that we determine is what is their college status, so if they indicate that they have never attended college before, we don't present the drug conviction question. We also ask them if they have ever received federal student aid before. If they indicate that they've never received federal student aid, the question doesn't apply to them, either.

For the new high school question, we have logic built in the application to only present that question to students who have

indicated they have a high school diploma, and then, also, to students who indicate that their grade level is never attended college or attended some college. The logic behind that is that for seniors in college, they've kind of passed the threshold for us to determine that. We believe that the regular process is working, that they have been successfully completing college, and we don't really need that information from them. But this will allow us to capture students going forward and capture their high school completed from this point forward.

So, just some information on how the high school question works. What happens is that if they meet the criteria that they have a high school diploma, and they indicated that they had never attended college, we're gonna ask them to provide the name of the high school that they attended, and also to provide information about the city and state in which that high school is located. On FAFSA on the Web, they would confirm, which would allow us to search our databases, and as Michele mentioned in the session earlier, we're using information from NCS databases, a database that holds private school and public school information. You can see on this screen that we've searched and we've found a matching high school. Kim would just need to hit Select, and then we would save that selected high school to her record. In the instance where someone enters information and we can't find them in our database, what we're gonna do is ask them to confirm the information that they put in the search criteria, and if they confirm that that is accurate, we're gonna save that search criteria as their high school. Do you guys want to ask your questions?

Audience: Yeah, I had a question about that. For example, if a student went to school with a high school in the Dominican Republic, are they able to put the name of the school in there, or does it recognize that?

Shamarli: This is gonna work similar to like our other kind of state fields, where there's an option for foreign countries. They'll be able to enter the information for that high school, select foreign country. Because this is a database for United States schools, that high school won't be located in the database, but they'll be able to still save that information to their application.

Audience: My question was just to clarify – can you hear me?

Shamarli: Yes.

- Audience:* You said that if they attended high school and they never attended college, but if they are in high school and they're doing concurrent enrollment or early college, how will that impact this?
- Shamarli:* I believe those students that are taking classes at a community college or taking some early classes, they would answer, what is it? Attended college? There's a zero and a one – yeah, attended some, and so they would also be presented the high school question.
- Audience:* Back on the gender question, if they leave that –
- Shamarli:* I can't hear you.
- Audience:* If they leave the gender question blank – it's not required – how is the Selective Service piece gonna work?
- Shamarli:* Well, we know that last year we caused a little bit of confusion. When we had first released the application, the placement of the gender question was causing some students to skip the question, and so what we did in a subsequent release was that we moved it back in a place that was more apparent. So, we found that it was a decrease in the number of people that were skipping the question. At this time the question is not required to be answered by applicants, so we found that the data supports us not having to make it a required question. We're still monitoring that, though.
- Michele:* But I guess to answer the question, for anybody that leaves it blank or answers male, we send their information over to Selective Service, so if, in fact, a female student – if the question was left blank, they would go over to Selective Service.
- Audience:* Going back to the concurrent enrollment question that the young lady addressed, what you responded falls in conflict with previous guidance that we had received. What we've always been told is if they were taking courses as a high school student, where they were not eligible for federal financial aid, that they should not indicate that they had previously attended, that they would still mark themselves as a first-time attended. Is that a change in policy?
- Shamarli:* I don't think that's a change. I think we can clarify that if you believe that to be not the correct statement. But what we are doing is for anyone who answers the question zero or one for the grade level question, we are presenting them the option to provide high school information.

- Audience:* Just very quickly, because I know you want to move on, back to the high school question. It may be addressed in the instructions, but home schoolers should do what?
- Shamarli:* For home-schooled students, we would not present them the question.
- Audience:* Good afternoon. I've got to get clarification again one more time. I work with high school students. I work at a school district, and so if my students were taking dual credits, because many of them do at my district, but they'll be attending the first year, what are you actually saying, that they are not first-time applicants for higher ed, or are they still high school students that are taking dual credits and actually taking courses, maybe in the summer?
- Shamarli:* I think maybe what we'll do is follow up with that question –
- Audience:* Okay –
- Shamarli:* – and put something in the presentation –
- Audience:* – because I really –
- Shamarli:* – before we post it. It's my understanding that for students who have never attended college, they would answer a zero, which is never attended college. For students who have earned some college credit, they would answer attended previously but were a first-time student.
- Audience:* Okay. Thank you.
- Shamarli:* But I think we'll try to provide some clarification in the presentation before we post it.
- Audience:* Okay. Thank you.
- Shamarli:* Okay?
- Michele:* And I think _____ about whether or not they are in a program of study, registered in a program of study that would lead to a degree, I think those students that _____ dual high school and attending some college, at that point they have not, I guess, declared a major or are officially in a program that would be leading to a degree, so that may be some of the distinction, as well. But we'll make sure that we put some clarification to this particular question out with the Power Point.

- Shamarli:* Okay. I'm gonna take this last question and then we're gonna move on, okay?
- Audience:* Okay. I have a question regarding Selective Service. You had indicated earlier that if a student is over 26, you won't even present the question for them regarding Selective Service registration, correct?
- Shamarli:* Right.
- Audience:* Okay, now what if the student is over 26 but was supposed to register and never registered?
- Shamarli:* Right, so that would follow the normal process of what the student needs to do outside of the application. Once they've turned 25, we cannot register them for Selective Service, and so that's why we don't present them the question.
- Audience:* So then the same thing would apply for not eligible, non-citizens, right, or alien students that didn't come here prior to, or students who came here but didn't become a citizen until the age of 26, so they would follow the same process as a student who was supposed to register by 26 and didn't, correct?
- Shamarli:* For students that are male that are not required to register because they are not a legal resident, and they were a non-eligible/non-citizen, they would not have to register for Selective Service.
- Audience:* Okay, so the question wouldn't even be presented then?
- Shamarli:* No, I think we present the question. We present the question but they're not required to register, so they would come back with an OK flag.
- Audience:* Okay. Thank you.
- Michele:* And there's a whole process, because I think those students, if they didn't register within the prescribed period of time, so that's less than 26, they actually have to go to Selective Service to get a letter, do a justification to Selective Service around why they did not file with Selective Service, and then present that letter to the financial aid office at the school. So, again, if they did not file, based on what the current requirements are, they have to go through that process that's already established.
- Shamarli:* All right, so that's what we've covered kind of so far. The next section of the application, we collect the information about the school that a student wants to attend, and then the next section

involves us determining a student's dependency status. What we're able to do based on answers previously collected in the application is we're able to pre-populate, basically, the age criteria for dependency status, the marital status dependency question, and then whether the student is working on a master's or graduate degree based on the grade level they indicate. And so applicants will have those answers pre-filled, and then we also ask all applicants to indicate whether they have children or other dependents, other than the children or spouse, so we collect that information for all applicants. The remaining dependency questions are presented to applicants one at a time, so we only present the dependency questions that are needed to determine if a student is independent. So, once they've completed these five first questions, we present the rest one at a time, and if a student indicates yes to any of those, then we stop presenting the dependency questions and are able to move them on. For dependent students, naturally they would see all of the questions because they would be answering no.

We've built in logic in the dependency questions to try to simplify the question around homeless students. What we have done is added a filtering question that asks students if they believe they were homeless or at risk of being homeless, and we ask them to just provide a yes or no. If the student is 21 or younger, based on what we have in the system for their date of birth, then we present them with the three detailed homeless questions that are on the FAFSA. These questions require that a student be a homeless youth, and it requires that they have a specific determination from one of these approved entities. So, some students, even though they have indicated they are homeless, they still cannot answer yes to the specific homeless questions. So, if they indicate that they are homeless and are unable to answer yes to the three detailed questions, we take them down a path that allows them to complete the FAFSA without providing parental information, and recommend that they follow up with the financial aid office.

The financial aid office does have the ability to give students a homeless determination separate from these approved entities on the FAFSA. This is just showing what the student would see if they indicated they were homeless and opted to go down that path. Because the FAFSA criteria covers homeless youth, which is 21 or younger, we've also built in a path for students who are 22 or 23 and they've indicated they're homeless. They would be unable to answer the three specific FAFSA questions, but they also can receive a separate determination from the financial aid office, and so we want to be able to get their information in the system and

direct them back to the financial aid office. They get just a different messaging explaining to them that because of their age, they have to go through a separate process.

So, another example. In this example, Chris has indicated no to all of the dependency questions, so we've determined that he needs to provide parental information. Several years ago, we built in these paths for students that were required by our rules to provide parental information but believe that they were unable to for some special reason. So, what they do is they indicate that they're unable to provide parental information, and then what we do is we send them down two different paths. One is a special circumstance path, so for those students it may be their parents are incarcerated, they've been abandoned by their parents, they have never been in contact with them. We give them some general examples and let them know that the financial aid office makes the ultimate determination, but that will allow them to submit the FAFSA without the data.

We also provide an option for students who they don't believe they meet the special circumstance path, but to accommodate the circumstance where a student could receive an unsubsidized loan only, we allow them to also submit the application without parental information. And so this is just a screen showing the kind of advice that we give the student about how the process works and the next steps that they will need to take with the financial aid office. So, that kind of covers the dependency status section. So, I guess what we're gonna talk about lastly is the logic around the financial information, so we're gonna start with the auto zero and SNT logic. Is there any questions about dependency status before we move on? Okay.

Audience: Well, I don't have a question about dependency status. I have a question about the actual application. I was wondering if it saves automatically when you go to the next screen?

Shamarli: I didn't really – can you say that again?

Audience: I was wondering, as far as the application, when you're doing it online, if it saves automatically when you click Next, or every so often?

Shamarli: Right. So, if you can look here, we have six different steps. We automatically save the application at the end of each step, so we would save like at the end of student demographics, the end of school selection, and then, also, at the bottom of the application, an applicant can choose to save the application at any time.

Audience: With the enhancements that you've made so that a student and a parent can sign in separate sessions, does the parent, if they're the last ones to sign, do they need the student's password – not their PIN, but the password – in order to sign the application?

Shamarli: With the way that we built the My FAFSA page, if an applicant had signed, a parent would just need to provide the identifiers, and then there would be an option off the landing page where they can provide their signatures, and so they wouldn't need the student's password.

Audience: Thank you.

Audience: Hi. One of the skip logic questions last year, if a student was, say, 25 or 26, it never got to give them the question about whether or not they were a veteran, and a lot of schools and programs use that information to help them get additional benefits that they might have been entitled to. Will that question still be presented this year, or is that one also impacted by the skip logic?

Shamarli: Right, so it's presented but it's only presented to people who have not been determined to be dependent by the previous question, to be independent by the previous questions. So, it's only presented to someone who had answered no to the first, I think, six dependency questions.

Audience: That might be something if you could put that higher up in the food chain, because it is useful to identify veterans to help them get other benefits they might be entitled to.

Shamarli: We'll note that. We have people taking notes, so we're noting the comments that have been made.

Audience: And everyone in the back, it's very difficult to hear the questions and some of the responses, so if people could just speak up a little bit, that would be helpful.

Shamarli: Okay. I'm sorry.

Audience: Thank you.

Shamarli: Okay, so for the financial section of the application, one of my favorite parts, what we do is for the federal needs analysis, we are required to present applicants a simplified experience if they meet one of the two simplified needs analysis test. So, there's the automatic zero, and then there's the simplified needs test. There are a couple of components that allow us to determine whether a student qualifies for that treatment. For both, there is an income

criteria. For automatic zero, the income has to be \$31,000.00 or less, for SNT, it has to be \$50,000.00 or less, and then there's eligibility criteria that goes along with that income criteria. So, an applicant or a dependent student's parent would have to indicate that they were a dislocated worker, that they had received one of the five federal benefits, or that they were eligible to file a 1040A or 1040EZ, and then we also have a separate kind of state participation element, where we work with states to determine whether or not they want to allow the treatment of automatic zero or simplified needs test. And so that's the third element in determining whether or not a student is gonna get a simplified treatment.

You can see here that we do check for the income, so in this section we presented the parent section on the left, the parent has indicated that they have an adjusted gross income of \$25,000.00, so they meet the income criteria for automatic zero. On the right, the parent has indicated they have \$45,000.00 of AGI, so they meet the SNT criteria for income, so then we check for the eligibility criteria. The first check that we do is against the answer that the applicant provides for what type of income tax return did your mother or father complete, so in this instance they've indicated 1040. If they had indicated 1040A or 1040EZ, the eligibility criteria would have been met. And then the second criteria that we check is the dislocated worker question. If the parent had answered yes here, the criteria would have been met. If they don't meet the criteria at that point, we then present the federal means questions. So, what happens is that if they have met the criteria, we never present them with the federal means question, which is why last year a lot of students who would have indicated that they had some type of federal benefit, you didn't see that information because we did not need that information from the applicant to determine that they had qualified for SNT or auto zero.

Audience: I have a question about the IRS information. With today's electronic filing, many people don't know if they are filing a 1040 or a 1040A. When this does the IRS database match, will that compare and update it correctly?

Shamarli: Right, so for this screen there's a previous screen, and on that previous screen is where they would go to the IRS site and get their tax information. So, at this point, if they had used the IRS tool and brought the information back, we would have the information about what tax return they filed, and that is one of the fields that we pre-populate using the IRS data. If the student indicates here that they have one of the benefits and they've met the eligibility criteria for auto zero SNT, if they select none of the

above, then we do the final question, which is the eligible for 1040A or 1040EZ. So then, once we determine that they've met the income criteria and the eligibility criteria, then we check to see whether the state that the student has indicated as their state of legal residence allows them to have a simplified calculation. So, you can see here, these are the states that do allow the simplified calculation, these are the states that do not, so if you have a student and their state of legal residence is Illinois, even if they had income criteria and they, for example, have received temporary benefits, they would still have to provide the data that other students would be allowed to skip.

Michele:

For the federal methodology, we still give them the appropriate treatment. So, if they are auto zero or SNT eligible, we give them the benefit of that treatment in terms of the federal methodology. What this really means is that the state wants them to provide the additional income information in order for them to be able to determine eligibility for state aid, so that's kind of the difference there.

Shamarli:

So, what does that mean? What it means is that for a student that meets the automatic zero, if they're a dependent student, they're allowed to skip the questions that are listed here. So, they don't have to provide information about their income tax, they don't have to provide information about exemptions; they skip the additional financial information questions and the untaxed income questions, they skip the parent asset questions, and all of the student financial questions. So, you may see records that have a lot of information missing that you may want, but the reason that the information may not be there is that they've qualified for the automatic zero treatment. For a dependent student that meets the simplified needs test, they are allowed to skip the parent asset questions and the student asset questions. And this is for an independent student, these are the questions that they're allowed to skip. So, what the applicant is presented with is a question that even though we know that they can skip these questions, we know that sometimes you guys may advise your students that you still need the information, so we present them with a question that allows them the option of skipping it or not skipping it. So, we ask them do they want to skip the remaining questions about their income and assets if they're auto zero, and then, if they're SNT, we ask them if they want to skip the questions about their assets.

We also have alternate treatment for non-tax filers. These students have indicated in the application that they are not going to file taxes, and so we're not gonna present them with questions that are related to the IRS tax return. We present them with the earnings

question about how much income they've earned, and we present them with a subset of the additional financial information on tax income questions that are not IRS tax-related. They get a similar treatment for auto zero and for SNT. We do have logic built in the application around a lot of different things. The non-tax filer edit is one of those things. If a parent or a student indicates that they are not going to file taxes, but they indicate an income amount that seems to exceed the IRS tax filing threshold, we do present them information letting them know that it appears that they should be filing a tax return and let them know that they can access the IRS tax return at the IRS site. The student can bypass this edit. It's just kind of a gentle warning, but they do have the option of continuing in the application.

Michele: And I think this treatment was in response to feedback that we would receive repeatedly from you guys that you would have students that indicated – students and parents – that they were non-tax filers, they seemed to exceed the threshold for filing taxes, and it was kind of difficult for you to act in the role as kind of the tax police to kind of make these people go back and file a tax return or provide information that indicated that they had, in fact, filed taxes. So, now we've just kind of built this warning into the system. As Shamarli said, people can navigate beyond it, but we're trying to give them information hoping that they will kind of police themselves and do the needful in terms of meeting the IRS tax filing requirements.

Shamarli: The gentleman.

Audience: Yes. I think this is a great edit. I did have an issue with a parent this year, though, that I believe this could be tweaked a little bit. I have a student whose parent is from Jamaica, not an American citizen, the parent isn't. Works in Jamaica, files a Jamaican tax return, but got this edit, and so even though they checked off foreign country, it was requiring her to fill out adjusted gross income and _____, which doesn't apply. The whole thing doesn't apply to someone who is not required to file a United States tax return.

Shamarli: I think that's a great thing for us to note that we should look into.

Audience: Thank you.

Shamarli: You're welcome.

Audience: I'm curious to know about what tax filing status you're looking at, because depending on whether or not a parent is married or if

they're filing head of household, the number changes. And so my fear is if the FAFSA rejects because of this, but if a parent would have filed, say, filing jointly or even filing as head of household, that their threshold would have been higher.

Shamarli: Yeah, and this isn't a reject. This is something that happens in the application as kind of a warning edit.

Audience: Okay, so it's just a warning.

Shamarli: Yeah, we're just checking our system, and we're seeing that you've indicated certain income tax, and we're just checking against what the IRS's tax filing threshold is, and so we're just trying to give them some information.

Audience: Okay. I thought I heard this morning that they were talking about that it was possible that it would reject if the student or the parent was required to file.

Shamarli: No.

Audience: Okay. Thank you.

Shamarli: So, the asset net worth thresholds question, this is a new question for 11-12, and how it works is kind of simple. What we were asked to do was figure out kind of like a way to simplify the presentation of the asset questions. In the **EFC** calculation, we only count the assets in the calculation if a certain amount is exceeded, if a certain amount has been reached by the applicant. And so instead of asking the applicant to kind of dig out all their papers, do all these calculations, was there a way for us to calculate kind of an eyeball kind of threshold and allow the parent or student to see if they believe they exceeded amount, and then we would require additional information, and, if not, they can move on. So, for parents of dependent students and independent students, if they are not eligible for auto zero or SNT, and if the state of legal residence allows the applicant to skip the asset questions, we present the asset threshold question.

So, you can see here in this example, all we're asking is as of today, does the total amount of your assets exceed a specified amount that we've calculated in your system. So, it appears reasonable that a parent could say, you know, if it's \$20,000.00, "No, I don't have assets that exceed that amount," and if they think that they may have assets that exceed that amount, they would just answer, "Yes," and be presented with the detailed asset questions. So, you can see that we present the regular asset questions here.

Audience: I can pretty much assure you, with a great deal of confidence after working in this for 15 years, that the number of people who will answer yes to that will be able to be counted in a very small bottle. No one is going to encourage you to assess greater penalties. They already feel like the money that they have is so personal and precious that it's none of the government's business anyway, and I'm afraid what this question is encouraging is not simplification but just expanded fraud, and I think it needs to be revisited.

Michele: We'll take that note. I think one of the things that we do want to do is look very carefully at the responses to this question, and how the data that is provided once we have provided that asset threshold amount. Again, the intent here is really around simplifying the process to help people understand the amount of assets that are protected in the needs analysis, and then only require, for those individuals that have assets in excess of that amount, to report them on the FAFSA. But I hear what you're saying, and I think we'll look very closely at the responses to this question.

Audience: One other question related to that is if they answer yes to the threshold question, I'm wondering if there may need to be a statement before the asset questions that tells them they need to report the full value. I can see people saying, "Oh, I have a \$17,500.00 threshold, so I only need to report what's above that," which would then invalidate the calculation.

Shamarli: Yeah, I think that's a good point, so we'll note that.

Audience: I also wanted to follow up on that. I think it might also be helpful to give them examples of assets prior to them answering that question, because it gives the examples here, after they've already said yes, but I could see some people saying, "Oh, I don't have any assets," when they don't, at that point, really understand that their savings account is an asset, that their cash and those types of things. So, I think that might be helpful. I also wanted to know if you could clarify whether or not we will see on the ISIR that they have weeded themselves out this way, or whether they've just left it blank. Will it indicate something saying that they've answered that threshold question in such a way?

Shamarli: I don't think there's anything on the ISIR that reflects whether or not they were presented with the threshold question. What it does do is it suppresses the edit that would have previously been triggered if they had left the question blank.

Audience: Okay. Thank you.

Audience: Yes, I have two questions. If a student says yes to the asset information and then provides actual dollar figures that are less than the number that was above, is there any sort of edit or any sort of message that the student gets saying, “You’re reporting less than the question asked above”?

Shamarli: No. We’re gonna retain the information they reported if that’s the scenario, because at that point they’ve told us the data.

Audience: The other concern is we’re simplifying the FAFSA by letting so many students bypass these asset questions, but then during verification, schools are having to ask thousands of students to get asset information back anyway, and so it’s really not simplifying it.

[Applause]

Shamarli: I’ll let my boss handle that response.

[Laughter]

Michele: Duly noted.

Shamarli: I mean I think we’re on the same page about having concerns of simplifying the process at the front end and creating additional –

Michele: Burden at the backend.

Shamarli: – issues once they are interacting with the financial aid office and need to make updates. I think we’re just trying to find a good balance, and so we’re always trying to look at the data once we make a change, and figure out, “Hey, did we do the right thing, or do we need to come back and do something different?”

Audience: Hello. My question references I believe it’s Slide 58, if you could go back for just a little bit. One more. There we go. You mentioned this morning, Michele, that this is a question, you warned them that they may need to file tax returns if their earnings are beyond a certain point, then you also mentioned that they would have an opportunity to adjust that income if they did get this warning. Now, when they do that, and they will, they’re gonna adjust to whatever they need to to become Pell eligible, I think earlier a young lady asked is there some mechanism for us to know this, because that’s what’s going to happen. And unless CPS, or for a QA school, we just automatically select them because they fall in a certain population that also encourages a little bit of fraud, because people are gonna want to adjust until they become Pell eligible.

[Applause]

Michele: I mean I think one of the things is it's merely a warning to help people understand their responsibility to file taxes if they meet the tax filing threshold. I think we do kind of in the system monitor the way people are editing on the income fields, and to, again, protect against them trying to, I guess, get to a certain answer with the EFC. But, again, I think that some of these people will be identified for verification, and hopefully we'll catch people that. But, again, we're no more the tax police than you guys are. I think this starts to communicate to them what they need to do or what they should be doing, but we just have to let the process work beyond that.

Audience: A question on Slide 60 with the asset questions. If they answer yes, and I know it will allow them to enter zero, what will happen if they enter zero for all three questions? Will it kind of say, "Hey, this won't work"? Because they've answered yes that they have assets above that, so it will allow them to answer zero to each one and still go forward?

Shamarli: Yes, because all this asset threshold question is is a filtering question, so it's not saved to the application. We're only saving the data that they enter in those fields.

Audience: Okay. Thank you.

Michele: That would be kind of interesting, though, to build in some kind of check. So, if we've gone through and we've calculated what would be your asset protection, then probably we should come back and check the amounts that they put in these three fields to make sure that they exceed what we had calculated as the asset protection. So, maybe that's something that we could look at in the future, because it does suggest that if they answer yes, that they did have assets in excess, and so we should be kind of validating that.

Audience: To further on that question, I would assume that the department would treat that as conflicting information that we would have to resolve if a student said, "Yes, we have assets over \$17,500.00," but have reported \$5,000.00. I mean that's conflicting information on the same form that we would have to resolve, so I would really encourage that there be some kind of check to ensure that if they answered yes, whatever the totals were were over the threshold.

Shamarli: Yeah, I think we can definitely look at building in some kind of double-check. I think someone had mentioned earlier about putting examples with the filtering question. We are gonna have some examples, but I think once someone gets to the actual questions, if they find that the data that they need to report isn't what they had previously thought just by looking at the filtering question, we don't necessarily want to prevent them from putting in what they believe is their right data. But I do think it's a valid point that we should be doing some of kind of maybe follow-up check.

Once we get the financial information from the parent and the student, we're pretty much at the end of the application. A student can sign and submit the application using a PIN, using a signature page, or they can process the application without signing it. We allow them to submit, and they're presented with a confirmation page. It has their confirmation number, it has their DRN – their data release number. We're providing the EFC estimate, along with Pell grant and loan estimates on the confirmation page. On the confirmation page is where we offer the option for a student, if they had parent information on the application, for that parent to initiate a second application, for example, for another sibling that they have in college. This is also where a student could initiate their transfer into their state application if the state is participating in the API process, and then we're continuing to provide the college rate information, the graduation, transfer and retention rates on the confirmation page, and then we provide information about next steps in the process. So, that's the end, and we'll take questions until the end of the session.

Michele: This is some good feedback on the asset threshold because, again, this is something new. I think as we were designing it, we tried to kind of anticipate how people would use it, what some of the potential issues would be, but I think you kind of offer a different perspective. So, I've captured all of those comments and we'll definitely go back and maybe look at some early behaviors, and even see if there's something that we might need to do to kind of enhance that, sooner rather than later.

Audience: Can you tell me what states besides New York participate in the API?

Shamarli: We were contacted by about 17 states that have indicated they would like to sign up. We're in the process of figuring out when they would actually be able to – their implementation date. So, about two states have indicated implementation date for January 1. Are we releasing the names?

- Michele:* New Jersey –
- Shamarli:* At this time, it's New Jersey and Pennsylvania, so we're still working with the other states to determine when they would be able to start up.
- Audience:* Thank you, and one more question. Is there a list somewhere of what edits can't be bypassed? I know with the one, you said that you could bypass that, the non-tax filer issue. Is there a list of those that can't be bypassed?
- Shamarli:* I'm not sure. There's something from the application processing group that they probably provide. We can check and include it in the presentation.
- Audience:* Okay. Thank you.
- Audience:* I have a question regarding if a student intentionally bypasses the parental information, claiming a special circumstance but they can't really substantiate, will the FAFSA still give them a true EFC, or will it automatically default to a zero EFC or no EFC because they bypassed and there is no signature, or any information.
- Shamarli:* Right, so what we allow them to do is we do allow them to skip that section, but we let them know that we're not processing their application, it's not complete, and we're not calculating an EFC until they've resolved the issue with the financial aid office.
- Audience:* Thank you.
- Audience:* On Slide 62, I'm just curious, what happens if they click Submit and leave the agreement as disagree?
- Shamarli:* We have edit. They have to agree.
- [Laughter]*
- Audience:* Okay.
- Shamarli:* In the back.
- Audience:* First off, I'd like to applaud the department for trying to simplify the FAFSA. It is pretty complicated. But, in that effort, the removal of the loan question will cause a lot of schools like ours difficulty in awarding those loans processes. The National Student Organization had a survey, and over 50 percent of the schools said they'd like to leave that question alone, but it still got removed. Is

there any more information you can provide as to why that was done?

Shamarli: Michele?

Michele: I guess, basically, the belief is many students really don't know at the time that they're filling out the application whether or not they would need to receive a loan. I think the thinking is that if students **could see** a full complement of aid that they would be eligible to receive, it could inform decisions. So, for example, if a student was able to see that with loans they might be able to afford the full cost of attendance at one school as opposed to another. I mean if they indicate just right off that they don't want loans, they wouldn't have the benefit of that information to assist them in making those informed decisions. I mean I understand that we don't want students to accept loan debt if they really don't need it in order to be able to pay for college and afford the cost of attendance, but I think the belief is that, again, if they had the full complement of all aid available to them, they can make more informed decisions about how they would pay for college.

Shamarli: And I think the administration is trying to encourage a healthy perception about student loans, that students feel tentative about taking out student loans, and they just automatically will react and say, "No, I don't want student loans," without really understanding the many benefits of taking out a student loan. So, I think it's to encourage a different perception around some of the benefits about student loans.

Audience: I think it will impact the default rate. Time will tell.

[Applause]

Audience: I would also like to say thank you for updating the website. It's so much more clear and simple, for the most part, so thank you. I have a couple of questions, one about the TEACH Grant question. We currently use that question to help find the students who might potentially be eligible. Can you explain a little bit more about why that question was removed?

Michele: Again, the belief is that you're asking a question of all students, where TEACH Grant, all schools do not offer programs that would qualify for TEACH Grant, and just I guess encouraging those schools that do have qualifying programs to find ways to reach out to their students to help them know that these programs do qualify for this additional aid. So, again –

Audience: It's creating a lot of confusion. I would say the majority of schools don't offer the TEACH Grant program, so a lot of people were indicating interest in it, and the schools they were planning to attend didn't offer the programs –

Michele: Programs that qualify.

Audience: Okay, thank you for clarifying that, and then my last question is wondering if you could possibly consider on the page where you have the dropdown that talks about the state aid deadlines, if there's any possibility that you could list priority dates by school. I know that that would be a lot of information to collect from the schools, but one of the things that we struggle with is our state aid deadline is April 1, and, as a school, our priority date for filing the FAFSA is March 1, and our students get very confused by that April 1 deadline and they think that's the deadline to fill out the FAFSA for our state, when we really want them to fill out their FAFSA by March 1. And we recognize that not all schools use the same date, obviously, but wondered if that's something you could consider for future changes, to include –

Shamarli: I think that's something that we could add to the list.

Audience: Okay. Thank you.

Michele: Let me just understand, though. So, that's the priority deadline state schools, or schools within a particular – just for your institution?

Audience: *[Inaudible comment]*

Michele: Oh, okay.

Shamarli: It's a lot of schools, though.

Michele: Sixty-two hundred. Of course, they're broken down by state, but –

Audience: My question is sort of a combination from this afternoon and this morning. When you fill out the FAFSA and the students at the end get their estimated EFC, and then they also get their estimated Pell and Direct Loans, and this morning for forecaster, you said they get their estimated Pell, estimated Direct Loans, and estimated work study. Why would you tell anybody about work study when there's no guarantee that any student who uses forecaster will ever get work study at any school?

Michele: I mean I think we make very clear that these are estimates, and really it's about helping students understand the types and amounts

of aid that is available. For work study, we define the programs, we say that there are limited resources available. The numbers that we actually provide are national averages, so it's not any potentially maximum amount that somebody would be receiving from any school. But again, it's an estimation tool just helping them understand the full complement of resources available.

Audience: Okay.

Audience: For those who don't use the IRS data retrieval, we had a lot of students last year that the AGI equaled the taxes paid, because they were just making errors. Is that a check now, or it's gonna let it go still?

Shamarli: No, we do have edits around all of those income tax fields. That's one of the edits that comes up frequently. It is kind of a warning edit, and so we tell them that they've indicated amounts that look to be the same and may not be accurate, but we do allow them to proceed if they verify that that data is accurate.

Audience: Okay.

Audience: Hello, again. The effort towards simplification, I have one other suggestion. Since we're going in the direction of IRS data retrieval, it would be really helpful if we could get the IRS to answer the question were they eligible to file a 1040A or EZ, rather than relying on the parent or student to answer that question? Because most of the time, it's wrong, and it's a huge – either you have someone who's getting a full Pell who shouldn't be, or someone who's not getting a Pell and doesn't know they should be getting a full Pell, and it's a \$7,000.00 EFC swing. So, that's a very problematic question, and it's not subject to verification _____ not required verification either, but it has a huge impact on their award, and when we check it, we find that it's often wrong.

Michele: Believe it or not, we did talk to the IRS about that, and the process now is that we're just bringing back data for data, as reported to the IRS. What they indicated is that they would have to go through some algorithm or some behind-the-scenes calculation for each of the taxpayers to accurately answer that question. So, again, that's something that we kind of have on our radar for them, but based on the current solution, again, they did not have the capacity to do those behind-the-scenes types of calculations that would let them do that.

Audience: I'm a tax preparer, and I know that one of the things that they're doing this year is updating their system so that when you submit a tax return electronically, in the past you would have to wait 24 hours to find out if it rejected or not because they put in a wrong Social Security number, or whatever. This year, they're doing it within 15 minutes, so I know they're making huge improvements to their system, and I think it's something that could come, and it should be easy enough for them figure out because they've actually had their forms, so they know whether they were eligible to file –

Michele: Well, you can come bring us your business card and we'll put you on **our taskforce**.

Audience: Okay.

[Laughter]

Michele: You know, I think one of the things, the first year that we worked with the IRS, I think it was a little bit challenging. I think they really, the people that we worked with, didn't really understand the financial aid process and the benefit that having this tool would provide to our applicants. I think, over time, they understand the shared benefit of what we have done as two federal agencies, even just from the public perspective. So, we're finding them a lot more willing to entertain kind of ideas about ways that we can enhance it. I mean the very first thing is that when we implemented the first one, again, in January, six months left in the cycle, we did it this past September for the 10-11, but now, we're gonna have it January 30. So, pretty much for the whole 11-12 cycle, we're gonna have the ability to be able to provide this tool and resource for applicants. So, as time goes by, we've been talking to them about providing W-2 information for non-tax filers, so know that we're in constant dialogue. But, again, they have a very strong position around protecting taxpayer information, only providing information that is currently required on the FAFSA, so it just may take some time for us to move this a little bit further along.

Audience: I want your business card. Quick question. On this morning's slide with the IRS data retrieval, it talked about for paper tax return filers that it would be available, the information, within six to eight weeks, but verbally I believe you said four to six weeks, and I didn't know if there was a difference between the two.

Shamarli: It's about six to eight weeks.

Audience: Six to eight? Okay. Thanks.

Shamarli: Michele misspoke.

Audience: Four to six weeks sounded reasonable, so –

Michele: Again, this is another thing we're really just gonna have to see how it works. I mean they're telling us for those that file electronically, the one to two weeks. I mean even this gentleman is saying things that they can do in 15 minutes. So, even as time has gone by, we have become more efficient around processing FAFSAs. I'm sure that they are pretty efficient around processing those electronic tax returns, and we may find that we have access to the data much sooner, for both electronic and paper. But, again, they weren't willing, at this point, to commit to anything beyond what are their standard timeframes.

Shamarli: Right.

Audience: Good afternoon. I have one concern with regard to the untaxed income _____ the non-tax filers, specifically that we have had, in the last two years, two different students that they have income, even though it was not explained what was the income, and they assumed that they were not required to file because it was below the threshold. However, because of the nature of the source of the income, they were indeed required to file a 1040 regular because all their income, close to \$10,000.00, came from interest. And so when we talked to the student that they needed to file taxes according to IRS law and disclose also their assets, the students, both of them, went to the _____, insulting us and being rude with regards of being very _____ and CPS told them that because their income was below the threshold for a single individual, they were not required. So, CPS was not abreast of the IRS rules with regards of who's required to file taxes, and the students then get angry. The student end up having close to \$1.5 million in assets, and –

Michele: I apologize. I don't want to hold up the next session, and I see the people are coming in. Shamarli and I will meet anybody that has any additional questions just kind of outside of this room. So, again –

Audience: **But I'm staying.**

Michele: – I thank you all for your participation, and we'll just be out there momentarily. We don't want to hold up the next session.

[End of Audio]