

Simplifying Student Aid



Susan Dynarski
Harvard University

College Is a Good Investment

- ❑ College grads earn more, live healthier lives, and are more likely to vote
- ❑ Maintaining a highly skilled workforce is key to economic growth
- ❑ Other nations are quickly catching up with and even exceeding the U.S. in the proportion of young people earning a college degree
- ❑ Evidence shows that subsidizing college can increase college entry and completion

There are large gaps in college entry

24-25-year-olds with any college

White, non-Hispanic	63%
Black, non-Hispanic	50%
Hispanic	30%

Source: 1998-2000 October CPS

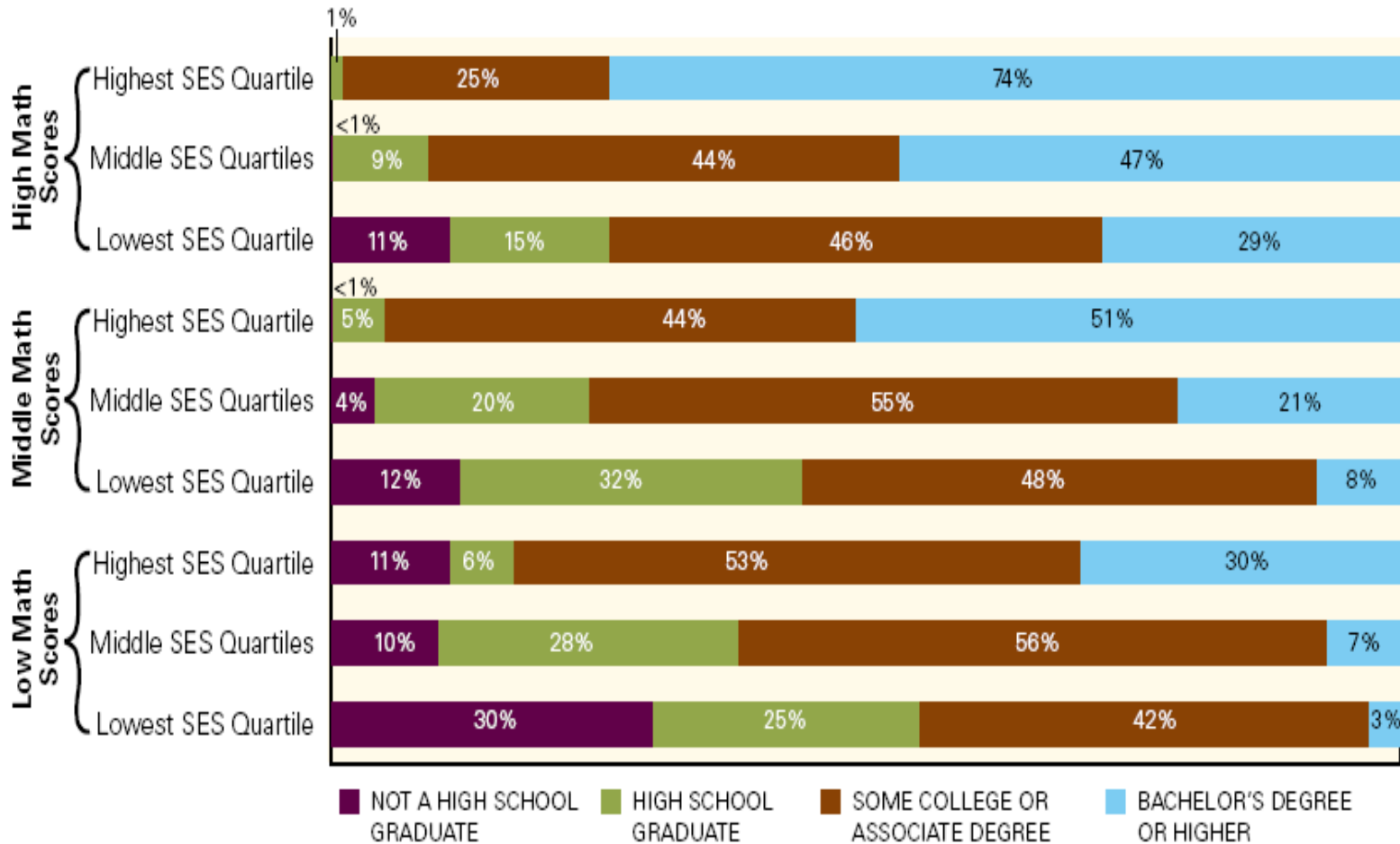
There are even larger gaps in college completion

24-25-year-olds with BA

White, non-Hispanic	32%
Black, non-Hispanic	13%
Hispanic	8%

Source: 1998-2000 October CPS

Gaps Exist Even Among Academically Proficient



- Completed Schooling in 2000 of High School Class of 1992, by High School SES and Math Score. College Board.

Origins of our research

- ❑ Pattern in the research literature: some aid programs are extremely effective while others have little to no impact
- ❑ Large effects
 - GI Bills (Angrist; Bound and Turner; Stanley)
 - Merit Aid (Cornwell and Mustard; Dynarski; Kane)
 - Social Security Student Benefits (Dynarski)
- ❑ Zero to small effects
 - Pell Grants (Bettinger; Hansen; Kane; Seftor and Turner)
 - Tax Credits (Long)

Our research and policy focus is on closing gaps in college *entry*

- Aim is to simplify aid process for those teetering on the threshold of college

- Relevant choices
 - UMass Boston or work?
 - Bunker Hill or the Army?

- *Federal* aid is the bulk of aid for these students

Consider the FAFSA



FAFSA

July 1, 2006 — June 30, 2007
FREE APPLICATION FOR FEDERAL STUDENT AID
 OMB # 1845-0001



Use this form to apply free for federal and state student grants, work-study and loans.
 Or apply free online at www.fafsa.ed.gov.

Applying by the Deadlines

For federal aid, submit your application as early as possible, but no earlier than January 1, 2006. We must receive your application no later than July 2, 2007. Your college must have your correct, complete information by your last day of enrollment in the 2006-2007 school year.

For state or college aid, the deadline may be as early as January 2006. See the table to the right for state deadlines. You may also need to complete additional forms. Check with your high school guidance counselor or a financial aid administrator at your college about state and college sources of student aid and deadlines.

If you are filing close to one of these deadlines, we recommend you file online at www.fafsa.ed.gov. This is the fastest and easiest way to apply for aid.

Using Your Tax Return

If you are supposed to file a 2005 federal income tax return, we recommend that you complete it before filling out this form. If you have not yet filed your return, you can still submit your FAFSA, but you must provide income and tax information. Once you file your tax return, correct any income or tax information that is different from what you initially submitted on your FAFSA.

Filling Out the FAFSA

Your answers on this form will be read electronically. Therefore:

- use black ink and fill in ovals completely;
- print clearly in CAPITAL letters and skip a box between words;
- report dollar amounts (such as \$12,356.41) like this:

Correct Incorrect

I S E L M S T

\$ 1 2 , 3 5 6 no cents

Blue is for student information and purple is for parent information.

If you or your family has unusual circumstances (such as loss of employment), complete this form to the extent you can, then submit it as instructed and consult with the financial aid office at the college you plan to attend.

For more information or help in filling out the FAFSA, call 1-800-4-FED-AID (1-800-433-3243). TTY users may call 1-800-730-8913. Or visit our Web site at www.studentaid.ed.gov.

Mailing Your FAFSA

After you complete this application, make a copy of pages 3 through 6 for your records. Then mail the original of only pages 3 through 6 in the attached envelope or send it to: Federal Student Aid Programs, P.O. Box 4691, Mt. Vernon, IL 62864-0059. Do not send the worksheets on page 8; keep them for your records.

If you do not receive the results of your application—a *Student Aid Report (SAR)*—within three weeks, please check online at www.fafsa.ed.gov or call 1-800-433-3243. If you provided your e-mail address in question 13, you will receive information about your application within a few days after we process it.

Let's Get Started!

Now go to page 3, detach the application form and begin filling it out. Refer to the notes as instructed.

STATE AID DEADLINES

File Online and File On Time
www.fafsa.ed.gov

- AK April 15, 2006 (date received)
 - AR For Academic Challenge - June 1, 2006 (date received)
 For Workforce Grant - Contact your financial aid administrator
 - AZ June 30, 2007 (date received)
 - CA For initial awards - March 2, 2006
 For additional community college awards - September 2, 2006 (date postmarked)
 - DC June 30, 2006 (date received by state)
 - DE April 15, 2006 (date received)
 - FL May 15, 2006 (date processed)
 - IA July 1, 2006 (date received)
 - IL First-time applicants - September 30, 2006
 Continuing applicants - August 15, 2006 (date received)
 - IN March 10, 2006 (date received)
 - KS April 1, 2006 (date received)
 - KY March 15, 2006 (date received)
 - LA May 1, 2006
 Final deadline - July 1, 2006 (date received)
 - MA May 1, 2006 (date received)
 - MD March 1, 2006 (date received)
 - ME May 1, 2006 (date received)
 - MI March 1, 2006 (date received)
 - MN 30 days after term starts (date received)
 - MO April 1, 2006 (date received)
 - MT March 1, 2006 (date received)
 - NC March 15, 2006 (date received)
 - ND March 15, 2006 (date received)
 - NH May 1, 2006 (date received)
 - NJ June 1, 2006, if you received a Tuition Aid Grant in 2005-2006
 All other applicants - October 1, 2006, fall & spring terms - March 1, 2007, spring term only (date received)
 - NY May 1, 2007 (date received)
 - OH October 1, 2006 (date received)
 - OK April 15, 2006
 Final deadline - June 30, 2006 (date received)
 - OR March 1, 2006 (date received)
 Final deadline - Contact your financial aid administrator.
 - PA All 2005-2006 State Grant recipients & all non-2005-2006 State Grant recipients in degree programs - May 1, 2006
 All other applicants - August 1, 2006 (date received)
 - RI March 1, 2006 (date received)
 - SC June 30, 2006 (date received)
 - TN For State Grant - May 1, 2006
 For State Lottery - September 1, 2006 (date received)
 - WV March 1, 2006 (date received)
- Check with your financial aid administrator for these states and territories:
 AL, AS, CO, CT, FM, GA, GU, HI, ID, MH, MP, MS, NE, NM, NV, PR, PW, SD, TX, UT, VA, VI, VT, WA, WI and WY.
- # For priority consideration, submit application by date specified.
 * Applicants encouraged to obtain proof of mailing.
 * Additional form may be required. 102472

STATE AID DEADLINES

Notes for questions 14 – 15 (page 3)

If you are an eligible noncitizen, write in your eight- or nine-digit Alien Registration Number. Generally, you are an eligible noncitizen if you are (1) a U.S. permanent resident with a Permanent Resident Card (I-551); (2) a conditional permanent resident (I-551C); or (3) the holder of an Arrival-Departure Record (I-94) from the Department of Homeland Security showing any one of the following designations: "Refugee," "Asylum Granted," "Parolee" (I-94 confirms paroled for a minimum of one year and status has not expired) or "Cuban-Haitian Entrant." If you are in the U.S. on an F1 or F2 student visa, a J1 or J2 exchange visitor visa, or a G series visa (pertaining to international organizations), you must fill in oval e. If you are neither a citizen nor an eligible noncitizen, you are not eligible for federal student aid. However, you may be eligible for state or college aid.

Notes for question 23 (page 3) — Enter the correct number in the box in question 23.

- Enter 1 for 1st bachelor's degree.
- Enter 2 for 2nd bachelor's degree.
- Enter 3 for associate degree (occupational or technical program).
- Enter 4 for associate degree (general education or transfer program).
- Enter 5 for certificate or diploma for completing an occupational, technical, or educational program of less than two years.
- Enter 6 for certificate or diploma for completing an occupational, technical, or educational program of at least two years.
- Enter 7 for teaching credential program (nondegree program).
- Enter 8 for graduate or professional degree.
- Enter 9 for other/undecided.

Notes for question 24 (page 3) — Enter the correct number in the box in question 24.

- Enter 0 for never attended college & 1st year undergraduate.
- Enter 1 for attended college before & 1st year undergraduate.
- Enter 2 for 2nd year undergraduate/sophomore.
- Enter 3 for 3rd year undergraduate/junior.
- Enter 4 for 4th year undergraduate/senior.
- Enter 5 for 5th year/other undergraduate.
- Enter 6 for 1st year graduate/professional.
- Enter 7 for continuing graduate/professional or beyond.

Notes for questions 29 – 30 (page 3)

Some states and colleges offer aid based on the level of schooling your parents completed.

Notes for questions 33 c. and d. (page 4) and 71 c. and d. (page 5)

If you filed or will file a foreign tax return, or a tax return with Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, the Marshall Islands, the Federated States of Micronesia, or Palau, use the information from that return to fill out this form. If you filed a foreign return, convert all figures to U.S. dollars, using the exchange rate that is in effect today. To view the daily exchange rate, go to www.federalreserve.gov/releases/h10/update.

Notes for questions 34 (page 4) and 72 (page 5)

In general, a person is eligible to file a 1040A or 1040EZ if he or she makes less than \$100,000, does not itemize deductions, does not receive income from his or her own business or farm, and does not receive alimony. A person is not eligible if he or she itemizes deductions, receives self-employment income or alimony, or is required to file Schedule D for capital gains. If you filed a 1040 only to claim Hope or Lifetime Learning credits, and you would have otherwise been eligible for a 1040A or 1040EZ, you should answer "Yes" to this question.

Notes for questions 37 (page 4) and 75 (page 5) — Notes for those who filed a 1040EZ

On the 1040EZ, if a person answered "Yes" on line 5, use EZ worksheet line F to determine the number of exemptions (\$3,200 equals one exemption). If a person answered "No" on line 5, enter 01 if he or she is single, or 02 if he or she is married.

Notes for questions 43 – 45 (page 4) and 81 – 83 (page 5)

By applying online at www.fafsa.ed.gov, you may be eligible to skip some questions. If you do not apply online, you will not be penalized for completing questions 43-45 and 81-83 on the paper FAFSA.

Net worth means current value minus debt. If net worth is one million dollars or more, enter \$999,999. If net worth is negative, enter 0.

Investments include real estate (do not include the home you live in), trust funds, money market funds, mutual funds, certificates of deposit, stocks, stock options, bonds, other securities, Coverdell savings accounts, college savings plans, installment and land sale contracts (including mortgages held), commodities, etc. For more information about reporting education savings plans, call 1-800-433-3243. Investment value includes the market value of these investments as of today. Investment debt means only those debts that are related to the investments.

Investments do not include the home you live in, the value of life insurance, retirement plans (pension funds, annuities, noneducation IRAs, Keogh plans, etc.), and prepaid tuition plans, or cash, savings, and checking accounts already reported in 43 and 81.

Business and/or investment farm value includes the market value of land, buildings, machinery, equipment, inventory, etc. Business and/or investment farm debt means only those debts for which the business or investment farm was used as collateral.

Notes for question 54 (page 4)

Answer "No" (you are not a veteran) if you (1) have never engaged in active duty in the U.S. Armed Forces, (2) are currently an ROTC student or a cadet or midshipman at a service academy, or (3) are a National Guard or Reserves enlistee activated only for training. Also answer "No" if you are currently serving in the U.S. Armed Forces and will continue to serve through June 30, 2007.

Answer "Yes" (you are a veteran) if you (1) have engaged in active duty in the U.S. Armed Forces (Army, Navy, Air Force, Marines or Coast Guard) or are a National Guard or Reserve enlistee who was called to active duty for purposes other than training, or were a cadet or midshipman at one of the service academies, and (2) were released under a condition other than dishonorable. Also answer "Yes" if you are not a veteran now but will be one by June 30, 2007.

More FAFSA

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 OMB # 1845-0001

Step One: For questions 1–30, leave blank any questions that do not apply to you (the student).

1-3. Your full name (as it appears on your Social Security card)

1. LAST NAME: FOR INFORMATION ONLY
 2. FIRST NAME: DO NOT SUBMIT
 3. MIDDLE INITIAL:

4-7. Your permanent mailing address

4. NUMBER AND STREET (INCLUDE APT. NUMBER)
 5. CITY (AND COUNTRY IF NOT U.S.)
 6. STATE
 7. ZIP CODE

8. Your Social Security Number
 9. Your date of birth
 10. Your permanent telephone number

11-12. Your driver's license number and state (if any)

11. LICENSE NUMBER
 12. STATE

13. Your e-mail address
WE WILL USE THIS E-MAIL ADDRESS TO CORRESPOND WITH YOU. YOU WILL RECEIVE YOUR FAFSA INFORMATION THROUGH A SECURE LINK ON THE INTERNET SENT TO THE E-MAIL ADDRESS YOU PROVIDED. LEAVE BLANK TO RECEIVE INFORMATION THROUGH REGULAR MAIL. WE WILL ONLY SHARE THIS ADDRESS WITH THE SCHOOLS YOU LIST ON THE FORM AND YOUR STATE. THEY MAY USE THE E-MAIL ADDRESS TO COMMUNICATE WITH YOU.

14. Are you a U.S. citizen?
 Pick one. See page 2.

a. Yes, I am a U.S. citizen. Skip to question 16. 1
 b. No, but I am an eligible noncitizen. Fill in question 15. 2
 c. No, I am not a citizen or eligible noncitizen. 3

15. ALIEN REGISTRATION NUMBER: A

16. What is your marital status as of today?
 I am single, divorced or widowed 1
 I am married/remarried 2
 I am separated 3

17. Month and year you were married, separated, divorced or widowed
 MONTH YEAR

18. What is your state of legal residence?
 STATE

19. Did you become a legal resident of this state before January 1, 2001?
 Yes 1 No 2

20. If the answer to question 19 is "No," give month and year you became a legal resident.
 MONTH YEAR

21. Are you male? (Most male students must register with Selective Service to get federal aid.)
 Yes 1 No 2

22. If you are male (age 18–25) and not registered, answer "Yes" and Selective Service will register you.
 Yes 1 No 2

23. What degree or certificate will you be working on during 2006–2007 school year? See page 2 and enter the correct number in the box.

24. What will be your grade level when you begin the 2006–2007 school year? See page 2 and enter the correct number in the box.

25. Will you have a high school diploma or GED before you begin the 2006–2007 school year?
 Yes 1 No 2

26. Will you have your first bachelor's degree before July 1, 2006?
 Yes 1 No 2

27. In addition to grants, are you interested in student loans (which you must pay back)?
 Yes 1 No 2

28. In addition to grants, are you interested in "work-study" (which you earn through work)?
 Yes 1 No 2

29. Highest school your father completed
 Middle school/Jr. High 1 High School 2 College or beyond 3 Other/unknown 4

30. Highest school your mother completed
 Middle school/Jr. High 1 High School 2 College or beyond 3 Other/unknown 4

31. Do not leave this question blank. Have you ever been convicted of possessing or selling illegal drugs? If you have, answer "Yes," complete and submit this application, and we will send you a worksheet in the mail for you to determine if your conviction affects your eligibility for aid.
 No 1 DO NOT LEAVE QUESTION BLANK
 Yes 2

Step Two: For questions 32–45, report your (the student's) income and assets. If you are married as of today, report your and your spouse's income and assets, even if you were not married in 2005. Ignore references to "spouse" if you are currently single, separated, divorced or widowed.

32. For 2005, have you (the student) completed your IRS income tax return or another tax return listed in question 33?
 a. I have already completed my return. 1
 b. I will file, but I have not yet completed my return. 2
 c. I'm not going to file. (Skip to question 38.) 3

33. What income tax return did you file or will you file for 2005?
 a. IRS 1040 1
 b. IRS 1040A or 1040EZ 2
 c. A foreign tax return. See page 2. 3
 d. A tax return with Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, the Marshall Islands, the Federated States of Micronesia, or Palau. See page 2. 4

34. If you have filed or will file a 1040, were you eligible to file a 1040A or 1040EZ? See page 2. Yes 1 No 2 Don't Know 3

For questions 35–47, if the answer is zero or the question does not apply to you, enter 0.

35. What was your (and spouse's) adjusted gross income for 2005? Adjusted gross income is on IRS Form 1040—line 37; 1040A—line 21; or 1040EZ—line 4.
 \$

36. Enter your (and spouse's) income tax for 2005. Income tax amount is on IRS Form 1040—line 57; 1040A—line 36; or 1040EZ—line 10.
 \$

37. Enter your (and spouse's) exemptions for 2005. Exemptions are on IRS Form 1040—line 6d or on Form 1040A—line 6d. For Form 1040EZ, see page 2.
 \$

38-39. How much did you (and spouse) earn from working (wages, salaries, tips, combat pay, etc.) in 2005? Answer this question whether or not you filed a tax return. This information may be on your W-2 forms, or on IRS Form 1040—lines 7 + 12 + 18; 1040A—line 7; or 1040EZ—line 1.

You (38) \$
 Your Spouse (39) \$

Student (and Spouse) Worksheets (40–42)

40-42. Go to page 8 and complete the columns on the left of Worksheets A, B, and C. Enter the student (and spouse) totals in questions 40, 41 and 42, respectively. Even though you may have few of the Worksheet items, check each line carefully.

Worksheet A (40) \$
 Worksheet B (41) \$
 Worksheet C (42) \$

43. As of today, what is your (and spouse's) total current balance of cash, savings, and checking accounts? Do not include student financial aid.
 \$

44. As of today, what is the net worth of your (and spouse's) investments, including real estate (not your home)? Net worth means current value minus debt. See page 2.
 \$

45. As of today, what is the net worth of your (and spouse's) current businesses and/or investment farms? Do not include a farm that you live on and operate. See page 2.
 \$

46-47. If you receive veterans' education benefits, for how many months from July 1, 2006, through June 30, 2007, will you receive these benefits, and what amount will you receive per month? Do not include your spouse's veterans' education benefits.

Months (46)
 Monthly Amount (47) \$

Step Three: Answer all seven questions in this step.

48. Were you born before January 1, 1983? Yes 1 No 2

49. At the beginning of the 2006–2007 school year, will you be working on a master's or doctorate program (such as an MA, MBA, MD, JD, PhD, EdD, or graduate certificate, etc.)? Yes 1 No 2

50. As of today, are you married? (Answer "Yes" if you are separated but not divorced.) Yes 1 No 2

51. Do you have children who receive more than half of their support from you? Yes 1 No 2

52. Do you have dependents (other than your children or spouse) who live with you and who receive more than half of their support from you, now and through June 30, 2007? Yes 1 No 2

53. Are (a) both of your parents deceased, or (b) are you (or were you until age 18) a ward/dependent of the court? Yes 1 No 2

54. Are you a veteran of the U.S. Armed Forces? See page 2. Yes 1 No 2

If you (the student) answered "No" to every question in Step Three, go to Step Four. If you answered "Yes" to any question in Step Three, skip Step Four and go to Step Five on page 6.

(Health Profession Students: Your school may require you to complete Step Four even if you answered "Yes" to any Step Three question.)

Yet More FAFSA

Step Four: Complete this step if you (the student) answered "No" to all questions in Step Three. Go to page 7 to determine who is a parent for this step.

55. What is your parents' marital status as of today?
 Married/Remarried 1 Divorced/Separated 2
 Single 3 Widowed 4

56. Month and year they were married, separated, divorced or widowed
 MONTH YEAR

57-64. What are the Social Security Numbers, names and dates of birth of the parents reporting information on this form? If your parent does not have a Social Security Number, you must enter 000-00-0000.

57. FATHER'S/STEPFATHER'S SOCIAL SECURITY NUMBER
 - -

58. FATHER'S/STEPFATHER'S LAST NAME, AND

59. FIRST INITIAL

60. FATHER'S/STEPFATHER'S DATE OF BIRTH
 / /

61. MOTHER'S/STEPMOTHER'S SOCIAL SECURITY NUMBER
 - -

62. MOTHER'S/STEPMOTHER'S LAST NAME, AND

63. FIRST INITIAL

64. MOTHER'S/STEPMOTHER'S DATE OF BIRTH
 / /

65. Go to page 7 to determine how many people are in your parents' household. Enter that number here.

66. Go to page 7 to determine how many in question 65 (exclude your parents) will be college students between July 1, 2006, and June 30, 2007. Enter that number here.

67. What is your parents' state of legal residence? STATE

68. Did your parents become legal residents of this state before January 1, 2001? Yes 1 No 2

69. If the answer to question 68 is "No," give month and year legal residency began for the parent who has lived in the state the longest.
 MONTH YEAR

70. For 2005, have your parents completed their IRS income tax return or another tax return listed in question 71?
 a. My parents have already completed their return. 1
 b. My parents will file, but they have not yet completed their return. 2
 c. My parents are not going to file. (Skip to question 76.) 3

71. What income tax return did your parents file or will they file for 2005?
 a. IRS 1040 1
 b. IRS 1040A or 1040EZ 2
 c. A foreign tax return. See page 2. 3
 d. A tax return with Puerto Rico, Guam, American Samoa, the U.S. Virgin Islands, the Marshall Islands, the Federated States of Micronesia, or Palau. See page 2. 4

72. If your parents have filed or will file a 1040, were they eligible to file a 1040A or 1040EZ? See page 2. Yes 1 No 2 Don't Know 3

For questions 73-83, if the answer is zero or the question does not apply, enter 0.

73. What was your parents' adjusted gross income for 2005? Adjusted gross income is on IRS Form 1040—line 37; 1040A—line 21; or 1040EZ—line 4. \$,

74. Enter your parents' income tax for 2005. Income tax amount is on IRS Form 1040—line 57; 1040A—line 36; or 1040EZ—line 10. \$,

75. Enter your parents' exemptions for 2005. Exemptions are on IRS Form 1040—line 6d or on Form 1040A—line 6d. For Form 1040EZ, see page 2. \$,

76-77. How much did your parents earn from working (wages, salaries, tips, combat pay, etc.) in 2005? Answer this question whether or not your parents filed a tax return. This information may be on their W-2 forms, or on IRS Form 1040—lines 7 + 12 + 18; 1040A—line 7; or 1040EZ—line 1.

Father/Stepfather (76)	\$	<input type="text"/>	<input type="text"/>	<input type="text"/>
Mother/Stepmother (77)	\$	<input type="text"/>	<input type="text"/>	<input type="text"/>

Parent Worksheets (78-80)

78-80. Go to page 8 and complete the columns on the right of Worksheets A, B, and C. Enter the parents' totals in questions 78, 79 and 80, respectively. Even though your parents may have few of the Worksheet items, check each line carefully.

Worksheet A (78)	\$	<input type="text"/>	<input type="text"/>	<input type="text"/>
Worksheet B (79)	\$	<input type="text"/>	<input type="text"/>	<input type="text"/>
Worksheet C (80)	\$	<input type="text"/>	<input type="text"/>	<input type="text"/>

81. As of today, what is your parents' total current balance of cash, savings, and checking accounts? \$,

82. As of today, what is the net worth of your parents' investments, including real estate (not your parents' home)? Net worth means current value minus debt. See page 2. \$,

83. As of today, what is the net worth of your parents' current businesses and/or investment farms? Do not include a farm that your parents live on and operate. See page 2. \$,

Now go to Step Six.

Step Five: Complete this step only if you (the student) answered "Yes" to any Step Three question.

84. Go to page 7 to determine how many people are in your (and your spouse's) household. Enter that number here.

85. Go to page 7 to determine how many people in question 84 will be college students, attending at least half time between July 1, 2006, and June 30, 2007. Enter that number here.

Step Six: Please tell us which schools may request your information, and indicate your enrollment status.

Enter the 6-digit federal school code and your housing plans. Look for the federal school codes at www.fafsa.ed.gov, at your college financial aid office, at your public library, or by asking your high school guidance counselor. If you cannot get the federal school code, write in the complete name, address, city and state of the college. For state aid, you may wish to list your preferred school first.

86. 1st FEDERAL SCHOOL CODE <input type="text"/>	OR	NAME OF COLLEGE ADDRESS AND CITY	STATE <input type="text"/>	HOUSING PLANS on campus <input type="radio"/> 1 off campus <input type="radio"/> 2 with parent <input type="radio"/> 3
88. 2nd FEDERAL SCHOOL CODE <input type="text"/>	OR	NAME OF COLLEGE ADDRESS AND CITY	STATE <input type="text"/>	89. on campus <input type="radio"/> 1 off campus <input type="radio"/> 2 with parent <input type="radio"/> 3
90. 3rd FEDERAL SCHOOL CODE <input type="text"/>	OR	NAME OF COLLEGE ADDRESS AND CITY	STATE <input type="text"/>	91. on campus <input type="radio"/> 1 off campus <input type="radio"/> 2 with parent <input type="radio"/> 3
92. 4th FEDERAL SCHOOL CODE <input type="text"/>	OR	NAME OF COLLEGE ADDRESS AND CITY	STATE <input type="text"/>	93. on campus <input type="radio"/> 1 off campus <input type="radio"/> 2 with parent <input type="radio"/> 3
94. 5th FEDERAL SCHOOL CODE <input type="text"/>	OR	NAME OF COLLEGE ADDRESS AND CITY	STATE <input type="text"/>	95. on campus <input type="radio"/> 1 off campus <input type="radio"/> 2 with parent <input type="radio"/> 3
96. 6th FEDERAL SCHOOL CODE <input type="text"/>	OR	NAME OF COLLEGE ADDRESS AND CITY	STATE <input type="text"/>	97. on campus <input type="radio"/> 1 off campus <input type="radio"/> 2 with parent <input type="radio"/> 3

98. See page 7. At the start of the 2006-2007 school year, mark if you will be:
 Full time 1 3/4 time 2 Half time 3 Less than half time 4 Not sure 5

Step Seven: Read, sign and date.

If you are the student, by signing this application you certify that you (1) will use federal and/or state student financial aid only to pay the cost of attending an institution of higher education, (2) are not in default on a federal student loan or have made satisfactory arrangements to repay it, (3) do not owe money back on a federal student grant or have made satisfactory arrangements to repay it, (4) will notify your school if you default on a federal student loan and (5) will not receive a Federal Pell Grant for more than one school for the same period of time.

If you are the parent or the student, by signing this application you agree, if asked, to provide information that will verify the accuracy of your completed form. This information may include U.S. or state income tax forms that you filed or are required to file. Also, you certify that you understand that the Secretary of Education has the authority to verify information reported on this application with the Internal Revenue Service and other federal agencies. If you sign any document related to the federal student aid programs electronically using a Personal Identification Number (PIN), you certify that you are the person identified by the PIN and have not disclosed that PIN to anyone else. If you purposely give false or misleading information, you may be fined \$20,000, sent to prison, or both.

99. Date this form was completed.
 / / 2006 or 2007

100. Student (Sign below)

Parent (A parent from Step Four sign below)

If this form was filled out by someone other than you, your spouse or your parents, that person must complete this part.

Preparer's name, firm and address

101. Preparer's Social Security Number (or 102)
 - -

102. Employer ID number (or 101)
 -

103. Preparer's signature and date

SCHOOL USE ONLY: Federal School Code
 D/O 1

FAA Signature

DATA ENTRY USE ONLY: P + L E

Notes for questions 55–83 (page 5) Step Four: Who is considered a parent in this step?

Read these notes to determine who is considered a parent on this form. Answer all questions in Step Four about them, even if you do not live with them. (Note that grandparents, foster parents and legal guardians are not parents.)

If your parents are living and married to each other, answer the questions about them.

If your parent is widowed or single, answer the questions about that parent. If your widowed parent is remarried as of today, answer the questions about that parent and the person whom your parent married (your stepparent).

If your parents are divorced or separated, answer the questions about the parent you lived with more during the past 12 months. (If you did not live with one parent more than the other, give answers about the parent who provided more financial support during the past 12 months, or during the most recent year that you actually received support from a parent.) If this parent is remarried as of today, answer the questions on the rest of this form about that parent and the person whom your parent married (your stepparent).

Notes for question 65 (page 5)

Include in your parents' household (see notes, above, for who is considered a parent):

- your parents and yourself, even if you don't live with your parents,
- your parents' other children if (a) your parents will provide more than half of their support from July 1, 2006, through June 30, 2007, or (b) the children could answer "no" to every question in Step Three on page 4 of this form, and
- other people if they now live with your parents, your parents provide more than half of their support, and your parents will continue to provide more than half of their support from July 1, 2006, through June 30, 2007.

Notes for questions 66 (page 5) and 85 (page 6)

Always count yourself as a college student. Do not include your parents. Include others only if they will attend, at least half time in 2006-2007, a program that leads to a college degree or certificate.

Notes for question 84 (page 6)

Include in your (and your spouse's) household:

- yourself (and your spouse, if you have one),
- your children, if you will provide more than half of their support from July 1, 2006, through June 30, 2007, and
- other people if they now live with you, you provide more than half of their support, and you will continue to provide more than half of their support from July 1, 2006, through June 30, 2007.

Notes for question 98 (page 6)

For undergraduates, "full time" generally means taking at least 12 credit hours in a term or 24 clock hours per week. "3/4 time" generally means taking at least 9 credit hours in a term or 18 clock hours per week. "Half time" generally means taking at least 6 credit hours in a term or 12 clock hours per week. Provide this information about the college you are most likely to attend.

Information on the Privacy Act and use of your Social Security Number

We use the information that you provide on this form to determine if you are eligible to receive federal student financial aid and the amount that you are eligible to receive. Sections 483 and 484 of the Higher Education Act of 1965, as amended, give us the authority to ask you and your parents these questions, and to collect the Social Security Numbers of you and your parents. We use your Social Security Number to verify your identity and retrieve your records, and we may request your Social Security Number again for those purposes.

State and institutional student financial aid programs may also use the information that you provide on this form to determine if you are eligible to receive state and institutional aid and the need that you have for such aid. Therefore, we will disclose the information that you provide on this form to each institution you list in questions 86-96, state agencies in your state of legal residence, and the state agencies of the states in which the colleges that you list in questions 86-96 are located.

If you are applying solely for federal aid, you must answer all of the following questions that apply to you: 1-9, 14-16, 18, 21-22, 25-26, 31-36, 38-45, 48-67, 70-74, 76-85 and 98-100. If you do not answer these questions, you will not receive federal aid.

Without your consent, we may disclose information that you provide to entities under a published "routine use." Under such a routine use, we may disclose information to third parties that we have authorized to assist us in administering the above programs; to other federal agencies under computer matching programs, such as those with the Internal Revenue Service, Social Security Administration, Selective Service System, Department of Homeland Security, Department of Justice and Veterans Affairs; to your parents or spouse; and to members of Congress if you ask them to help you with student aid questions.

If the federal government, the U.S. Department of Education, or an employee of the U.S. Department of Education is involved in litigation, we may send information to the Department of Justice, or a court or adjudicative body, if the disclosure is related to financial aid and certain conditions are met. In addition, we may send your information to a foreign, federal, state, or local enforcement agency if the information that you submitted indicates a violation or potential violation of law, for which that agency has jurisdiction for investigation or prosecution. Finally, we may send information regarding a claim that is determined to be valid and overdue to a consumer reporting agency. This information includes identifiers from the record; the amount, status and history of the claim; and the program under which the claim arose.

State Certification

By submitting this application, you are giving your state financial aid agency permission to verify any statement on this form and to obtain income tax information for all persons required to report income on this form.

The Paperwork Reduction Act of 1995

The Paperwork Reduction Act of 1995 says that no one is required to respond to a collection of information unless it displays a valid OMB control number, which for this form is 1845-0001. The time required to complete this form is estimated to be one hour, including time to review instructions, search data resources, gather the data needed, and complete and review the information collection. If you have comments about this estimate or suggestions for improving this form, please write to: U.S. Department of Education, Washington DC 20202-4700.

We may request additional information from you to process your application more efficiently. We will collect this additional information only as needed and on a voluntary basis.

**Worksheets
Calendar Year 2005**

Do not mail these worksheets in with your application. Keep these worksheets; your school may ask to see them.

Student/Spouse		Worksheet A Report Annual Amounts		Parents	
For question 40				For question 78	
\$		Earned income credit from IRS Form 1040—line 66a; 1040A—line 4 1a; or 1040EZ—line 8a.		\$	
\$		Additional child tax credit from IRS Form 1040—line 68 or 1040A—line 42		\$	
\$		Welfare benefits, including Temporary Assistance for Needy Families (TANF). Don't include food stamps or subsidized housing.		\$	
\$		Social Security benefits received, for all household members as reported in question 84 (or 65 for your parents), that were not taxed (such as SSI). Report benefits paid to parents in the Parents column, and benefits paid directly to student (or spouse) in the Student/Spouse column.		\$	
\$		Enter in question 40.		Enter in question 78.	\$

Student/Spouse		Worksheet B Report Annual Amounts		Parents	
For question 41				For question 79	
\$		Payments to tax-deferred pension and savings plans (paid directly or withheld from earnings), including, but not limited to, amounts reported on the W-2 Form in Boxes 12a through 12d, codes D, E, F, G, H and S		\$	
\$		IRA deductions and payments to self-employed SEP, SIMPLE, and Keogh and other qualified plans from IRS Form 1040—line 28 + line 32 or 1040A—line 17		\$	
\$		Child support you received for all children. Don't include foster care or adoption payments.		\$	
\$		Tax exempt interest income from IRS Form 1040—line 8b or 1040A—line 8b		\$	
\$		Foreign income exclusion from IRS Form 2555—line 43 or 2555EZ—line 18		\$	
\$		Untaxed portions of IRA distributions from IRS Form 1040—lines (15a minus 15b) or 1040A—lines (11a minus 11b). Exclude rollovers. If negative, enter a zero here.		\$	
\$		Untaxed portions of pensions from IRS Form 1040—lines (16a minus 16b) or 1040A—lines (12a minus 12b). Exclude rollovers. If negative, enter a zero here.		\$	
\$		Credit for federal tax on special fuels from IRS Form 4136—line 15 (nonfarmers only)		\$	
\$		Housing, food and other living allowances paid to members of the military, clergy and others (including cash payments and cash value of benefits)		\$	
\$		Veterans' noneducation benefits such as Disability, Death Pension, or Dependency & Indemnity Compensation (DIC), and/or VA Educational Work-Study allowances		\$	
\$		Other untaxed income not reported elsewhere on Worksheets A and B (e.g., workers' compensation, untaxed portions of railroad retirement benefits, Black Lung Benefits, disability, combat pay not reported on the tax return, etc.)		\$	
\$		Don't include student aid, Workforce Investment Act educational benefits, non-tax filers' combat pay, or benefits from flexible spending arrangements, e.g., cafeteria plans.		\$	
\$		Money received, or paid on your behalf (e.g., bills), not reported elsewhere on this form		XXXXXXXX	
\$		Enter in question 41.		Enter in question 79.	\$

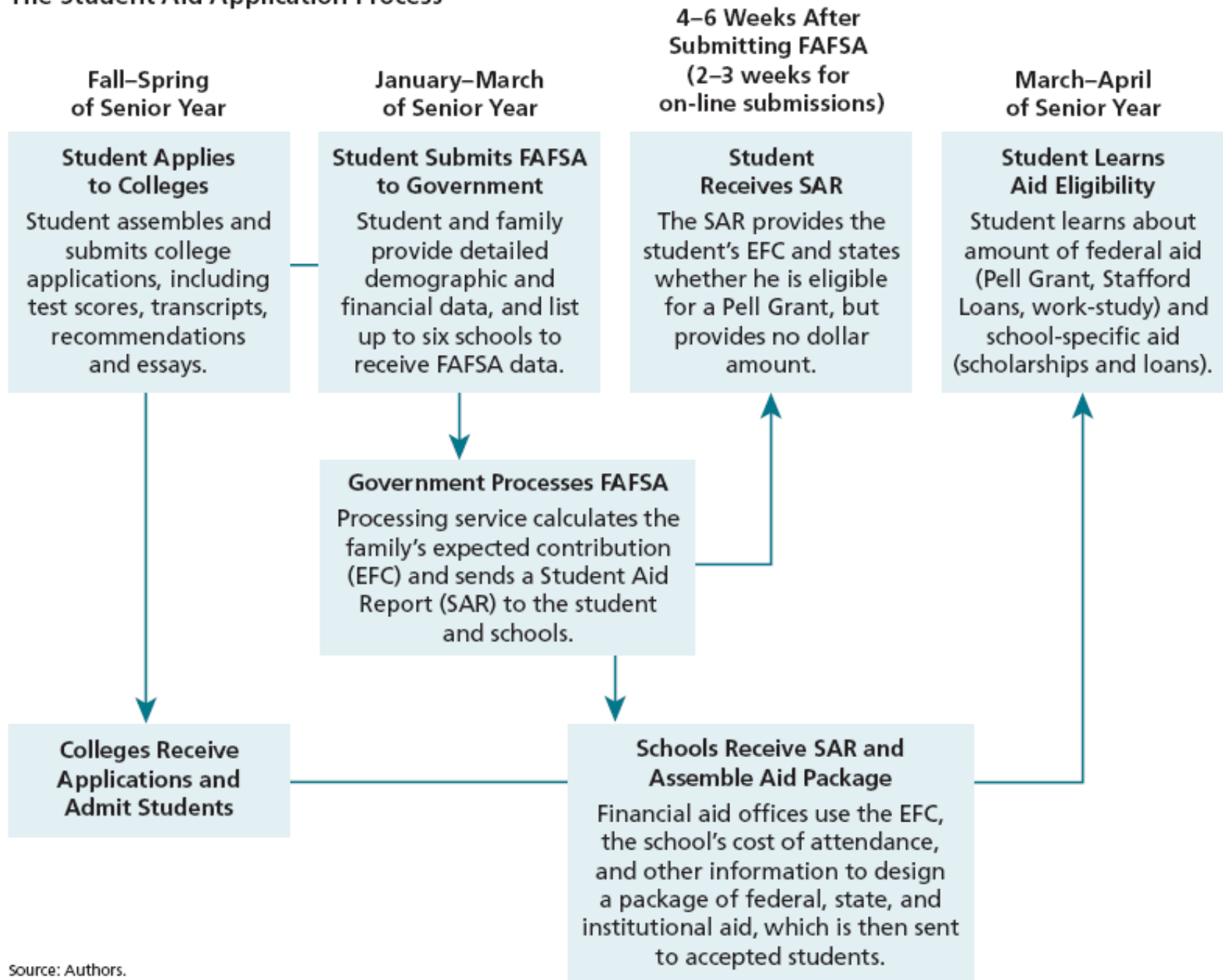
Student/Spouse		Worksheet C Report Annual Amounts		Parents	
For question 42				For question 80	
\$		Education credits (Hope and Lifetime Learning tax credits) from IRS Form 1040—line 50 or 1040A—line 31		\$	
\$		Child support you paid because of divorce or separation or as a result of a legal requirement. Don't include support for children in your (or your parents') household, as reported in question 84 (or question 65 for your parents).		\$	
\$		Taxable earnings from need-based employment programs, such as Federal Work-Study and need-based employment portions of fellowships and assistantships		\$	
\$		Student grant and scholarship aid reported to the IRS in your (or your parents') adjusted gross income. Includes AmeriCorps benefits (awards, living allowances and interest accrual payments), as well as grant or scholarship portions of fellowships and assistantships.		\$	
\$		Enter in question 42		Enter in question 80.	\$

Complexity of financial aid rivals that of taxes

Measure	1040 2005	1040A 2005	1040EZ 2005	FAFSA 2006–2007
Number of pages (excluding instructions)	2	2	1	5
Total number of questions	118	83	37	127
Non-financial items				
Identifying information	6	6	6	22
Demographic/family information	8	8	2	18
Enrollment status/school info.	0	0	0	7
Signature and preparer info.	12	12	12	8
Other	1	1	1	10
Financial items				
Earned income	1	1	1	5
Other income	19	12	2	33
Assets	0	0	0	6
Deductions/credits/allowances	39	22	2	12
Tax amounts from tables, calc. lines	21	12	6	6
Withholdings, refund prefs.	11	9	5	0
Number of items required for computation of tax/refund or aid amount*	71	43	8	72
Length of signing statement	49 words	64 words	59 words	232 words
Official estimate of time to prepare**	16 hours	13 hours	8 hours	1 hour

FIGURE 1

The Student Aid Application Process



Source: Authors.

Information about aid eligibility arrives too late to affect schooling decisions

- January
 - First chance to fill out FAFSA for September enrollment

- February/March
 - Dept of Ed processes FAFSA, sends info to colleges
 - Government does *not* tell student about aid eligibility

- March/April
 - Colleges send “aid award letters” to admitted students
 - First definitive information about federal aid

**U.S. DEPARTMENT OF EDUCATION
FEDERAL STUDENT AID**

WWW.FAFSA.ED.GOV

1-800-4-FED-AID (1-800-433-3243 or TTY: 1-800-730-8913)

START HERE. GO FURTHER

FINAL 9/08/2006

DRN: 2401
OMB No.1845-0008

000117C041

CHRISTOPHER E. STUDENT
1234 ABCDEFGHIJKLMNOPQRSTUVWXYZABCD
ABCDEFGHIJKLMNOPQ, MD 12345

June 27, 2007
EFC: 00000 C

Dear CHRISTOPHER E. STUDENT,

Thank you for submitting your information for federal student aid to the U.S. Department of Education.

This is your Student Aid Report (SAR) for the 2007-2008 award year. Keep a copy of this SAR for your records.

You (the Student)

Here is where you are this year in the process of applying for student financial aid:

- | | | |
|---|--|--|
| <p>1. You applied for financial aid by completing a Free Application for Federal Student Aid (FAFSA).</p> | <p>2. Now you should check your SAR information and resolve the issues described on page 3.</p> | <p>3. Your school has the authority to request copies of certain financial documents to verify information you reported on your application.</p> |
|---|--|--|

U.S. Department of Education

Here is where we are in collecting, processing, and storing your information for the 2007-2008 award year:

- | | | |
|---|--|---|
| <p>1. We received your information and processed it. Our results are below.</p> | <p>2. We sent your information and results to you and made them available for the school(s) you listed in Step Six to request.</p> | <p>3. We will update your federal student aid record with any changes you make.</p> |
|---|--|---|

Based on the information you have submitted, we have used the standard formula to calculate your EFC, which is 00000. Your school will use this number to determine what types of aid and how much you are eligible for based on your educational costs.

School(s)

Here are the steps your school(s) will take to put together your 2007-2008 financial aid package:

- | | | |
|---|--|--|
| <p>1. Your school(s) received your information and our results.</p> | <p>2. Your school(s) have the authority to ask you to verify your information.</p> | <p>3. Your school(s) may put together or change an aid package and notify you.</p> |
|---|--|--|

The amount of aid you receive from your school(s) will depend on the cost of attendance at your school(s), your enrollment status (full-time, three-quarter-time, half-time, or less than half-time), Congressional appropriations, and other factors. Review your financial aid notification from your school(s) or contact your Financial Aid Administrator.

Please read the important information on page 2, and then go to page 3 to see what you need to do next.

X9XX999999 999

PAGE 1 OF 8



2007-2008 Student Aid Report (SAR)

THE OFFICE OF MANAGEMENT & BUDGET WANTS YOU TO KNOW:

OMB According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 1845-0008. The time required to complete this information collection is estimated to be an average of 15 to 30 minutes, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collected. If you have any comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: U.S. Department of Education, Washington, DC 20202-4651. If you have any comments or concerns regarding the status of your individual submission of this form, write directly to: Federal Student Aid Information Center, P.O. Box 84, Washington, DC 20044.

OMB By answering questions 97a through 97h, and signing the Free Application for Federal Student Aid (FAFSA), you give permission to the U.S. Department of Education to provide information from your application to the college(s) listed in Step Six. You also agree that such information is deemed to incorporate by reference the certification statement in Step Seven of the financial aid application. To learn more about the Privacy Act and how your information may be used, you may refer to page 4 of the paper FAFSA or the Privacy Act link on FAFSA on the Web.

OMB To protect the confidentiality of your application data, you should never give, share or disclose your PIN with anyone, including commercial service providers that provide assistance with the financial aid process. You should keep your PIN in a safe location. If you think your PIN has been compromised, please go to the Federal Student Aid PIN web site at www.pin.ed.gov and change your PIN.

WARNING: If you are convicted of drug distribution or possession, your eligibility for Title IV student financial aid is subject to suspension or termination. If your drug conviction status changes at any time during the 2007-2008 award year, you must update your answer to question 31.

For Financial Aid Office Use Only

This information will be used by your Financial Aid Administrator to determine your eligibility for student aid.

SAR C Flag: Y	Dependency Status: I	Rejects Met: 01 02 03 04 05 07
Application Source: 2A	Dependency Override: X	Application Receipt Date: 06/19/2007
Transaction Source: 4C	FAA Adjustment: X	Transaction Receipt Date: 06/20/2007
Processed Record Type: X	Reprocessing Code: X	Verification Flag: X
Duplicate SSN Flag: X		

MONTHS:	1	2	3	4	5	6	7	8	9	10	11	12
PRIMARY EFC:	00000	00000	00000	00000	00000	00000	00000	00000	00000	00000	00000	00000
SECONDARY EFC:	00000	00000	00000	00000	00000	00000	00000	00000	00000	00000	00000	00000
PC:	99999											
SIC:	99999											

Auto Zero EFC Flag: Y SNT Flag: N Pell Eligible Flag: Y

MATCH FLAGS:

SSN Match Flag: 4	Selective Service Registration Flag: N	Selective Service Match: X
DHS Match Flag: X	DHS Verification #: 129456789012345	SSA Citizenship Code: X
DHS Sec. Conf. Flag: X	YA Match Flag: 1	FSSN Match Flag: 4
NSLDS Match Flag: 2	NSLDS Database Results Flag: 1	MSSN Match Flag: 4
	NSLDS Transaction Number: 01	

COMMENTS: 001 002 003 004 005 006 007 008 009 010 011 012 013 014 015 016 017 018 019 020

X9XX999999 999

PAGE 2 OF 8



2007-2008 Student Aid Report (SAR)

COMMENTS ABOUT YOUR INFORMATION

Based on the information we have on record for you, YOUR EFC IS 00000. Your school will use this number to determine your financial aid eligibility for federal grants, loans, and work study, and possibly available funding from your state and school. You may be eligible to receive a Federal Pell Grant and other federal student aid.

ISSUES AFFECTING YOUR ELIGIBILITY

If you want to register with Selective Service, you may answer "yes" to both questions 21 and 22 on this SAR, complete a Selective Service registration form at your local post office, or register online at www.sss.gov. Selective Service will not process your registration until 30 days before your 18th birthday.

The Social Security Administration (SSA) did not confirm that you are a U.S. citizen. You need to provide your school with the documentation of your citizenship status before you can receive federal student aid.

WHAT YOU MUST DO NOW

Your school has the authority to ask you to provide copies of certain financial documents for you and your parent(s).

We assumed certain information to calculate your eligibility for federal student aid. We printed the assumption we made and the word "assumed" in the "You Told Us" column for each of these items. If our assumptions are correct, do not change them.

Be sure to review the items printed in darker print on this SAR and make corrections if necessary.

NOTE: You reported a value(s) that exceeds the amount of space allowed on the SAR. We printed all of the lines in darker print for those fields.

OTHER INFORMATION YOU NEED TO KNOW

If your parents have now filed their 2006 tax return, correct this SAR to reflect the information as reported on their tax return. If your parents still haven't filed, notify your Financial Aid Administrator once they file.

ATTENTION: You did not list any schools or the schools listed are not in our eligible school file. To receive federal student aid, you must attend a school that participates in the federal student aid program.

If you need additional help with your SAR, contact your school Financial Aid Administrator (FAA) or the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243). If your address changes, send the correction on your SAR or call 1-800-4-FED-AID to make the correction on your record.



2007-2008 Student Aid Report (SAR)

Summary of Federal Student Loans

The information below is the total amount of student loans that you owe as currently reported to us by your loan holder(s). These loans are administered by the U.S. Department of Education (ED). You should confirm that these loan totals are correct. You can use your Federal Student Aid PIN to view details on the individual loans that make up these totals at the National Student Loan Data System (NSLDS) web site at www.nsls.ed.gov. For more information about your Federal Student Aid PIN, go to www.pin.ed.gov. If you feel that the amounts listed on this page are incorrect, or you have other questions related to a loan, you should contact the loan servicer indicated on the NSLDS web site. You can obtain general information about each of the types of loans that are listed below by visiting our studentaid.ed.gov web site.

Note that the "Subsidized" and "Unsubsidized" amounts include the appropriate portions of any Consolidation Loans you may have. If there is an amount listed for "FFEL Unallocated Consolidation Loans" it is because we could not determine whether those balances were subsidized or unsubsidized.

Remember you are responsible for repaying all of the amounts that you borrow, plus interest. As a general rule, with an assumed interest rate of 5%, the monthly payment amount over a ten-year repayment period would be approximately \$10.61 for every \$1,000 that you borrowed. Of course your actual repayment amount will depend upon how much you borrow, the interest rate when you enter repayment, and how long your repayment term is.

Total Amount of Loans Outstanding -

FFEL (Bank Loans) and/or Direct Loans:	Total Principal Balance:	Remaining Amount to Be Disbursed to You, if Any:	Total:
Subsidized Loans:	\$ 123,456	\$ 123,456	\$ 123,456
Unsubsidized Loans:	\$ 123,456	\$ 123,456	\$ 123,456
FFEL Unallocated Consolidation Loans:	\$ 123,456	\$ 123,456	\$ 123,456
Total Amount of Loans Outstanding:	\$ 123,456	\$ 123,456	\$ 123,456
Federal Perkins Loans:			
Total Outstanding Principal Balance:	\$ 123,456		
2007-2008 Award Year Loan Amount:	\$ 123,456		

You may need this information to answer Questions 23, 25 and 26 on pages 5 and 6.

Codes for Question 23: TYPE OF DEGREE/CERTIFICATE

- 1 - 1st Bachelor's degree
- 2 - 2nd Bachelor's degree
- 3 - Associate degree (occupational or technical program)
- 4 - Associate degree (general education or transfer program)
- 5 - Certificate or diploma for completing an occupational, technical, or educational program less than two years
- 6 - Certificate or diploma for completing an occupational, technical, or educational program of at least two years
- 7 - Teaching credential program (non-degree program)
- 8 - Graduate or professional degree
- 9 - Other/Undecided

Codes for Question 25: ENROLLMENT STATUS

- 1 - Full Time
- 2 - Three-Quarter Time
- 3 - Half Time
- 4 - Less Than Half Time
- 5 - Don't Know

Codes for Question 26: STUDENT AID TYPES

- 1 - Work-study (Student aid that you earn through work)
- 2 - Student loans (which you must pay back)
- 3 - Both work-study and student loans
- 4 - Neither
- 5 - Don't Know

If you need a copy of the worksheets used to answer questions 40-42 or 84-86, you can go to ED's web site (www.fafsa.ed.gov/worksheets.htm).



2007-2008 Student Aid Report (SAR)

OMB No. 1845-0008

Check your SAR

- 1. If you find a mistake put the correct answer in the boxes or completely fill in an oval (example: ●).
- 2. Look for arrows (---> or ---v) in the area next to your information. For these items, give us a new answer, or if your current answer is correct, rewrite the same information exactly.
- 3. If you want to delete an answer, draw a line through your answer and through the empty box or oval (example:

10. Permanent Home Phone Number	1234567890
---------------------------------	------------

).
- 4. Use your PIN to make corrections online at www.fafsa.ed.gov or send in pages 5-8 of this form.

Processed: 06/27/2007

123-45-6789 ST-01 DRN: 2401

Step One: You (The Student)

1. Last Name STUDENT	2. First Name CHRISTOPHER	3. Middle Initial E
FOR INFORMATION ONLY		
DO NOT SUBMIT		
4. Permanent Street Address 201 MAIN STREET		
5. City IOWA CITY	6. State Abbreviation IA	7. ZIP Code 52317
8. Social Security Number 123-45-6789	9. Date of Birth (BLANK) MM/DD/YYYY 19	10. Permanent Home Phone Number (319)555-1234
11. Driver's License Number STA7983-IA-0000123008	12. Driver's License State Abbreviation IA	

We will use this e-mail address to correspond with you. You will receive your SAR information through a secure link on the internet. We will only share this address with the schools you list on the form and your state. Leave blank to receive information through regular mail.

13. Student's E-mail Address
CHRISTOPHERSTUDENT@UNIVMD.COLLGPRK.EDU

14. Citizenship Status
U.S. CITIZEN U.S. Citizen Eligible Noncitizen Neither Remember to completely fill in the oval.

15. Alien Registration Number
A

16. Marital Status
BLANK Single, Divorced or Widowed Married/Remarried Separated

17. Date of Marital Status
MM/DD/YYYY format (e.g., 03/1980)

18. State of Legal Residence Abbreviation
IA

19. Did you become a legal resident of this state before January 1, 2002?
YES No

20. If you answered "No" to question 19, date you became a legal resident.
MM/DD/YYYY

21. Are you male?
YES Yes No

22. If you are male (age 18-25) and not registered, answer "Yes" and Selective Service will register you.
YES Yes No

23. Type of Degree/Certificate
1ST BA Enter Code from Instructions

You Told Us

24. Grade Level in College in 2007-2008?
1ST PREV ATTENDED

25. Enrollment Status in 2007 - 2008
FULL TIME

26. What Student Aid Types Interest You?
WORK-STUDY

27. High School Diploma or GED?
YES

Write in Information for New or Corrected Items only.

1st Never Attended.....

1st Previously Attended.....

2nd/Sophomore.....

3rd/Junior.....

4th/Senior.....

5th or More.....

1st Yr. Graduate/Professional.....

Cont. Graduate/Professional.....

Enter Code from Instructions

Enter Code from Instructions

Yes No

You Told Us

28. First Bachelor's Degree by 7-1-2007?
YES

29. Father's Educational Level
HIGH SCHOOL

30. Mother's Educational Level
COLLEGE

31. Drug Conviction Affecting Eligibility? (BLANK)

DO NOT LEAVE THIS QUESTION BLANK

Write in Information for New or Corrected Items only.

Yes No

Middle school/Jr. High

High school.....

College or beyond.....

Other/unknown.....

Middle school/Jr. High

High school.....

College or beyond.....

Other/unknown.....

No.....

Yes (Part-Year).....

Yes/Don't Know.....

Step Two: 2006 Student (and Spouse) Income and Assets

For 32-45, report your (the student's) income and assets. If you are married as of today, report your and your spouse's income and assets, even if you were not divorced, or widowed. Remember to completely fill in the oval as follows: ●

For 38-39, answer the questions whether or not you filed a tax return. This information may be on your W-2 forms, or on IRS Form 1040-lines 7+12+16 + Box 14 of IRS Schedule K-1 (Form 1065); 1040A-line 7; or 1040EZ-line 1.

32. Filed 2006 Income Tax Return
ALREADY COMPLETED

33. Type of 2006 Tax Form Used
1040

34. If you filed or will file a 1040, were you eligible to file a 1040A or 1040EZ?
NO

Have already completed.....

Will file, have not yet completed.....

Not going to file.....

(Skip to question 38)

A: IRS 1040.....

B: IRS 1040A or 1040EZ.....

C: A foreign tax return.....

D: A tax return with Puerto Rico, a U.S. Territory or Freely Associated State.....

Yes No Don't Know

For 35-47, if the answer is zero or the question does not apply to you, enter 0. Report dollar amounts (such as \$12,356.00) like this:

EXAMPLE \$ 12,356 (no cents)

35. Adjusted Gross Income from IRS Form (IRS Form 1040-line 37; 1040A-line 21; or 1040EZ-line 4.)
\$ 999,999 ASSUMED

36. U.S. Income Tax Paid from IRS Form (IRS Form 1040-line 57; 1040A-line 35; or 1040EZ-line 11)
\$ 99,999 ASSUMED

37. Exemptions Claimed from IRS Form (1040-line 6d; 1040A-line 6d; for Form 1040EZ see page 2.)
02

Step Three: Student Status For 48 - 55 write in information for New or Corrected Items only.

48. Born Before 1-1-1984?
NO (YES ASSUMED)

49. Working on a master's or doctorate program in 2007-2008?
NO (YES ASSUMED)

50. Are you married?
(YES ASSUMED)

51. Have children who receive more than half of their support from you?
NO

Yes No

Yes No

Yes No

Yes No

52. Have dependents other than children or spouse?
YES

53. Are your parents deceased, or were you (until age 18) a Ward/Dependent of Court?
YES

54. Are you on active duty in U.S. Armed Forces?
YES

55. Are you a veteran of U.S. Armed Forces?
NO

Yes No

Yes No

Yes No

Yes No

Step Four: 2006 Parental Information

Complete this section if you (the student) answered "No" to all questions in Step Three. If you do not live with your two parents, then provide information about the parent you lived with most during the past year (if that parent is married, provide information about the stepmother or stepfather to whom that parent is married).

Form for Step Four: 2006 Parental Information. Includes sections for marital status, father's/stepfather's information, mother's/stepmother's information, family size, state of residence, income, and tax return details.

Step Five: Student's Household Information

Form for Step Five: Student's Household Information. Includes questions about family members in 2007-2008, college enrollment, and receipt of supplemental security income, food stamps, and lunch.

Form for Step Five: Student's Household Information. Includes questions about receipt of free/reduced price lunch, Temporary Assistance for Needy Families (TANF), and Nutrition Program for Women, Infants and Children (WIC).

Housing Plans: 1 -- on campus, 2 -- off campus, 3 -- with parent

Step Six: Student's School Information

Form for Step Six: Student's School Information. Includes sections for 'You Told Us' (First, Second, Third, and Fourth College Name, City and State) and 'NEW Federal School Code or NEW College Name, City, State'.

Your FAFSA information was sent to all schools that you listed although they are not all shown here. To see all of the schools you listed go to www.fafsa.ed.gov select 'View and Print Your Student Aid Report'.

Form for Step Six: Student's School Information. Includes questions about date completed, signed by, preparer's social security number, preparer's EIN, and preparer's signature.

Step Seven: Please read, sign, and date. You must read this Certification and sign below.

If you are the student, by signing this application you certify that you (1) will use federal and/or state student financial aid only to pay the cost of attending an institution of higher education, (2) are not in default on a federal student loan or have made satisfactory arrangements to repay it, (3) do not owe money back on a federal student grant or have made satisfactory arrangements to repay it, (4) will notify your school if you default on a federal student loan, and (5) will not receive a Federal Pell Grant for more than one school for the same period of time.

Form for Step Seven: Please read, sign, and date. Includes fields for Student Signature and Date, and Parent Signature and Date. Includes a 'Data Entry Use Only' section with radio buttons for P, L, and E.

SEND PAGES 5 - 8 OF THIS FORM TO: Federal Student Aid Programs P.O. Box 7004 Mt. Vernon, IL 62864-0064

You may also make corrections from the Department of Education's web site (www.fafsa.ed.gov). You must use your PIN to access your record online.

Step Five: Student's Household Information

90. Number of Family Members in 2007-2008 02	<input type="text"/>
91. Number in College in 2007-2008 2	<input type="text"/>
92. Student received Supplemental Security Income (SSI)? YES	Yes <input type="radio"/> No <input type="radio"/>
93. Student received food stamps? YES	Yes <input type="radio"/> No <input type="radio"/>

94. Student received free/reduced price lunch? YES	Yes <input type="radio"/> No <input type="radio"/>
95. Student received Temporary Assistance for Needy Families (TANF)? YES	Yes <input type="radio"/> No <input type="radio"/>
96. Student received Nutrition Program for Women, Infants and Children (WIC)? YES	Yes <input type="radio"/> No <input type="radio"/>

Housing Plans:
1 -- on campus
2 -- off campus
3 -- with parent

Step Six: Student's School Information

You Told Us	NEW Federal School Code or NEW College Name, City, State	Housing Plans
97.a First College Name, City and State ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ	<input type="text"/>	97.b Housing Plans OFF CAMPUS
97.c Second College Name, City and State ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ	<input type="text"/>	97.d Housing Plans OFF CAMPUS
97.e Third College Name, City and State ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ	<input type="text"/>	97.f Housing Plans OFF CAMPUS
97.g Fourth College Name, City and State ABCDEFGHIJKLMN OPQRSTUVWXYZ ABCDEFGHIJKLMN OPQRSTUVWXYZ	<input type="text"/>	97.h Housing Plans OFF CAMPUS

Your FAFSA information was sent to all schools that you listed although they are not all shown here. To see all of the schools you listed go to www.fafsa.ed.gov and select "View and Print Your Student Aid Report".

98. Date Completed JANUARY 10, 2007	DO NOT CORRECT
99. Signed By? STUDENT	DO NOT CORRECT
100. Preparer's Social Security Number REPORTED	<input type="text"/>
101. Preparer's EIN REPORTED	<input type="text"/>
102. Preparer's Signature SIGNED	<input type="text"/>

If this form was filled out by someone other than you, your spouse, or your parent(s), that person must complete this part.

Application Receipt Date: 01/15/2007 Parent's E-mail Address: CHRISTOPHER.E.STUDENTS.MOTHER@HOME.TESTDOM.COM

Step Seven: Please read, sign, and date. You must read and sign this Certification.

Certification:
All of the information on this SAR is true and complete to the best of my knowledge. If I am asked, I agree to give proof that my information is correct. The proof might include a copy of the 2006 U.S. Income Tax Form filed by me or my family. If I sign any document related to the federal student aid programs electronically using a Personal Identification Number (PIN), I certify that I am the person identified by the PIN and have not disclosed that PIN to anyone else. I understand that if I purposefully give false or misleading information on this SAR, I may be subject up to a \$20,000 fine, a prison sentence, or both.

If you made no changes:

- Do NOT send your SAR to the address given on this page.
- Follow the instructions on your SAR. You may need to contact your school.

If you made changes:

- You may make corrections from the U.S. Department of Education's web site (www.fafsa.ed.gov). You must use your PIN to access your record.

OR

- Read the certification statement above and sign to the right.
- Send pages 5-8 to: Federal Student Aid Programs
P.O. Box 79004
ML Vernon, IL 62664-0074

Student Signature (Required to process your application. Sign in box below)

Student	Date
<input type="text"/>	<input type="text"/>

CHRISTOPHER E. STUDENT

Parent Signature (one parent whose information is provided in Step Four)

Parent	Date
<input type="text"/>	<input type="text"/>

Data Entry Use Only			
<input type="radio"/> P	<input type="radio"/> *	<input type="radio"/> L	<input type="radio"/> E

If you need another copy of your SAR:

- Call the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243)

The Student Aid Report

“Based on the information you have submitted we have used the standard formula to calculate your EFC, which is \$XXXX. Your school will use this number to determine what types of aid and how much you are eligible for based on your educational costs. The amount of aid you receive from your school(s) will depend on the cost of attendance at your school(s), your enrollment status (full-time, three-quarter time, half-time, or less than half-time), Congressional appropriations, and other factors.”

Complexity produces costs

- Administrative costs to government
 - Data gathering
 - Audits
- Efficiency loss to economy
 - Gaming/behavioral responses
- Compliance costs to taxpayers
 - Reading and understanding rules
 - Record keeping
 - Filling out forms

Compliance costs of federal aid for low-income students

- 50% have no parent who attended college (NELS)
 - Parent has no experience with aid system

- 2/3 have no access to internet at home (CPS)
 - Difficult to do research about aid
 - Filling out web FAFSA requires bringing sensitive financial documents (and parent) to school or library

- 13% do not speak English at home (NELS)
 - FAFSA is translated into multiple languages
 - Web sites and books with clarifying information are not

Complexity can reduce a program's progressivity

- Example: Earned Income Tax Credit (EITC)
 - Refundable tax credit for poor, working families
 - Very complicated rules
 - 75% of EITC recipients have a tax preparer do their taxes
 - Effective transfer to EITC recipients is net of these preparer fees

- Complexity thereby reduces progressivity of EITC

- Worst case: compliance costs drive out target population
 - Students don't apply for aid or go to college

Can complexity explain low effect of need-based aid?

- Rational economic model:
 - If compliance costs of aid exceed benefits of college, aid will not get people into college

- Benefit: enhanced quality of life

- Cost: time cost of learning rules, gathering records, filling out form
 - “time cost” = wages that could be earned during the time spent filling out forms, etc

Can complexity explain low effect of need-based aid?

- Rational model does *not* predict low impact of aid
 - Time costs for high school seniors are very low
 - Their wages are low!
 - Only those with very low benefits from college would be deterred by complexity

- Behavioral economics provides insight
 - People deviate from rational model in predictable ways (Kahneman and Tversky)

Insights into effect of complexity from behavioral economics

- Time inconsistency
 - When pain is now and payoff is later, people don't follow through on plans
 - Exercise, saving, studying, applying for aid
 - I'll do it tomorrow...
- Default behavior
 - People take the path of least resistance
 - Even when the costs of changing paths are tiny and the benefits large
 - Defaults in programs can have a huge impact on behavior
 - 401(k) savings (Choi, Laibson, Madrian)
 - Employees of financial services company
 - Default was non-participation in 401(k)
 - Change default to participation: participation rises 50%!

Relevant Insights of Behavioral Economics for Student Aid

□ Default behavior

- Few students actively decide against college (Avery and Kane)
- Schools, parents create default path for high-income students; deviation requires initiative
- Low-income students fall off the path at discrete points that require individual initiative

□ Time inconsistency

- Application to college requires upfront, certain costs in hopes of deferred, uncertain benefits

Are there benefits of complexity in federal aid?

- Behavioral economics predicts *costs* are large.
- What *benefits* does complexity provide, in terms of improved targeting?
- Empirical question
 - Analyze FAFSA and aid data to find the answer

Empirical Analysis

- Examine how each question asked on FAFSA affects distribution of aid

- Measure marginal contribution of each question to distribution of aid
 - Drop data items from aid formula
 - Recalculate aid eligibility
 - Compare new distribution of aid to baseline

Data

- National Postsecondary Student Aid Survey (NPSAS) 2003-04
- Nationally representative sample of college students
 - Includes aid recipients and non-recipients
- Data on
 - Student aid receipt
 - Student and family finances

Sequentially discard data items from calculation of aid eligibility

Table 2. Simulations of Aid Simplification

	Sim A	Sim B	Sim C
Variables included in simulation:			
Assets	Y		
Student's AGI	Y	Y	
Parental AGI	Y	Y	Y
Parental marital status	Y	Y	Y
Family size	Y	Y	Y
Number of family members in coll.	Y	Y	Y
Number of items used in simulation**	14	8	6

What happens to the Pell if we throw out 80% of the FAFSA?

FIGURE 2

Effects of Estimating Pell Using Only Income and Assets of Parents and Students, Family Structure

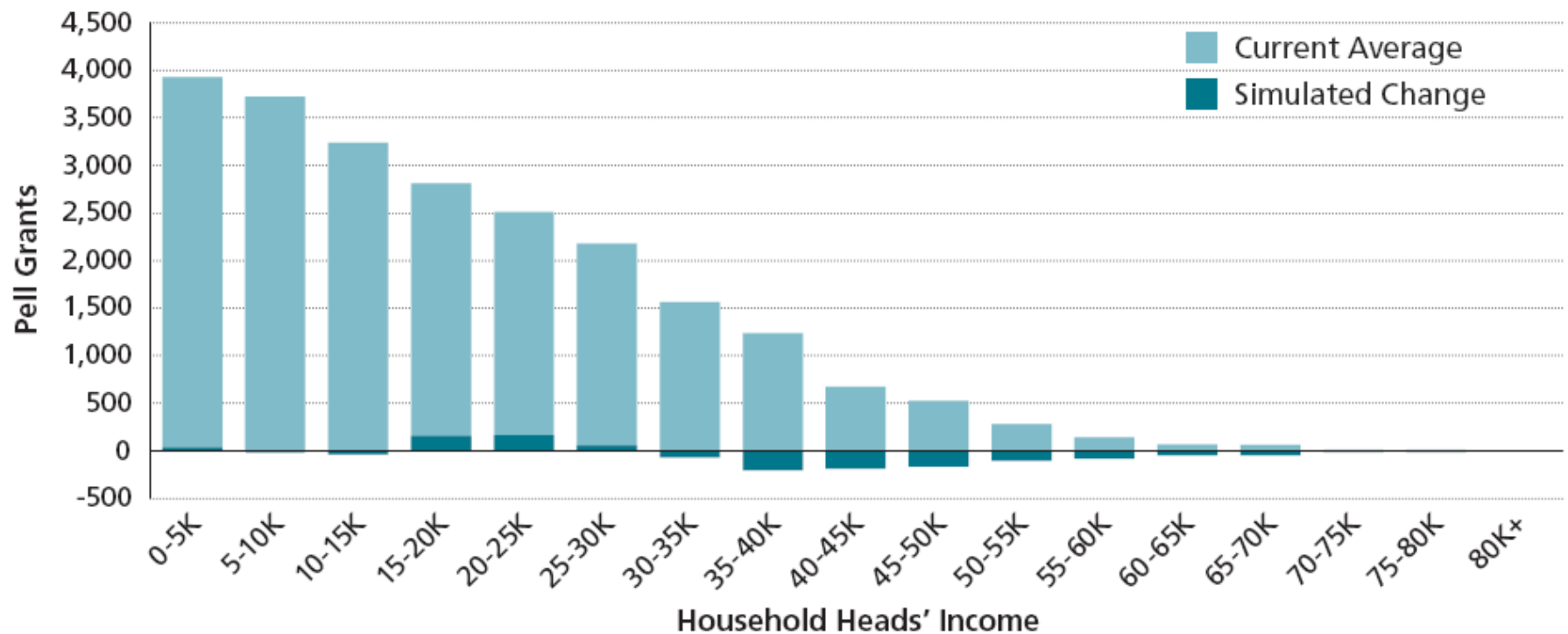


TABLE 3

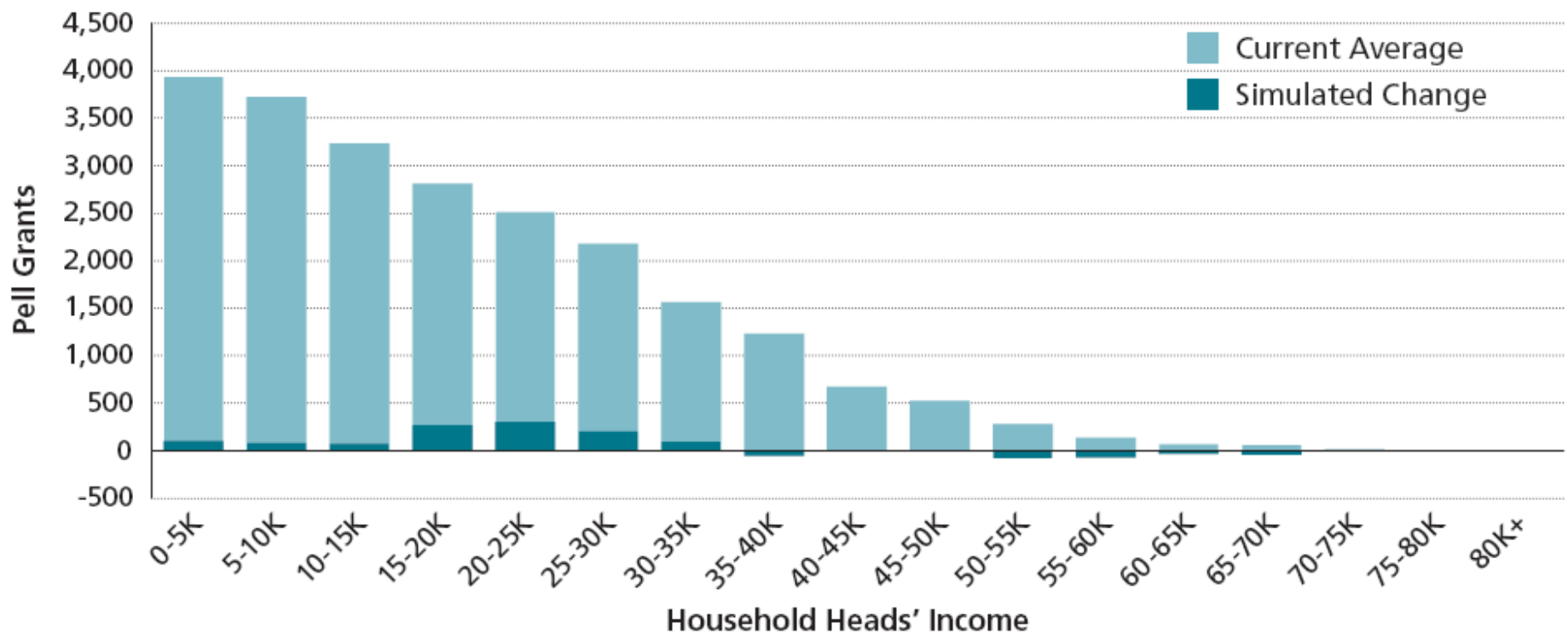
Consequences of Aid Simplification for Full-Time, Full-Year Undergraduates

	Baseline	Simulations keeping FAFSA formula, dropping items sequentially	
		Drops taxes paid, type of tax form, and worksheets	Additionally drops assets
Percent of all full-time, full-year applicants whose Pell...			
...remains the same (within \$100)	1.00	0.76	0.75
...increases by \$500 or more	0.00	0.05	0.07
...decreases by \$500 or more	0.00	0.07	0.06
Correlation between new and old Pell Grant	1.00	0.96	0.95
R-squared	1.00	0.92	0.90
Change in average Pell (per full-time, full-year applicant)	0.00	-13.61	53.79
Percentage change in total program costs*	0.00	-0.84%	3.34%
Variables included in simulation:			
Assets	Y	Y	
Dependent students' AGI	Y	Y	Y
Parental AGI, or independent student/spouse's AGI	Y	Y	Y
Parental or independent students' marital status	Y	Y	Y
Family size	Y	Y	Y
Number of family members in college	Y	Y	Y
Number of FAFSA items required for simulation**	72	14	8

Discard assets: use income and family size to determine Pell eligibility

FIGURE 3A

Effects of Estimating Pell Using Only Income of Parents and/or Students, Family Structure



Why so many questions matter so little

- Many of the questions
 - apply to very few families
 - apply mainly to those already above or below the threshold for aid

- Few families have any non-excluded assets above the threshold
 - 15% of all dependent filers had *any* qualifying assets above the threshold
 - 7% of dependent filers from <\$50K families

- Nationally representative data show that for families <\$50K
 - median assets are \$1000
 - 95th percentile \$40,000 (SCF 2004)

Our Proposal

- ❑ Combine Pell, and education tax credits into a single program
- ❑ Families apply by checking off a box on their tax form
- ❑ IRS forwards income data to Department of Education, which delivers grants to schools

Eligibility could fit on a postcard

EXHIBIT 1

Federal Student Aid on a Postcard

How much federal aid can I get to help pay for college?

If your parents'

adjusted gross income is...

then your annual grant is...

\$0–\$14,999	\$4,050
\$15,000–\$19,999	\$3,700
\$20,000–\$24,999	\$3,300
\$25,000–\$29,999	\$3,000
\$30,000–\$34,999	\$2,400
\$35,000–\$39,999	\$1,600
\$40,000–\$44,999	\$800
\$45,000–\$49,999	\$600
\$50,000–\$74,999	\$450
\$75,000–\$99,999	\$300

...PLUS \$250 for each dependent child other than the student, up to an additional \$1,000.

- If you are legally independent from your parents, your aid will be based on your (and your spouse's) income.
- Grants will be adjusted for attendance status. For example, if you attend half-time, your grant would be half the amount listed.

Modest increase in spending, so that no one is harmed in the transition

FIGURE 5

Average Benefits for Undergraduates Under Current System (Pell+Hope+LLC) and Proposed System

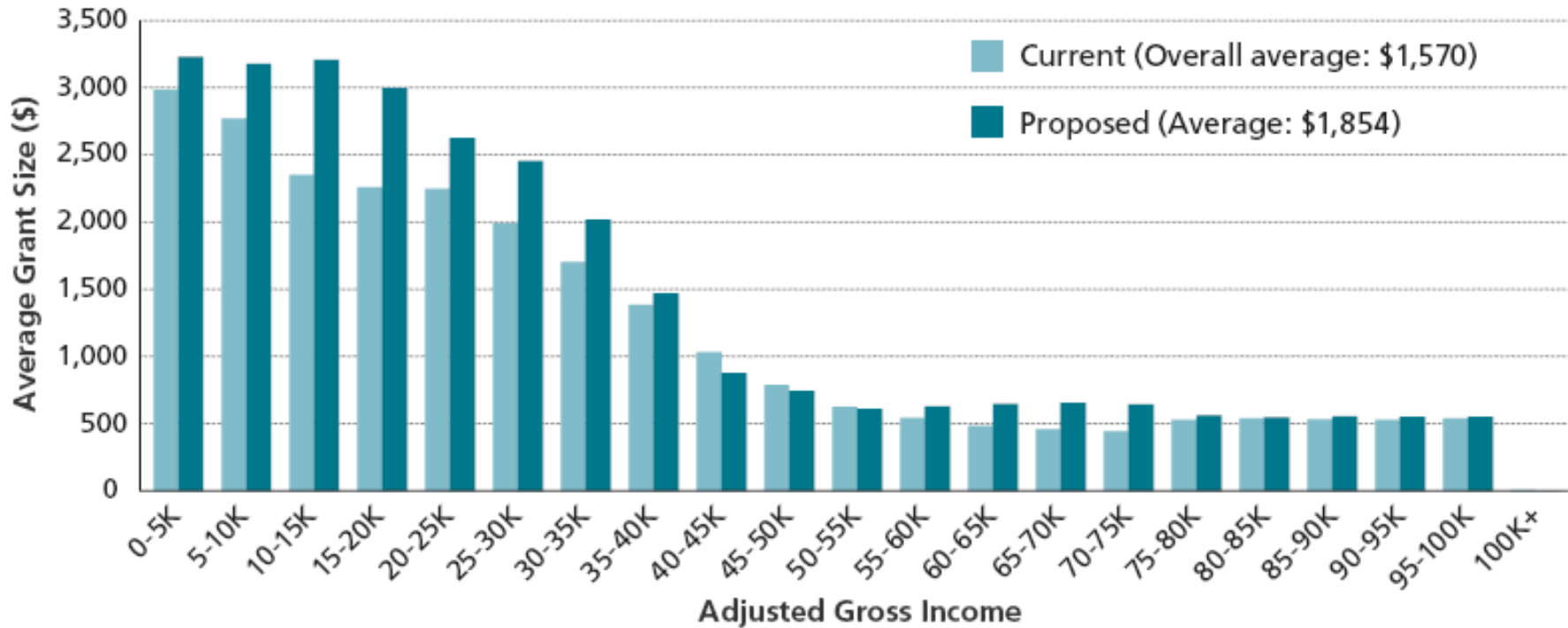


TABLE 4

Characteristics of Traditional and Non-Traditional Students

Characteristic	Full-time Dependent	Part-time Dependent	Full-time Independent	Part-time Independent
Age	19.9	20.2	30.0	31.1
Family income	\$63,673	\$51,801	\$21,553	\$25,240
Hours worked per week	15.9	20.9	24.2	27.5
White, non-hispanic	67%	57%	58%	53%
Black, non-hispanic	12%	15%	20%	24%
Hispanic	12%	17%	13%	15%
Asian	6%	5%	3%	3%
Neither of student's parents earned a H.S. diploma	4%	9%	14%	17%
Neither of student's parents earned a B.A.	53%	64%	72%	75%
Male	44%	44%	37%	32%
Parents are married	71%	63%	n/a	n/a
Student is married	n/a	n/a	32%	34%
Student has dependent children	n/a	n/a	50%	55%
Estimated average Pell	\$1,139	\$821	\$2,636	\$1,235
Estimated average tax credit	\$332	\$201	\$173	\$118
Proposed benefit	\$1,594	\$1,159	\$3,398	\$1,740
Percent increase in benefit	8%	13%	21%	29%

Source: Authors' estimates using a sample of 51,822 undergraduates from the 2003-04 NPSAS.

Benefits of Our Proposal

- Eliminates mountains of paperwork
 - Annually savings: 100 million hours for families, \$millions for colleges & government
- Delivers information about aid early
 - Gov't mails out tailored aid info years before college
 - Information is available when preparation for college is should start
- Lends a hand to those struggling to pay for college
 - Does not penalize saving or student work

Summary on complexity in federal aid

- ❑ Federal student aid may be an effective poverty relief program, but is not an effective college incentive program
- ❑ Applying economic theory to student aid design highlights potential *costs* of complexity
- ❑ Empirical analysis suggests little *benefit* to this complexity
- ❑ By reducing complexity we can deliver information about aid early, when it can make a difference

Impact of federal simplification on schools

- Students informed of their federal aid eligibility before they apply to colleges
 - Schools no longer determine Pell and Stafford

- FAFSA audit burden on schools reduced
 - Data comes to ED straight from IRS, so no need to ask student for supplementary data

- Less information from federal government
 - Need to rely on PROFILE or other forms for data not on simplified FAFSA

Schools can simplify their aid process for low-income students

- If federal aid is simplified
 - Use only FAFSA data for to determine institutional aid for those with income below an income cutoff
 - Could fund fully with grants below a certain threshold
 - Research has shown this to be effective at Princeton & Harvard

- If federal aid is *not* simplified
 - If student qualifies for auto-zero or SNT, do not require any further data (no PROFILE, etc.)

- In either case: learn what complexity gets you
 - Do empirical exercise we did
 - Examine how distribution of institutional aid changes when questions are dropped from formula
 - Weigh value of added precision against costs of complexity