U-M researcher's idea may soon simplify financial aid process

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(PhysOrg.com) -- Parents of students considering college are now struggling with a federal form that is longer and more grueling than the IRS Form 1040 but that could soon change, thanks to the work of a University of Michigan researcher.

Susan Dynarski, associate professor of public policy and education, and colleagues came up with a proposal to replace the cumbersome Free Application for Student Aid (FAFSA) form with a simple check-off box on tax returns.

Parents would be able to base their applications on prior year incomes, rather than have to do their taxes before filling out the FAFS, and get a quick estimate via postcard or online to give them an idea of how much aid their child could expect.

Colleges are unable to get financial aid award letters to incoming freshmen until March or April of their senior year in high school—long after they apply for college.

"Students apply for college in the fall but they can't fill out the FAFSA before January and you have to wait until spring to find out what kind of aid you're getting," Dynarski said. "It's like having to buy a car before finding out whether you can get a discount."

The proposal was embraced by both Obama and McCain campaigns. The U.S. Department of Education began work to at least simplify the

form, which Dynarski's research showed is five pages long and has 127 questions, compared to two pages and 118 questions for the Form 1040. She also found 72 items on the FAFSA form that required computation, compared to 71 on the 1040 and just eight on the 1040EZ.

Even the signing statement on the FAFSA was more complicated: 232 words versus a 49-word signing statement on Form 1040. But her study found that the IRS estimated it would take 16 hours to prepare a 1040, while education officials estimated a FAFSA form would take just one hour.

The financial aid process is particularly difficult for low income students—Dynarski's research found two-thirds of low-income students have no Internet access at home, half don't have a parent who has previously attended college and 13 percent don't speak English at home.

The very complexity of the process with multiple grants and loan programs is costly, about $4 billion per year, and most of that data is sought on the Form 1040 or is unnecessary, she said. The Department of Education last year responded by proposing a two-page FAFSA with 27 questions.

Simplifying the process could increase the number of applicants as well as the number of low-income students who go to college, Dynarski said.

FAFSA: www.fafsa.ed.gov/

Provided by University of Michigan

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