

# Disproportionate burden: Estimating the cost of FAFSA verification for public colleges and universities

April 12 2021

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The institutional compliance costs of the FAFSA verification mandate in 2014 totaled nearly \$500 million, with the burden falling

disproportionately on public institutions and community colleges in particular.

Twenty-two percent of an average community college's financial aid office operating budget is devoted to verification procedures, compared to 15 percent at public four-year institutions and 1 percent at private four-year institutions.

The authors note that every year approximately 6 million of the 20 million students who apply for federal financial aid through the Free Application for Federal Student Aid (FAFSA) are selected by the U.S. Department of Education to undergo a verification process that requires them to further attest that the information reported on their FAFSA is accurate. The verification requirement is an unfunded mandate with the [administrative costs](#) falling on students' institutions.

Prior research has shown that verification serves as a potentially unnecessary hurdle to college enrollment and success, especially for [low-income](#) and historically marginalized students, and creates a disproportionate burden on institutions these students are likely to attend.

This study provides new evidence on the estimated institutional costs of complying with and administrating the federal FAFSA verification mandate, by [institution](#) type and sector, and the scale of these costs in comparison with institutional aid office operating budgets and total [student](#) services expenditures.

The authors analyzed 2014 data from National Center for Education Statistics that included all U.S. postsecondary institutions participating in federal student financial aid programs. Their sample included 2,837 not-for-profit institutions that serve students receiving federal study aid and, as such, fall under the verification mandate.

The authors found that, on average, institutions were required to verify 39 percent of undergraduates who received aid. Two-year publics were required to verify nearly half (46 percent) of aid recipients compared to lower rates at four-year publics (35 percent) and privates (38 percent).

In 2014, the average institution spent \$170,000 processing verifications. The total cost across U.S. institutions was \$481 million. Verification costs fall more to public institutions, with two-year publics spending \$225 million and four-year publics spending \$189 million. The four-year private sector faces a considerably lower compliance cost burden (\$67 million).

To scale the estimates by institutional resources, the authors draw on information from the National Association of Student Financial Aid Administrators' Administrative Burden Survey for estimates of average financial aid office operating budgets by sector.

The results show that four-year and two-year [public institutions](#) devote a sizable share of their financial aid operating budget to administering verification. The average four-year public spent 15 percent of its financial aid office operating budget to conducting verification, compared to 1 percent at the typical four-year private institution. The average community college spends 22 percent of its aid office budget on verification.

The authors also compared institution-level verification expenditures to total student service expenditures. The average four-year public devotes 1.5 percent of its student services [budget](#) to the verification process, compared to 0.5 percent at the typical four-year private. Community colleges, on average, spend 4 percent of student services budgets on verification.

"Community colleges devote a larger percentage of their financial aid

operating and student services budgets to managing FAFSA verification," said coauthor Alberto Guzman-Alvarez, a doctoral student at the University of Pittsburgh. "This is concerning given that these colleges enroll nearly half of all undergraduates, and they disproportionately serve the least well-resourced students who most need financial aid to support their access to higher education."

"Financial aid administrators have experienced an increase in administrative burden due to increases in the rate with which students are selected for verification, which crowded out other supports that financial aid offices might provide, that may be especially important for lower-income and historically marginalized students," said Guzman-Alvarez.

The authors note that prior evidence suggests that current verification processes are not preventing the misappropriation of federal aid and students selected for verification had little to no change in their aid eligibility.

"We call for greater transparency in how the education department selects students for verification; an external audit of the current processes; and careful consideration of how compliance expenditures could be re-purposed to address other pressing needs within the financial aid system," said Lindsay C. Page, an associate professor of research methodology at the University of Pittsburgh.

**More information:** Alberto Guzman-Alvarez et al, Disproportionate Burden: Estimating the Cost of FAFSA Verification for Public Colleges and Universities, *Educational Evaluation and Policy Analysis* (2021). [DOI: 10.3102/01623737211001420](https://doi.org/10.3102/01623737211001420)

Provided by American Educational Research Association

Citation: Disproportionate burden: Estimating the cost of FAFSA verification for public colleges and universities (2021, April 12) retrieved 23 June 2024 from

<https://phys.org/news/2021-04-disproportionate-burden-fafsa-verification-colleges.html>

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