

## PRIOR-PRIOR YEAR: FAFSA SIMPLIFICATION

*Each year, students must submit a Free Application for Federal Student Aid (FAFSA) to determine eligibility for federal student aid. Time is a critical factor when submitting the FAFSA to be considered for all types of financial aid because the FAFSA depends heavily on the latest income information submitted via income tax returns. Under the current structure, delays can cause an unfavorable chain reaction: a delay in completing the income tax return can mean a delay in submitting the FAFSA, which can result in a delay in financial aid notification—and possibly a reduced amount of financial aid. This occurs because some forms of financial aid have a limited pot of funds, which is distributed on a first-come, first-served basis. College students need to know where they stand sooner rather than later, so the student can adjust and prepare for the costs of college.*

***One solution to minimize this time crunch and FAFSA completion pressure is a switch to using prior-prior year income (PPY) on the FAFSA and in need analysis.***

### WHAT IS PRIOR-PRIOR YEAR?

Currently, the Federal Methodology (FM) used to calculate a student's financial need uses prior year (PY) income data. We are suggesting using income data from one year further back, usually referred to as the prior-prior year (PPY).

### WHY PRIOR-PRIOR YEAR MATTERS

With a switch to PPY, students and families could:

- **File the FAFSA earlier than they do now.** The FAFSA is made available January 1 of each calendar year, yet it is uncommon for a family or individual to be prepared to file an income tax return in the month of January. Under a PPY system, students could use the PPY's completed income tax return and be ready to file before January 1.
- **More easily submit a FAFSA.** The IRS Data Retrieval Tool (DRT), which allows automatic population of a student's FAFSA with tax return data and decreases the need for additional documentation, could be used by millions more students and families under PPY, since tax data from two years prior would readily available upon application.
- **Receive notification of financial aid packages earlier.** If students apply for aid earlier, colleges could potentially provide financial aid notifications to students earlier, ensuring that students and families have more time to prepare for college costs. Early notification also means more time for financial aid administrators to counsel students and families.

### WHAT CONGRESS CAN DO

Under the Higher Education Opportunity Act [Sec. 473(a)(1)(C)], the Secretary of Education has the authority to adjust the year of tax data used to determine federal aid eligibility in order to simplify the FAFSA process. Studies have shown, including a NASFAA study, that the incomes of low-income families fluctuate very little from year to year and that using earlier tax data would not significantly change their Pell Grant eligibility.

**Urge the Department of Education to act** as soon as possible. They already have, under statute, the authority to implement PPY. This practical change will dramatically simplify the aid application process for millions more students and their families, help them make more informed decisions about where to apply to college, and help them receive the aid they need to get to graduation.