

How One Small Reform Could Eliminate Mountains of Paperwork for Students

TODAY: Applying for financial aid often feels like climbing a paper mountain because Internal Revenue Code (IRC) 6103 blocks the transfer of tax return information from the Internal Revenue Service (IRS) to the Department of Education (Department). This impacts students in a number of ways, including:

Filling out the FAFSA: Only some FAFSA filers can transfer their data through the already difficult-to-use IRS Data Retrieval Tool (DRT), creating a massive paperwork burden for the four-in-ten students who can't.

FAFSA Verification: Verification is a burdensome process that forces low-income students to provide a significant amount of additional information to prove that what they submitted on the FAFSA is accurate.

Applying for IDR: Borrowers in Income Driven Repayment (IDR) must recertify their income every year to remain in their plan. Many borrowers miss deadlines, lose eligibility, and are put back into standard repayment which they can't afford.

FUTURE: Revising 6103 in the tax code will shrink the paper mountain by allowing for the direct transfer of tax information, putting students on a gentler path when they complete their federal financial aid forms and apply for IDR.

Filling out the FAFSA: Much of the information submitted on the FAFSA is already verified by the IRS, so changing the code would reduce the number of fields and time a student would have to complete to fill out their FAFSA form.

FAFSA Verification: Nearly all filers would have their tax information transferred from the IRS, reducing the need for verification. The IRS would also be able to identify non-filers so they wouldn't have to go through the burdensome Verification of Non-Filer (VONF) process.

Applying for IDR: Borrowers could be auto-enrolled into repayment plans and would not need to recertify their income every year, reducing submission and processing errors allowing students to pay what they owe more easily.

