

June 25, 2002

TO: Dottie Kingsley  
FROM: Howard W. Bell, Jr.  
RE: Best Practices Update Report

This memorandum contains a draft summary of the current status of the Best Practices project and the data learned to date from it. This memorandum is divided into the following four sections:

- 1) Accomplishments to date under the Pell Best Practices project
- 2) Information learned from interviews with schools, government agencies, and academic researchers about Pell applicants
- 3) An initial set of suggested best practices
- 4) An initial set of benchmarks for error rates of other government programs
- 5) A chart containing information about possible databases that can be used to verify various FAFSA data elements.

### **Accomplishments to date under the Pell Best Practices project:**

Based on activities to date, we have accomplished the following on the Pell Best Practices project.

- 1) Completed an expanded list of interviews with the contacts at QA and Non-QA Schools. More specifically:
  - a) Added the names of two proprietary colleges and one community college to the initial interview list of QA and Non-QA Schools.
  - b) Completed the interviews with the expanded list of contacts at the four QA and six Non-QA Schools. Kasia, Amanda, and Shannon attended most of these interviews and at least two of the three were in attendance at all of the interviews.
  - c) Had Kasia complete a summary of each of the interviews using the interview template that I created last month.
- 2) Contacted the following government officials:
  - a) Joseph Riley – HUD Quality Control for Rental Assistance
  - b) Rona Rustigian – Social Security Administration’s Northern Audit division
  - c) Wynona Johnson – Illinois State office of Surveillance and Utilization Review.
- 3) Placed a telephone call to Scott Stephenson, a contact at the Texas Medicaid Fraud Control unit. To date he and I have played a number of rounds of telephone tag.

- 4) You, Kasia, and I met with Wendell Primus of the Center on Budget & Policy Priorities.
- 5) Contacted a Mr. Starkweather at a for profit organization selling access to IRS and W-2 information. Have recently received a list of references from him.
- 6) Revised a multi-project multi-year document.
- 7) Developed a final Best Practices work plan document.

### **Information learned to date about Pell applicants:**

As a result of the interviews conducted with schools, government agencies and researchers, the following determinations have been made about Pell applicants. The individuals and organizations listed after each determination are the people who identified a given attribute.

- 1) Divorced and separated filers sometimes do not know what to report
  - a) ECPI College of Technology – Janet Sain
  - b) George Mason University – Erik Melis
  - c) Macomb Community College– Judy Florian
- 2) Recently married filers sometimes do not know what to report
  - a) ECPI College of Technology – Janet Sain
- 3) Immigrant groups do not always understand instructions
  - a) Glendale Community College– Pat Hurley
- 4) Dependency status other than an age based attribute (household size) can sometimes cause errors
  - a) George Mason University – Erik Melis
  - b) Kent State University – Craig Cornell
  - c) Macomb Community College– Judy Florian
  - d) University of San Francisco – Susan Murphy
- 5) Drug conviction question sometimes causes confusion
  - a) Ohio Technical College – Marc Brenner
- 6) The number of reported dependents in college is sometimes a source of error
  - a) Boston University – Leslie Bridson
  - b) Minnesota State – Carolyn Zehren
  - c) University of San Francisco – Susan Murphy
- 7) Independent applicants have a lower error rate than dependent applicants
  - a) Kent State University – Craig Cornell

- 8) Taxes paid versus taxes withheld is sometimes misreported
  - a) Boston University – Leslie Bridson
  - b) Kent State University – Craig Cornell
  - c) Macomb Community College– Judy Florian
  - d) Minnesota State – Carolyn Zehren
  - e) Penn State University – Shari Howell
  - f) University of San Francisco – Susan Murphy
  
- 9) Parents sometimes report untaxed income incorrectly.
  - a) Boston University – Leslie Bridson
  - b) George Mason University – Erik Melis
  - c) Kent State University – Craig Cornell
  - d) Macomb Community College– Judy Florian
  - e) Minnesota State – Carolyn Zehren
  - f) Ohio Technical College – Marc Brenner
  - g) Penn State University – Shari Howell
  - h) University of San Francisco – Susan Murphy
  
- 10) Students in schools bordering other states tend to confuse their residency status
  - a) Minnesota State – Carolyn Zehren
  
- 11) Zero income filers should be reviewed
  - a) ECPI College of Technology – Janet Sain
  - b) Glendale Community College– Pat Hurley
  - c) Kent State University – Craig Cornell
  
- 12) Estimated tax filers have a high error rate
  - a) George Mason University – Erik Melis
  - b) Minnesota State – Carolyn Zehren
  - c) Penn State University – Shari Howell
  
- 13) Schedule A for tax return is sometimes confused with Schedule A for the FAFSA
  - a) George Mason University – Erik Melis
  
- 14) Some families using financial advisors inflate the number of children in school
  - a) Minnesota State – Carolyn Zehren (rumor)
  
- 15) Lawyer advised at least one woman receiving social security benefits not to include benefits on application
  - a) Minnesota State – Carolyn Zehren
  
- 16) Accountants filling out forms tend to use IRS and not FAFSA rules
  - a) Minnesota State – Carolyn Zehren
  
- 17) People tend to be more honest if they know an independent 3<sup>rd</sup> party reports income
  - a) JF Kennedy Harvard School researcher – Jeff Liebman

## **Initial Set of Suggested Best Practices:**

As a result of the interviews conducted with schools, government agencies and researchers, the following are some suggested Best Practices for the Pell program:

- 1) High school tours/presentations are made to inform students, parents, and counselors how to complete the FAFSA form and how to avoid making errors
  - a) George Mason University – Erik Melis
  - b) Kent State University – Craig Cornell
  - c) Macomb Community College – Judy Florian
  - d) Minnesota State – Carolyn Zehren
  - e) University of San Francisco – Susan Murphy
- 2) Workshops are held for students informing them how to complete the FAFSA and avoid making errors
  - a) Glendale Community College– Pat Hurley
- 3) Institutional worksheet to determine family size is used
  - a) Macomb Community College– Judy Florian
- 4) Institution requests divorce papers (esp. child support documents)
  - a) ECPI College of Technology – Janet Sain
  - b) Ohio Technical College – Marc Brenner
- 5) Institution requests W-2's to look at untaxed income (W-2's are very revealing)
  - a) Macomb Community College– Judy Florian
  - b) Ohio Technical College – Marc Brenner
  - c) University of San Francisco – Susan Murphy
- 6) Institution requests verification of the number of dependents enrolled in school
  - a) Boston University – require 3<sup>rd</sup> party verification
  - b) Minnesota State University – allow self verification
- 7) Web site is used to communicate FAQ's and alerts
  - a) Boston University – Leslie Bridson
  - b) George Mason University – Erik Melis
  - c) Kent State University – Craig Cornell
  - d) Minnesota State – Carolyn Zehren
  - e) Penn State University – Shari Howell
- 8) Institution urges students to file their FAFSA electronically
  - a) Kent State University – Craig Cornell
  - b) Minnesota State – Carolyn Zehren
  - c) Penn State University – Shari Howell

- 9) Institution built a logistic regression model to identify potential filers with errors
  - a) Penn State University – Shari Howell

**The following suggestions for additional Best Practices were presented:**

- 1) Require that certain boxes on the electronic FAFSA must be filled in before one can go to the next question. Examples: Number in the family, Number in college
  - a) University of San Francisco – Susan Murphy
- 2) Poor families should not have to re-certify every year that they are needy:
  - a) Macomb Community College – Judy Florian
- 3) Should use the state system classification and certification of needy to qualify students for Pell aid
  - a) Macomb Community College – Judy Florian
- 4) There should be more interaction amongst the QA schools
  - a) Boston University – Leslie Bridson
- 5) FSA may want to look at schools that are prone to have applicant errors
  - a) FDA Food Stamp enforcement – Ted Macaluso

**Information on error rates of other government programs**

The following is information learned about the error rates of other government programs.

- |                |  |                      |
|----------------|--|----------------------|
| 1) AFDC        | 4 – 10%                                  | - per Wendell Primus |
| 2) EIC         | 30%                                      | - per Jeff Liebman   |
|                | 20%                                      | - per Wendell Primus |
| 3) Food Stamps | 4 – 10%                                  | - per Wendell Primus |
| 4) IRS         | 16%                                      | - per Jeff Liebman   |
|                | 10 – 15%                                 | - per Wendell Primus |
| 5) SSA         | .8%                                      | - per SSA            |
|                | (SSA’s OIG disagrees but gave no number) |                      |

**Chart of databases that might be used to augment verification efforts:**

The following chart contains information about various databases that FSA may want to investigate further as possible sources of verification information.

	Description	Source	Data Elements	Reference:
<b>Federal Databases</b>				
	Prisoner Enrollment Rolls	SSA	Income equivalent received	Rona Rustigian-SSA
	Federal Case Registry of Child Support Orders	HHS	Child name & dollar support	Janet Holtzblatt-IRS
	Fugitive Felons	SSA	Child support	Rona Rustigian-SSA
	KidLink		Dependents born after 1999	Janet Holtzblatt-IRS
	SSA Recipients	SSA	Income	Rona Rustigian-SSA
	Death Master file	SSA	Income	Rona Rustigian-SSA
	Unemployment Compensation		Income Employment status	Wendell Primus-Ctr Bdgt
	National Directory of New Hires a component of the Federal Parent Locator Service (FPLS).	HHS	Employment status Income	Jeremy Cox-GAO Wendell Primus-Center on Budget & Policy Priorities
<b>Private Databases</b>				
	Enrollment	Clearinghouse	Sibling in sch'l	
<b>Source Documents</b>				
	Divorce papers	State gov'ts	Child support Alimony Bills paid	Janet Sain-ECPI
	Tax returns & all schedules	Individuals	Income	Pat Hurley-Glendale Marc Brenner-OH Tech
	W-2 forms	Individuals	Untaxed income	Leslie Bridson-Boston Univ
	1040	Individuals	Taxes paid	Leslie Bridson-Boston Univ
	1099	Individuals	Self employment income	Marc Brenner-OH Tech

Cc: Amanda Wingo