

August 29, 2002

TO: Dottie Kingsley
FROM: Howard W. Bell, Jr.
RE: Proposed PAD Project – Estimated Impact of Sibling Verifications

One of the recommendations from the best practices study is that the Department of Education should use third party verifications of Pell applicant data whenever possible.

Based on the interview results with Leslie Bridson of Boston University, requiring third party verification of the number of people in an applicant's parents' household who will be college students in the upcoming academic year has enabled Boston University to catch a frequent source of applicant error.

Currently the National Student Clearinghouse receives enrollment data from 2700 colleges and universities, comprising 91% of the college students in the United States.¹ In addition, the Clearinghouse charges \$1.50 for each transaction in which it provides information on a student's individual enrollment status.²

As of AY2000/2001 there were 3,899,433 Pell Grant recipients according to the 2000-2001 Title IV/Federal Pell Grant Program End of Year Report submitted to the U.S. Department of Education Office of Postsecondary Education by NCS Pearson.

Based on the initial results of the Pell Stable Eligibility Study, approximately 8.5% of all entering freshman have a sibling in college. Assuming that an equal number of sophomores, juniors and seniors have non-freshman siblings in college an order of magnitude percentage of students with a sibling in college is around 17%.

Given the above information, if the Department of Education were to obtain a data match to verify whether a Pell Grant applicant in fact has a sibling in college, the total expenditure for access to the National Student Clearinghouse would be \$994,400 per year if the verification is done once a year and \$1,988,800 if it is done once each semester.

Based on the current baseline estimate of \$35 in average overawards in the Pell Grant program, the possible savings of performing this match would be \$23,201,600 per year.

While this analysis is admittedly a very rough one, the results of the analysis suggest that the Department of Education may want to do further research on the impact of performing a third party verification of an applicant's siblings' enrollment in college. The department may also want to consider conducting a pilot program to determine the probable savings to the Pell Grant program of performing a verification of sibling enrollment in college.

¹ Statistics found at the National Student Clearinghouse web site. The URL is http://www.nslc.org/services/EnrollmentVerify/EVDescription_Requestors.htm

² Idem.