









FAFSA Simplification

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April 2023



AGENDA

-  Introduction to FAFSA Simplification
-  Changes
-  New process and schedule for implementation
-  Need Analysis
-  Impact
-  Issues

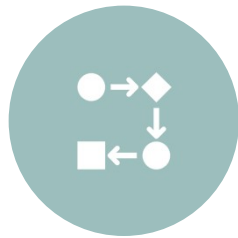
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DISCLAIMER

The goal of this presentation is to provide accurate and up-to-date information on FAFSA Simplification. However, it should be noted, that not all guidance has been issued. This information in this presentation is subject to change and is not legal advice or guidance on policy implementation.

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Two Major Changes



PROCESS



NEED ANALYSIS

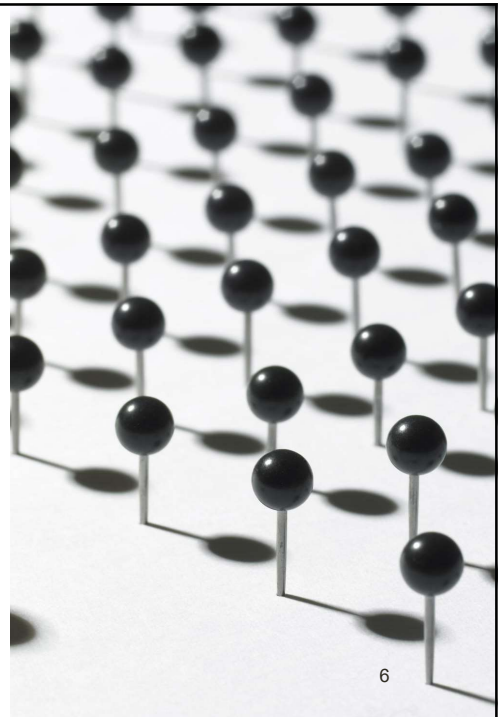
Changes

- Biggest change to the FAFSA in decades
- Streamline the application and needs assessment
 - Shorter form
 - Enhanced data sharing with IRS
 - EFC becomes SAI
 - Predictability for Pell Grant eligibility
 - Change in income and assets
- More students eligible for need-based aid
 - Will some no longer be eligible?



Need for simplification

- Length and complexity of the FAFSA
- Students discouraged from applying for aid and pursuing postsecondary education
- Lack of transparency and predictability

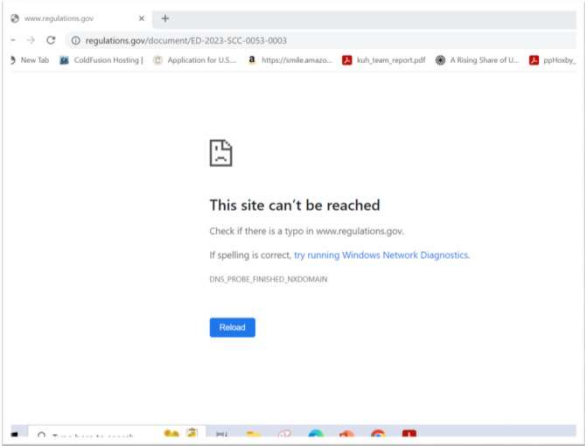


When will the new simplified FAFSA for 2024-25 be released?
December XX, 2023

Comments on new FAFSA

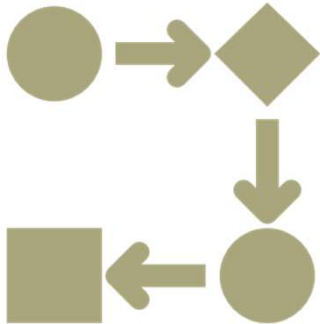
Deadline to submit comments is May 23

<https://www.regulations.gov/document/ED-2023-SCC-0053-0003>



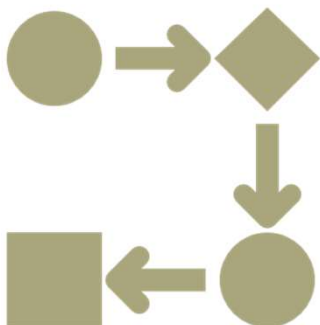
The screenshot shows a browser window with the address bar displaying 'www.regulations.gov' and the URL 'regulations.gov/document/ED-2023-SCC-0053-0003'. The page content displays a 'This site can't be reached' error message. Below the error message, it suggests checking for typos and running Windows Network Diagnostics. A 'Refresh' button is visible at the bottom of the error message.

Process



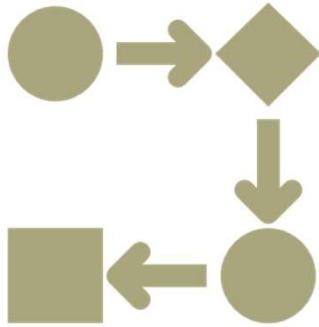
- SAR becomes the FAFSA Submission Summary
- Elimination of the save key
- Removal of ability to access a FAFSA form through student personal identifying information (PII)

Process



- Limited skip logic
- Consent required for Federal Tax Information (FTI)
- List of colleges expanded (up to 20 on online form now)
- Elimination of the Data Retrieval Tool

Process

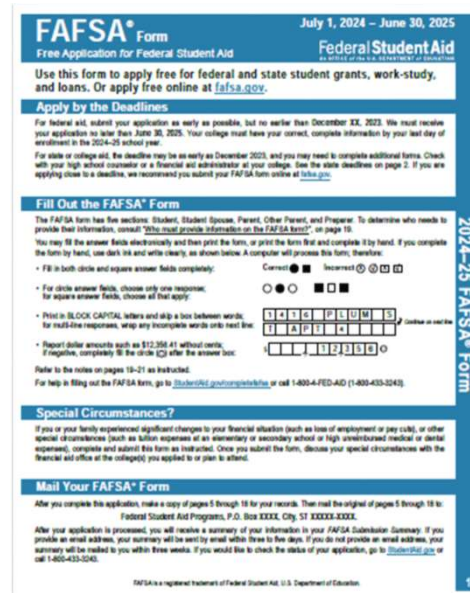


- Collection of spouse information and use of roles (student, student spouse, parent, parent spouse, preparer)
- Unusual circumstances and special circumstances definitions aligned with Higher Education Act

FAFSA Scenario

Scenario 1: Dependent Non-filer with 2 parents who are MFJ and FTI was obtained

Note: This scenario outlines the FAFSA® form web experience for a dependent student (who didn't file a tax return) with married parents who filed their income taxes together and for whom we were able to get tax information from the IRS.



Determining the parent

1. **“Who’s My Parent Wizard” view:** this view helps the student identify which parent(s) to invite to their FAFSA using a combination of questions.
2. **Invite Parent view:** Student provides their parent(s) identity and contact information so that the system can email the parent(s) an invitation to access the FAFSA form.
 - o First name
 - o Last name
 - o Date of birth
 - o Social Security number
 - o Email address

Who is considered a legal parent on the FAFSA form?

Legal parents are biological or adoptive (regardless of gender), or as determined by the state (for example, if the parent is listed on the birth certificate). Grandparents, foster parents, legal guardians, widowed stepparents, aunts, uncles, and siblings are not considered parents on this form unless they have legally adopted the student.

Which parent should include information?

information in the Parent section, and the Other Parent section should be skipped.
 Contact 1-800-433-3243 for assistance completing questions 30–46 or visit StudentAid.gov/afsa-parent.
 • If the parents are divorced or separated, answer the questions about the parent who provides the greater portion of the student’s financial support, even if the student does not live with them. If this parent is remarried as of today, answer the questions about that parent and the stepparent.
 • If the student’s widowed parent is remarried as of today if the student’s parent was never married and does not live with the student’s other legal parent, or if the parent is widowed and not remarried, that parent should only provide their own,

The screenshot shows the 'Parent' section of the FAFSA form. It is divided into four main parts:

- 30 Parent Identity Information:** Fields for first name, middle name, last name, date of birth, social security number (SSN), and Individual Taxpayer Identification Number (ITIN).
- 31 Parent Contact Information:** Fields for mobile phone number, email address, permanent mailing address, city, state, and ZIP code.
- 32 Parent Current Marital Status:** Radio buttons for Single, Married and both legal parents living together, Divorced or separated, Widowed, or Unknown.
- 33 Parent State of Legal Residence:** Fields for state and date the parent became a legal resident.

Student Status

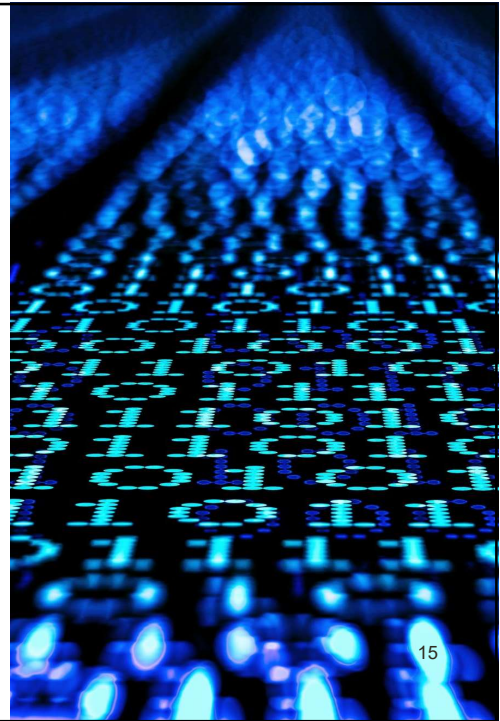
- Dependency
- Special or unusual circumstances
- Unsubsidized Loan Only option

The screenshot shows the 'Student Status' section of the FAFSA form, containing questions 5 through 8:

- 5 Student Personal Circumstances:** A series of checkboxes asking if the student is currently serving on active duty, a veteran, has children, or is an orphan.
- 6 Student Other Circumstances:** A question about being unaccompanied and homeless, with checkboxes for various reasons like emergency shelter, school district homeless liaison, or financial aid administrator.
- 7 Student Unusual Circumstances:** A question about whether unusual circumstances prevent contacting parents, with a list of potential reasons like being a victim of human trafficking or being a refugee.
- 8 Apply for a Direct Unsubsidized Loan Only:** A question about whether parents are unwilling to provide information, with a note that a financial aid administrator can determine eligibility.

FADDX (DDX) to replace DRT

- Future ACT requires reliance on tax return information
- FADDX – Future Act Direct Data Exchange
- Specifies what the IRS can disclose
- Changes the income information included on the FAFSA and changes the calculation
- Authorization must be granted
- Department and IRS still making decisions on how the process is going to work.



Draft 2023-03-02 Do not submit

34 Family Size 24

How many people are in the parent's family?

Include the parent (and their spouse), the student, and the parent's dependent children, even if they live apart from the parent because of college enrollment. Also include other people if they live with the parent and the parent will provide more than half of their support between July 1, 2024, and June 30, 2025.

35 Number in College

How many people in the parent's family will be in college between July 1, 2024, and June 30, 2025?

Do not include the parent.



FAMILY SIZE |
NUMBER IN COLLEGE

ASSET REPORTING

Criteria to exempt some students/families from asset reporting modified:

- AGI threshold increases to 60,000
- No schedules filed or only with certain parameters

Exemption based on federal means-tested benefit to continue

Asset changes

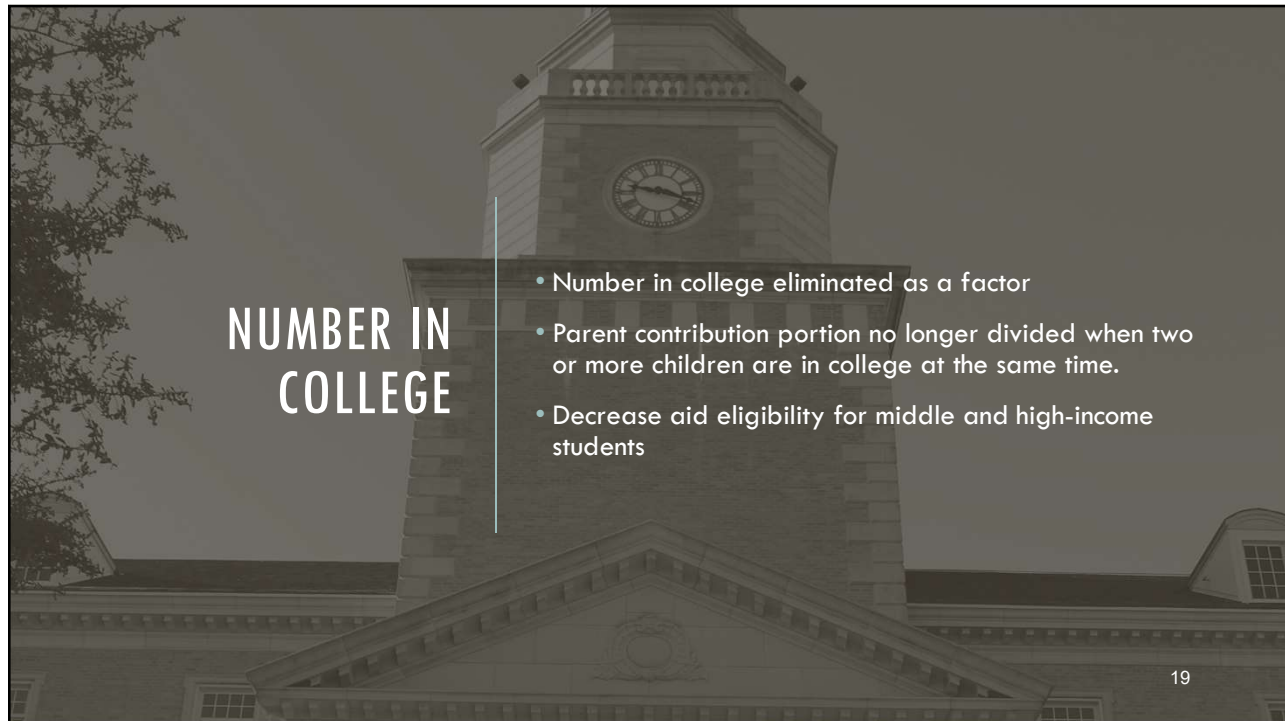
- Child Support
- Net worth of family farms and small businesses

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Investment value

Investment value means the current balance or market value of these investments as of today. Investment debt means only those debts that are related to the investments.


Business and/or investment farm value includes the market value of land, buildings, machinery, equipment, inventory, etc. Business and/or investment farm debt means only those debts for which the business or investment farm was used as collateral.



NUMBER IN COLLEGE

- Number in college eliminated as a factor
- Parent contribution portion no longer divided when two or more children are in college at the same time.
- Decrease aid eligibility for middle and high-income students

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FSA ID

- New FAFSA/FSA ID will have roles:
 - Student
 - Student Spouse
 - Parent
 - Parent Spouse
 - Preparer
- New consent requirements
 - FSA ID is required to provide that consent
 - Consent is necessary to pull data directly from IRS
 - Spousal consent is needed when parents file MFS but not when MFJ

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STUDENT AID INDEX

- Needs fewer formula factors
 - Requires less information
- More data imported from IRS
- Generally, same procedure for calculations



STUDENT AID INDEX

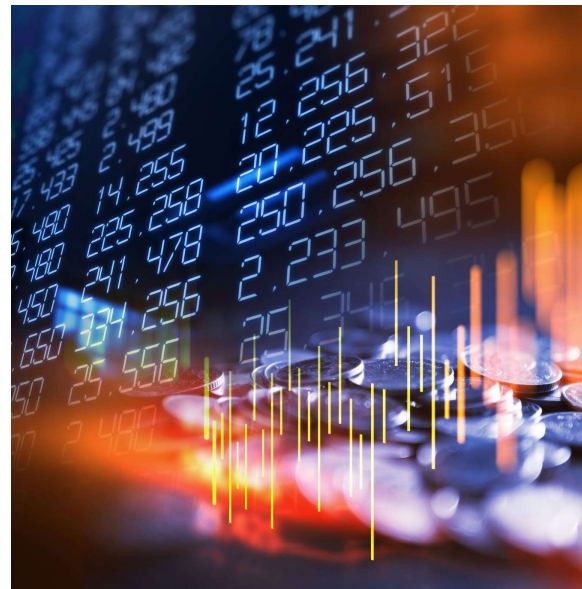
- Determining award amounts with SAI
 - Maximum Pell
 - Minimum Pell
 - Based on SAI
- SAI can be a negative number



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FINANCIAL FACTORS

- Some untaxed income no longer considered
- Reduces the amount of information a family must provide
- No longer considered will be cash support or any money paid on the student's behalf
- Other income categories eliminated
 - Federal education tax benefits only type required to be reported
- Income Protection Allowance
- Number in college
- Assets



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STUDENT AID INDEX — MAXIMUM PELL

- Non-tax filers
- Single-parent filers whose AGI is $\leq 225\%$ of poverty line
- Non-single student or parent filers whose AGI is $\leq 175\%$ of poverty line

Students eligible for maximum Pell Award (based on AGI) qualify for Auto-Zero SAI – unless calculated SAI is negative.

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STUDENT AID INDEX — MINIMUM PELL

- Minimum Pell Award for Dependent Students
 - Parent is a single parent whose AGI is $\leq 325\%$ of poverty line
 - Parent is a non-single parent whose AGI is $\leq 275\%$ of poverty line
- Minimum Pell Award for Independent Students
 - Student is a single parent whose AGI is $\leq 400\%$ of poverty line
 - Student is a non-single parent whose AGI is $\leq 350\%$ of poverty line
 - Student is a non-parent whose AGI is $\leq 275\%$ of poverty line

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PELL GRANT BASED ON SAI

Pell Grant calculation for student ineligible for maximum Pell:

- Pell Grant award = maximum Pell award – SAI (rounded to the nearest \$5)
- Negative SAI counts as zero
- Pell Grant award = \$0 when as result of the calculation the amount is < minimum Pell award – unless the student qualifies for auto-minimum Pell award
- Minimum Pell award = 10% of total maximum Pell amount

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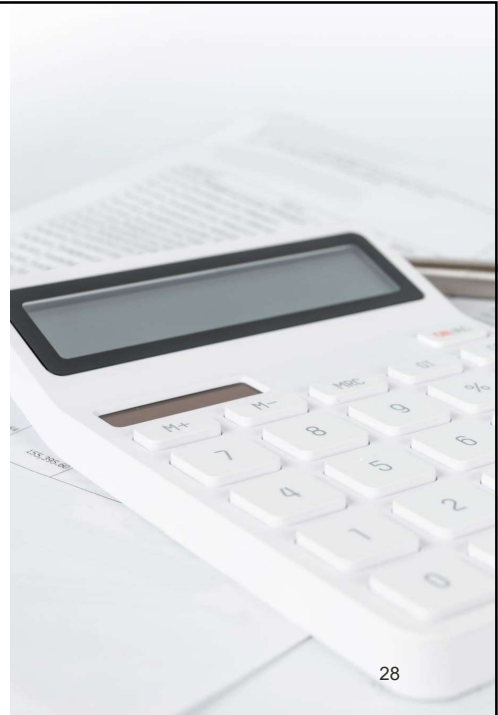
NEW FORMULA

$$\text{COA} - \text{SAI} - \text{OFA} = \text{Need}$$

New formula of
 $\text{COA} - \text{SAI} - \text{OFA} = \text{Need}$

(OFA is Other Financial Assistance)

will replace current formula of
 $\text{COA} - \text{EFC} - \text{EFA} = \text{Need}$



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PARENT INFORMATION

Dependent students with married parents

- Students will provide information about both parents

Dependent students with divorced or separated parents

- Student will report information on the parent who provides the greater portion of the student's financial support

Dependent students with remarried parent

- Students will continue to provide information about parent and stepparent

Unable to provide parent information

- Students will receive a provisional SAI

Family size will be determined by the tax return

- ED to establish procedures where household size not accurately reflected

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INCOME PROTECTION ALLOWANCE (IPA)

Increased with FAFSA Simplification

- Reduces the amount of income considered in calculating SAI

Streamlined across number of dependents

For parents of dependent students – IPA levels increased about 20% above current levels

For students – IPA levels increased about 35% above current levels

Independent students

- Without dependents – IPA levels increased about 35% above current levels
- With dependents:
 - Married – IPA levels increased about 35% above current levels
 - Single – IPA levels increased about 60% above current levels

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IMPACT ON INSTITUTIONS

- Awarding policies
 - Institutional funds
 - Pell eligibility or percent of financial need
- Communications and Outreach
 - New Cost of Attendance rules
- Professional judgment policies
- Financial aid budgets
 - Analyze past data
 - Analyze possible funding needs
 - Increase budget
 - Adjust packaging policies

Communication to Students and Families

Mapping Your Future is developing a strategic communications plan to inform students and families.

- Printed materials
- Presentations
- Recordings
- Website



ISSUES

- Can the changes be implemented in time for the 2024-25 FAFSA?
- When will guidance be issued?
- What will be the impact on students who lose Pell eligibility?
- Will institutions be expected to help those students with institutional funding?



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DISCUSSION

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