

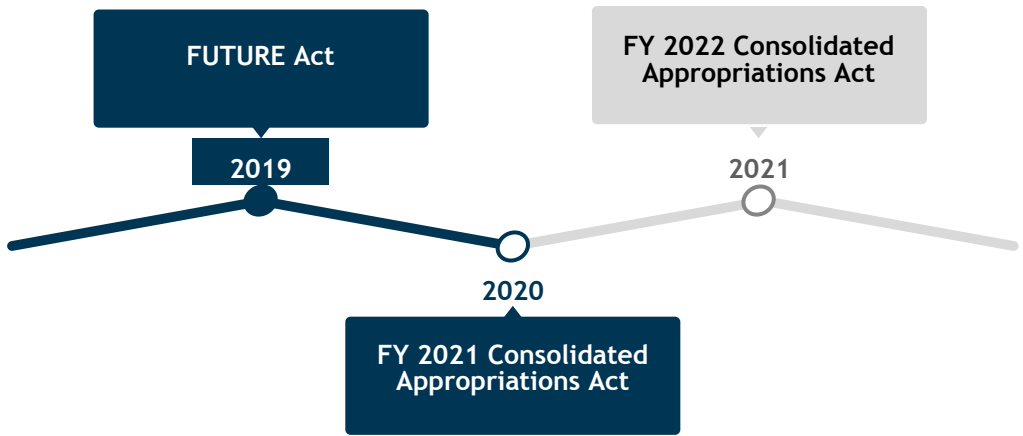


FAFSA Simplification

Spring 2023

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Legislative Background



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FAFSA Simplification: Form

- No taxable income questions on FAFSA
- Fewer untaxed income items factored into FM formula
 - Child support received now reported with assets
- Change to who is reported as parent in cases of divorce/separation
- Family size based on dependents claimed on taxes
- No asset questions for:
 - Those eligible for maximum Pell
 - Means-tested benefits recipients
 - AGI < \$60K and no lettered tax schedules
 - AGI < \$60K and only Schedule C, provided Schedule C gain/loss < \$10K
- Housing choice question removed
- New questions on race and sex

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FAFSA Simplification: Formula

- Income protection allowance increase
- State/other tax allowance removed
- Student Available Income allowed to be negative
- Small business/family farm exclusion eliminated

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FAFSA Simplification: Formula

- Expected Family Contribution (EFC) is now Student Aid Index (SAI)
- No SAI split for number in college
- SAI not prorated for enrollment other than 9 months
- SAI can be as low as -\$1,500
- SAI determines eligibility for all Title IV aid except maximum and minimum Pell grant awards.

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FAFSA Simplification: Miscellaneous Changes

- EFA now OFA
 - Special combat pay no longer excluded from OFA
 - Emergency aid now excluded from OFA
- Verification
 - ED must streamline/simplify process
 - Examine burden and impact on improper payments
 - 2024-25 verification selection will be random

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FAFSA Simplification: Pell changes

- Year Round Pell: half-time enrollment no longer required
- Restoration of Pell grant eligibility to incarcerated students enrolled in approved prison education programs
- Expansion of Pell LEU restoration

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Maximum Pell Grant Eligibility

- **Nonfilers**
 - Independent student (and spouse, if applicable) tax nonfilers
 - Dependent children of nonfiling parent(s)
- **Children of certain deceased veterans and public safety officers**
 - Students under age 33 whose parent died serving in the armed forces after Sept. 11, 2001
 - Students under age 33 whose parent died in the line of duty as a public safety officer
- **Low-income students:**
 - **Independent students** who are **single parents** and whose student AGI is below 225% of the poverty level
 - **Dependent children of a single parent** whose parent AGI is below 225% of the poverty level
 - **Independent students** who are **not single parents** whose student AGI is below 175% of the poverty level
 - **Dependent students** with parents who are **not single parents** whose parent AGI is below 175% of the poverty level

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Pell Grant Order of Operations

- Student is considered for max Pell first
 - Based on # of parents in household and AGI vs. FPG multiplier
- If no qualification for maximum Pell:
 - [Maximum Pell amount - SAI = Pell amount]
- If no max Pell and no Pell award from the SAI calculation, student is considered for minimum Pell
 - Based on # of parents in household and AGI vs. FPG multiplier

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Health and Human Services Poverty Levels

Federal Poverty Levels - 2020, 48 contiguous states			
Family Size	175% (max Pell, not single parent)	225% (max Pell, single parent)	275% (min Pell, not single parent, dep)
1	\$22,330	n/a	n/a
2	30,170	38,790	n/a
3	38,010	48,870	59,730
4	45,850	58,950	72,050

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Timeline for FAFSA Simplification

Changes	Implementation Status
Drug Convictions	Implemented as of 21-22 award year.
Selective Service Registration	Implemented as of 21-22 award year.
SULA	Implemented as of 22-23 award year.
Pell for Incarcerated Students	Scheduled for 23-24 award year implementation..
Professional Judgment	Scheduled for 23-24 award year implementation.
Cost of Attendance	Scheduled for 23-24 award year implementation.
Provisional Independent student status	Scheduled for 23-24 award year implementation.
Expansion of Pell LEU Restoration & Acceptable Documentation for Unaccompanied/Homeless Youth	Scheduled for 23-24 award year implementation.
FAFSA Form Changes	Authorized and planned for 24-25 award year implementation.
Need Analysis/Pell Grant Eligibility	Authorized and planned for 24-25 award year implementation.
FUTURE Act	Implementation planned for 24-25 award year.

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Provisions Already Implemented

Repealed ban on eligibility for:

- Failure to register with Selective Service System
- Prior Drug Conviction

Subsidized Usage Limit Applies (SULA)

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Provisions Scheduled for 2023-24 Implementation

- PJ
- COA
- Provisional Independent Student Status
- Expansion of Pell LEU restoration
- Expanded acceptable documentation for unaccompanied/homeless youth
- Pell grants for Prison Education Programs

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Professional Judgment

- Prohibits institutions from maintaining a policy of denying all PJ requests
- Unsub eligibility for dependent students without parental info on FAFSA
 - FAA would have to determine that the parent(s) of the student ended support or would not fill out the FAFSA
- PJ during a qualifying emergency to zero out income earned from work with documentation of unemployment
- Requirement to carry forward dependency override from prior year

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Provisional Independent Status

- For dependent students who choose to complete FAFSA without parental information
 - ED required to calculate estimated Pell grant and estimated SAI based on provisional independent status (this piece will be implemented in 24-25)
- FAAs required to reach out to students to inform them about the dependency override process

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Cost of Attendance

- Food allowance must provide the equivalent of at least three meals per day
- On-campus housing allowance must be greater of average or median costs assessed
- COA must include the one-time cost of obtaining the student's first professional licensure
- COA elements required to be disclosed anywhere tuition and fees are described on institution's website

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Expansion of Pell LEU Restoration

Periods of attendance excluded from Pell LEU:

- Student unable to complete due to school closure
- Student falsely certified as Title IV eligible
- Student received a loan that was discharged due to:
 - Closed school
 - False certification
 - School's failure to make a refund of loan proceeds owed to the student's lender
- Successful borrower defense to repayment claim
- Student received a Title IV loan that was discharged under ED authority to compromise, waive, or release any right, title, claim, lien, or demand

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Pell Grants for Prison Education Programs (PEPs)

- Final rules published October 28, 2022
- PEPs cannot be offered by proprietary institutions
- All PEPs are considered additional locations, regardless of modality offered
- Pell amount cannot exceed COA

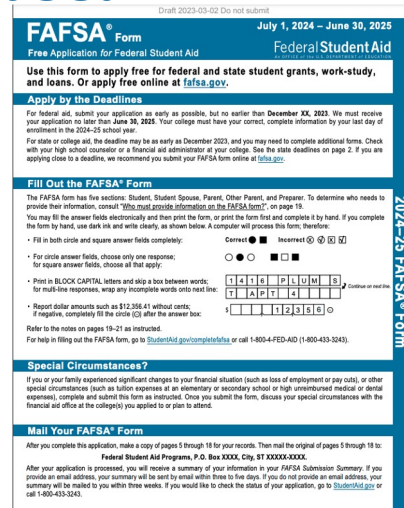
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Draft 2024-2025 FAFSA Released

- In late March, ED released its first draft of the 2024-2025 FAFSA as well as the Incarcerated Applicant Form
 - Paper form only
- New look and significant reorganization
- Contains several new questions required by the FAFSA Simplification Act
 - applicant sex, race and ethnicity
 - applicants as well as parents (and spouses, stepparents) will be asked to provide their consent for the IRS to share their income information with ED
- NASFAA will provide comment on the new form



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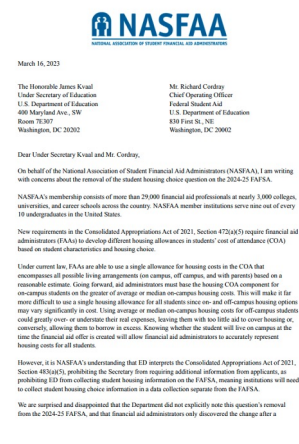
2024-2025 Removed Questions

ED has removed several questions from the 2024-2025 FAFSA.

- Student housing choice
- FWS interest
- Taxable earnings from need-based employment

The FAFSA Simplification Act has prohibited ED from including these questions on the new FAFSA.

NASFAA sent a letter to ED and FSA warning them about the implications of removing the housing question.



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FSA Roadmap for 2024-2025

FSA released a “roadmap” outlining delivery dates for the 2024-25 FAFSA resources

Notable Dates/Items:

- The 2024-25 FAFSA will be released in December
- Tools for FAs to explain the change from EFC to SAI and Pell look-up tables in Spring
- A near final FAFSA ISIR layout will be released in April
 - Final will be released in October
- 10 virtual training sessions starting this summer on the NEW FAFSA
- Communications with students and families by ED will start in the summer

NASFAA previously sent a letter to FSA with several recommendations that would help improve the rollout of the 2024-25 FAFSA

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NASFAA's FAFSA Simplification Webcenter

- SAI formula/Pell eligibility flowchart
- Charts summarizing changes
- Implementation Timeline
- School checklist
- SAI Case Studies

www.nasfaa.org/fafsa_simplification

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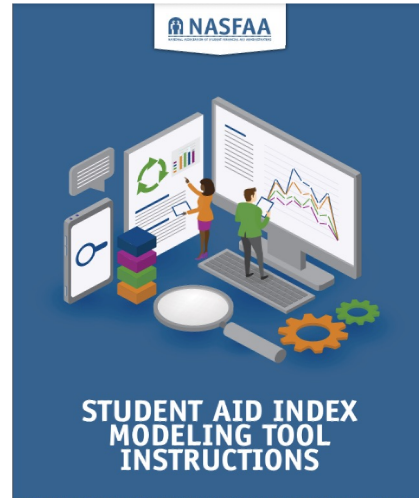


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NASFAA's SAI Modeling Tool

- Estimated SAI vs EFC
- Estimated Pell Grant Amount

Available to NASFAA members:
www.nasfaa.org/sai_modeling_tool



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Questions?