

Understanding FAFSA Simplification

Significant changes to the Free Application for Federal Student Aid (FAFSA) are required because of recent legislation



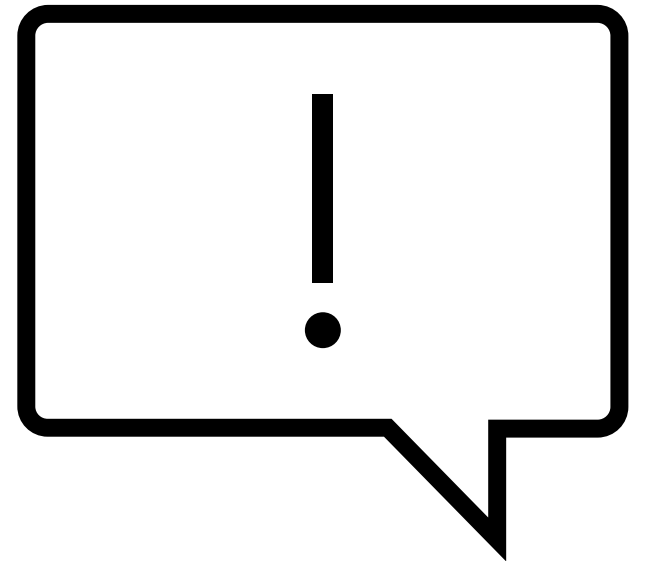
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Who is this important to?

FAFSA Simplification

- Students and Parents
- Secondary Counselors and Community Partners
- Post-secondary Staff in Admissions, Financial Aid, Development etc.
- Scholarship Organizations
- PHEAA and other State Agencies



Consolidated Appropriations Act, 2021



- ❑ **Future Act**

- ❑ **FAFSA Simplification Act**

FAFSA

The FUTURE Act allows the IRS to share data with FSA for increased ease in administering federal student aid programs.

The FAFSA Simplification Act introduces significant changes to the FAFSA application process including changes to the FAFSA form, how students and families will complete the application and the eligibility calculation.

Consolidated Appropriations Act, 2022



- FAFSA Simplification Technical Corrections Act
- Extended FAFSA simplification implementation timeline.
- Updated language associated with cost of attendance and provided additional flexibility for assisting students with unusual circumstances.
- Modified the terms and conditions for students that qualify for Pell Grant funds based upon meeting special conditions currently associated with the Iraq and Afghanistan Service Grant and the Children of Fallen Heroes Grant.



FAFSA® Simplification Implementation Timeline

- Repeal of Subsidized Usage Limited Applied (SULA) calculation
- Removal of negative consequences associated with drug convictions or failure to register for Selective Service

- Comments on applicant's Student Aid Report (SAR) updated to make it clear that they are now eligible for federal student aid regardless of how they answered FAFSA questions on drug convictions and Selective Service

- Removal of drug conviction and Selective Service FAFSA questions
- Addition of demographic survey
- Expansion of Pell Lifetime Eligibility Used (LEU) restoration
- Extension of Pell Grant eligibility to incarcerated students
- Carry over of responses to homeless & unaccompanied youth questions
- Changes to Cost of Attendance
- Expansion of professional judgment
- Adjustments for applicants who cannot provide parental info
- Expanded acceptable documentation for unaccompanied/homeless youth

- Modified FAFSA form to include the remaining FAFSA Simplification provisions
 - Includes provisional independent student determination
- Provide tool for estimating student aid eligibility
- Expanded accessibility of FAFSA forms to 11 most common languages
- Calculation of Student Aid Index (SAI) replaces Expected Family Contribution (EFC)
- Changes to Pell Grant eligibility formula
- Changes to verification selection criteria
- Direct Data Exchange to import Federal Tax Information (FTI) for FAFSA, IDR and TPD forms
- Re-engineered FAFSA processing systems

Award Year 2021-2022

Award Year 2022-2023

Award Year 2023-2024

Award Year 2024-2025

Changes to the FAFSA for 2023-24

Selective Service and drug conviction questions removed from the 2023-24 FAFSA. The homeless youth questions are prefilled for renewal applicants.



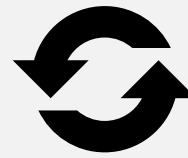
Selective Service

Male/female question, help text, edits and messaging removed.



Drug Conviction

Functionality, questions, help text, edits, SAR comments, match flag requirements removed.



Homeless Youth

Three existing homeless questions are renewal-eligible.



Optional Survey

Race/ethnicity and sex/gender questions added.

2024-25 FAFSA – Will It Be Simple To Fill Out?



- Overall, less questions due to planned seamless Direct Data Exchange (DDE) with IRS.
- Lowest income families have the fewest questions to answer.
- Roles-based completion.
- Multi-factor authentication.

Roles Within the 2024-25 FAFSA



Student



Parent and
Parent Spouse



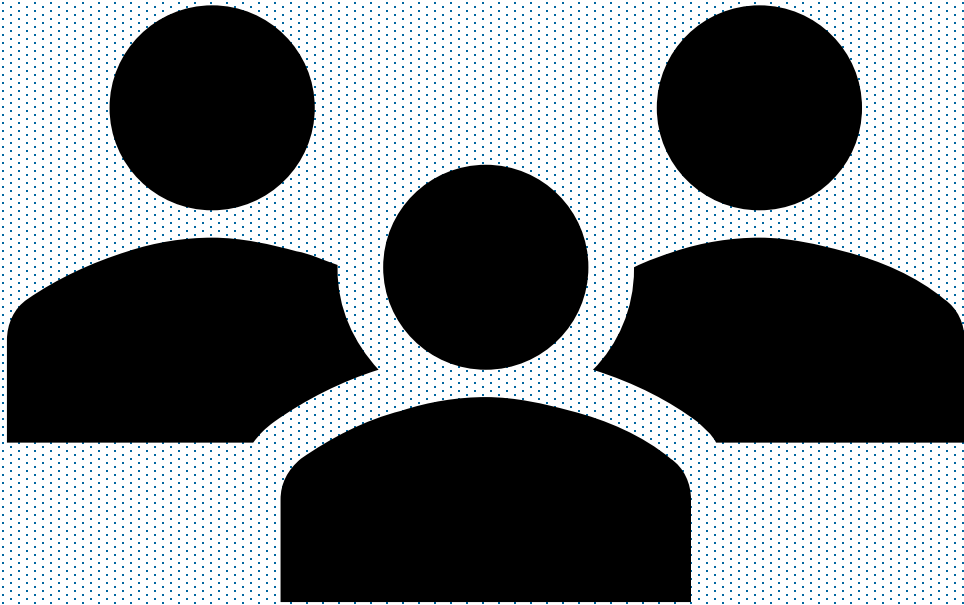
Student
Spouse



Preparer

- Users will need an FSA ID to access the FAFSA application.
- No more ability to start a FAFSA form with just student identifiers.
- Users without an SSN will be able to acquire an FSA ID.

Who Needs an FSA ID?



- The student's dependency, marital, and tax filing statuses will determine if additional contributors are required on the FAFSA form.
- If married and filed jointly with current spouse, then minimal information about current spouse is required and the spouse doesn't have to log in.
- If married or unmarried/living together but did not file taxes jointly, then both will need to log in and sign the FAFSA form.
- Beginning in 2024-2025, independent students will no longer be able to provide parental data on their FAFSA.

Students can now complete the FAFSA in English or Spanish

FAFSA Available in 11 Languages in 2024-25



The screenshot shows the FAFSA website homepage. At the top, there is a navigation bar with the text "Un sitio web oficial del gobierno de Estados Unidos." on the left, and "Centro de ayuda (en inglés)", "Enviar un reembolso", and "Inglés | Español" on the right. The "Inglés | Español" link is circled in green. Below the navigation bar, there is a section with the "Federal Student Aid" logo and several menu items: "CONOCER LA AYUDA ECONÓMICA", "SOLICITAR AYUDA ECONÓMICA", "COMPLETAR LA TRAMITACIÓN DE AYUDA ECONÓMICA", and "ADMINISTRAR PRÉSTAMOS". The main content area features a large heading "Llene el formulario FAFSA®" and a subheading "¿Es usted nuevo para el proceso de la FAFSA®?". Below this, there is a button "Comience aquí". Another section asks "¿Es usted un usuario que regresa?" and provides links for "Corregir info | Agregar una institución educativa" and "Vea su Informe de Ayuda Estudiantil (SAR)". A button "Iniciar una sesión" is also present. A text box on the left side of the image states: "Accessibility to the FAFSA has been expanded to the top 11 languages spoken by English learners in the U.S. - Spanish, Chinese, Tagalog, Vietnamese, French, Arabic, Korean, Russian, German, Haitian and Hindi".

Un sitio web oficial del gobierno de Estados Unidos.

Centro de ayuda (en inglés) Enviar un reembolso Inglés | Español

Federal Student Aid
An Office of the U.S. Department of Education

CONOCER LA AYUDA ECONÓMICA

SOLICITAR AYUDA ECONÓMICA

COMPLETAR LA TRAMITACIÓN DE AYUDA ECONÓMICA

ADMINISTRAR PRÉSTAMOS

Llene el formulario FAFSA®

Utilice el formulario *Solicitud Gratuita de Ayuda Federal para Estudiantes* (FAFSA®) para solicitar ayuda económica para pagar los estudios universitarios de pregrado o posgrado.

¿Es usted nuevo para el proceso de la FAFSA®?

Llenar el formulario FAFSA es gratuito. Llénelo ahora mismo.

Comience aquí

¿Es usted un usuario que regresa?

Corregir info | Agregar una institución educativa

Vea su *Informe de Ayuda Estudiantil* (SAR)

Iniciar una sesión

Accesibilidad sobre la FAFSA®

Accesibilidad to the FAFSA has been expanded to the top 11 languages spoken by English learners in the U.S. - Spanish, Chinese, Tagalog, Vietnamese, French, Arabic, Korean, Russian, German, Haitian and Hindi



More FAFSA Changes 2024-25



Release to more schools

List of post-secondary schools expanded to 20.



No more save key

This extra step eliminated in 2024-25.



Survey questions now required

Race/ethnicity and sex/gender questions no longer optional as in prior year.

Who fills out the least questions in 2024-25?



Fewer Questions

Incomes below \$60,000 or — in the case of dependent students — whose parents' incomes are below \$60,000 and who file simple tax returns not required to provide asset information.



Means Tested Benefits

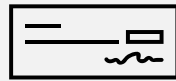
Applicant, spouse of applicant or parent of dependent applicant receives means tested benefits (SSI, SNAP, TANF, WIC, Medicaid, Housing assistance) in the previous 24 months and thus not required to provide asset information.



Free and Reduced Lunch

Removed Free and Reduced Lunch from means tested benefits that qualify applicant to not provide asset information.

More FAFSA Changes 2024-25



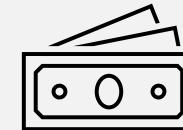
Child Support

Child support received will be reported as an asset instead of income if required to report asset information.



Gifts & 529 Plans

Gifts to the student and qualified distributions from 529 plans owned by a grandparent, aunt, uncle, etc. will no longer be reported.



Some Income No Longer Reported

Cash support and other money paid on the student's behalf, Veterans' benefits, and Workman's Compensation.

More FAFSA Changes 2024-25



Family Farm or Business

Families must report net value of a business or farm they own unless they qualify to exclude assets on FAFSA. Need clarification on definition of a farm.



Dependents in Family Size

Must live with parent(s) or live apart due to college enrollment and must receive more than 50% of their support from parent (s) and continue to receive this during upcoming award year.



Provisional Independent Student

A new status for students unable to provide parental information.

More FAFSA Changes 2024-25



Professional Judgement

Schools now prohibited from having a policy of denying all PJ requests.



Divorced or separated parents

Whose financial data appears on the FAFSA will now be based on who provides more support to the student rather than whom the student lived with. No time frame is mentioned.



No longer count others in college

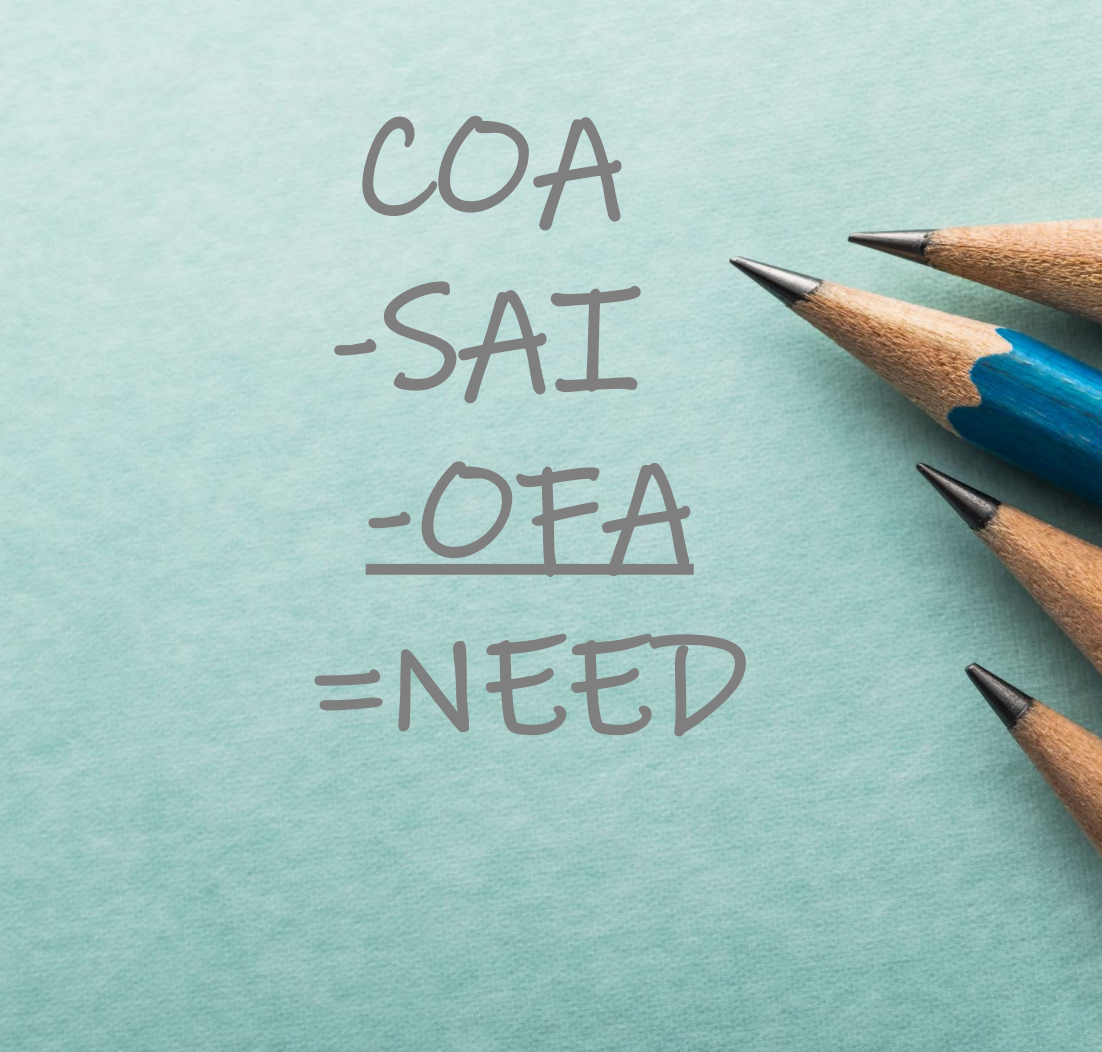
FAFSA will still ask if others in family are attending a post-secondary school. Number in college not used in calculating SAI but could be used by states or schools.

New School Requirement for 2024-25 - Reporting of Federal Work Study Student Earnings

- Beginning with the 2024-2025 FAFA, schools will be required to report calendar year Federal Work Study (FWS) earnings by student
- Schools will need to complete reporting of 2022 FWS earnings for the students prior to the release of the 2024-2025 FAFSA.
- FWS amount will be available in FAA Access and provided on the ISIR.



Expected Family Contribution (EFC) will change to Student Aid Index (SAI) in 2024-25



COA
-SAI
-OFA
=NEED

The image shows a handwritten equation on a green background. The equation is COA minus SAI minus OFA equals NEED. The text is written in a casual, hand-drawn style. To the right of the text, there are several sharpened pencils, some with blue erasers, pointing towards the equation.

- How the SAI is calculated different than how the EFC is now calculated.
- There are some changes in the language used to calculate “need”.
 - **COA – cost of attendance**
 - **SAI – student aid index**
 - **OFA – other financial assistance**
- Pell Grant eligibility expanded, and eligibility linked to family size and federal poverty level.
- Those who are not required to file a return in the base year will get an automatic negative \$1500 (-\$1,500) SAI.

FAFSA Simplification 2024-25



- The SAI can be a negative number down to negative 1500 (-1500).
- SAI values can be capped on the upper end at 999,999.
- Simplification requires fewer questions about income and relies more so on the Direct Data Exchange (DDE) with the IRS for completion of the FAFSA.
- Families will report child support and the net value of farms and small businesses as assets, if they don't qualify to exclude assets.

Why a negative SAI?

Things for post-secondary schools to consider according to NASFAA:

- The negative SAI will allow the very neediest students to receive aid in excess of the Cost of Attendance (COA) established by their school.
- Even absent additional federal aid for students with negative SAIs, the negative figure could prove helpful in differentiating the neediest students. Currently, these students' EFCs are all clustered at zero because this is the lowest the EFC can go.
- This could enable institutions to more accurately target need-based aid, including the Federal Supplemental Educational Opportunity Grant (FSEOG).

Pell Grant Eligibility 2024-25

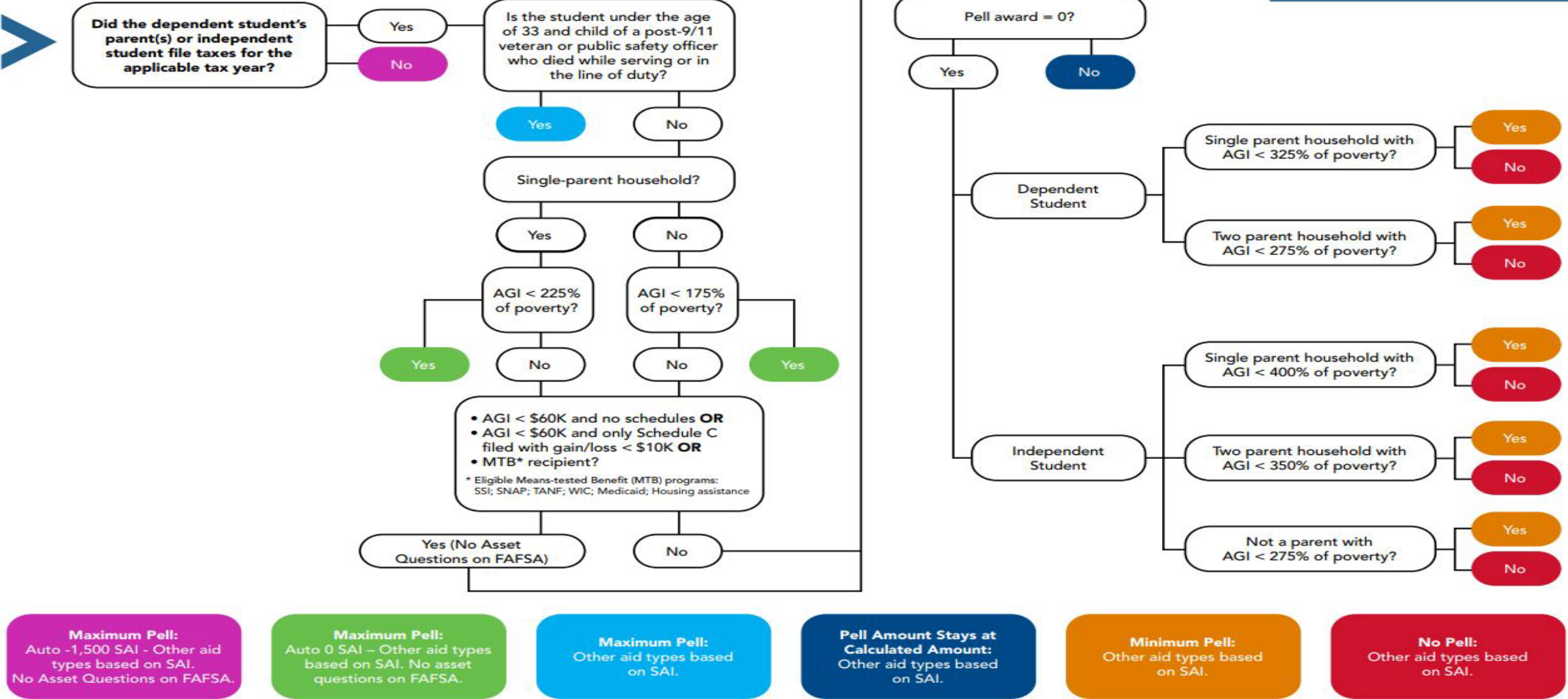
- The FAFSA Simplification Act expands the Federal Pell Grant to more students and links eligibility to family size and the federal poverty level.
- Some applicants will be able to determine Pell Grant eligibility prior to enrolling in college based on their family size, household income, and state's poverty standards.
- Makes eligibility more predictable for low-income students.

FEDERAL METHODOLOGY STUDENT AID ELIGIBILITY DETERMINATION

EFFECTIVE 2024-25 FAFSA

https://www.nasfaa.org/fafsa_simplification

This tool is intended to help FAAs visualize how eligibility for Pell grants and other aid will be determined under the provisions of the 2021 Consolidated Appropriations Act. This is not a representation of the applicant experience or actual FAFSA questions.



Pell Grant Eligibility 2024-25

- **Maximum Pell Grant** – Applicants may qualify for a Maximum Pell Grant based on family size, adjusted gross income (AGI), and poverty guidelines. Students qualifying for a Maximum Pell Grant will have an SAI between negative \$1,500 (-\$1,500) and \$0.
- Student Aid Index (SAI) – **Applicants who do not qualify for a Maximum Pell Grant** may still qualify if their calculated SAI is less than the maximum Pell Grant award for the award year. The applicant's Pell Grant award for full-time enrollment will be equal to the maximum Pell Grant for the award year minus SAI. The Pell Grant will be adjusted if the applicant enrolls less than full time, or if the applicant's COA is less than the calculated Pell Grant award.
- **Minimum Pell Grant** – Applicants whose SAI is greater than the maximum Pell Grant award for the award year may still qualify for a Pell Grant, based on family size, AGI, and poverty guidelines.

Maximum Pell Grant Eligibility

- **Non-Filers**

- Independent student (and spouse, if applicable) tax non-filers
- Dependent children of non-filing 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

2022 Poverty Guidelines: 48 Contiguous States (all states except Alaska and Hawaii)

Family Size	175%	225%	275%	325%	400%
1	\$23,783	n/a	\$37,373	\$44,168	\$54,360
2	\$32,043	\$41,198	\$50,353	\$59,508	\$73,240
3	\$40,303	\$51,818	\$63,333	\$74,848	\$92,120
4	\$48,563	\$62,438	\$76,313	\$90,188	\$111,000

New Cost of Attendance (COA) Components and Consumer Information 2023-24

- Revisions to Cost of Attendance (COA) components and consumer information that must be made publicly available.
- The COA food allowance for on-campus plans or off-campus meals must provide the equivalent of at least three meals per day for students attending at least half-time.
- Room and Board is now called Housing and Food.
- Cost of obtaining a license, certification, or first professional credential is no longer a one-time allowance and is a mandatory COA component.
- Postsecondary schools must also update all websites referencing tuition and fees with a list of its COA components. FSA declines to clarify where and how institutions must meet this requirement other than to note that institutions should be able to document a "reasonable approach" to complying with this requirement.

Additional Operational Changes for Schools in 2023-24

- Provisions for Financial Aid Administrators to exercise professional judgment in addressing an applicant's circumstances that may impact aid eligibility.
- Defines categories of professional judgment: special circumstances and unusual circumstances.
- Provides additional flexibility and requirements for making determinations of independence (dependency overrides).
- Updates acceptable documentation.

How to navigate these changes?

- How to answer questions about the FAFSA in the future for families now?
- What responses can schools offer to families and students?
- Will schools change FAFSA filing deadlines for 2024-25?
- [Congressional Research Service - The FAFSA Simplification Act](#)
- [FAFSA Simplification – FSA](#)
- [FAFSA Simplification Fact Sheet](#)
- [FAFSA Infographic](#)
- [FAFSA Simplification Video](#)



File the *Simplified*
FAFSA®



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Thank You!

