

FAFSA Simplification

What you need to know about 2024-2025

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AGENDA

What we will cover today:

- What is the FAFSA Simplification Act?
- What we must implement for 2023-2024
- Overview of changes to Need Analysis coming in 2024-2025
- Overview of changes to Pell Grants in 2024-2025
- Where to find more information and training

What we will not have time to cover today:

- Detailed changes to the application process
- Detailed changes to the need analysis formula

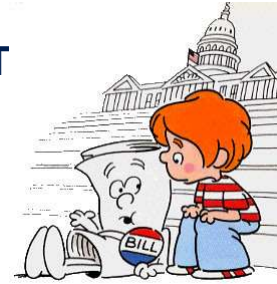
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RELEVANT LEGISLATIVE ACT

Dec. 2019

The FUTURE Act



ED is using a phased approach to implement both over the next two FAFSA cycles.

The FAFSA Simplification Act

Dec. 2020



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THE FUTURE ACT

December 2019 – The FUTURE Act

- Allows for direct cross-agency sharing of data between the IRS and U.S. Department of Education
- Transfer all items currently brought over from the DRT, the applicants' filing status, and the #of dependents.
- Allow students currently unable to use DRT, including both non-tax filers and tax filers of all filing status, to experience a simpler FAFSA process.
- Addresses verification burden



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THE FAFSA SIMPLIFICATION ACT

1. Replace the Expected Family Contribution (EFC) with the Student Aid Index (SAI)
2. Expanding Access to Federal Aid
3. Streamlining the FAFSA Form



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THE FAFSA SIMPLIFICATION ACT

1. Replace the Expected Family Contribution (EFC) with the Student Aid Index (SAI)
 - Change in the methodology used to determine aid
 - Increases some income protection allowances while eliminating others. (most will win, some will lose)
 - Need analysis formula removes the number of family members in college from the calculation
 - Allows a minimum SAI of -\$1,500
 - Implements separate eligibility determination criteria for Federal Pell Grants



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THE FAFSA SIMPLIFICATION ACT

2. Expanding Access to Federal Aid

- Federal Pell Grant to more students and links **eligibility to family size and the federal poverty level.**
- Incarcerated students will regain the ability to receive a Federal Pell Grant. (Through qualified prison education programs)
- Federal Pell Grant lifetime eligibility (LEU) will be restored to students whose school closed while they were enrolled or if the school is found to have misled the student.
- Repealed the lifetime limit on the period for which a borrower can receive subsidized loans of up to 150% of program length (often referred to as Subsidized Usage Limit Applies, or SULA).



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THE FAFSA SIMPLIFICATION ACT

3. Streamlining the FAFSA Form

- Use data received directly from the Internal Revenue Service (IRS) to calculate Federal Pell Grant eligibility and the SAI. (made possible through FUTURE Act)
- Removed question about Selective Service registration
- Removed question drug convictions
- Removed questions that are not used to determine aid eligibility. (like the housing question, for now anyway)



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SO, WHAT IS NEW FOR 2023-2024?

- Selective Service question removed
- Drug conviction question removed
 - *These eligibility requirements were removed for 2022-2023 but the questions still appeared on the FAFSA
- New rules regarding COA, PJ, and provisional independent status (see [GEN-22-15](#))
- Addition of questions regarding student's gender, ethnicity, and race



COST OF ATTENDANCE (COA) REQUIRED FOR 2023-2024 GEN-22-15

"Room and board" are now known as "food and housing"

- Food and housing are grouped together as "living expenses"

Food allowance in COA must be based on the equivalent of three meals per day

- Schools can use meal plan cost for 3 meals per day, or if one is not offered must use a reasonable methodology for estimating cost.
- Must provide reasonable allowance for purchasing food off campus for a student who does not have a meal plan.

COST OF ATTENDANCE (COA) REQUIRED FOR 2023-2024 GEN-22-15

Housing allowance for on campus housing must be based on the average or median amount assessed to residents, whichever is greater.

- Can use median or average of a specific housing cost rather than all the institutionally offered housing. (i.e., Senior housing that costs \$10,000 vs. first year housing that costs \$5,000)
- Allows schools to use actual housing costs by specific housing type.

The costs of obtaining a license, certification, or first professional credential are no longer restricted to a one-time allowance.

- Cost must be included up front when constructing the COA if the academic program leads to a professional licensure, certification, or credential.



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COST OF ATTENDANCE (COA) REQUIRED FOR 2023-2024 GEN-22-15



Act expands consumer information requirements by explicitly stating that each institution must make COA information publicly available on its website.

- The disclosure must include a list of all COA elements
- Must appear on any portion of the website that describes tuition and fees.

According to NASFAA: Anytime you reference dollar amounts for tuition and fees, you must also disclose the dollar amounts associated with all elements of the respective COA.



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PJ & DEPENDENCY OVERRIDE REQUIRED FOR 2023-2024

For dependent students who choose to complete the FAFSA without parental information, the ISIR will continue to be rejected for 2023-2024.

- Schools are required to identify those students and reach out to students to inform them of the dependency override process.
 - Notification must be "within a reasonable time" and include the process, requirements, and timeline for a dependency override.
 - If dependency override is approved, school is required to carry forward that decision to future year (unless you have reason to believe the situation has changed).



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WHAT IS CHANGING FOR 2024-2025?

- EFC will become the Student Aid Index (SAI)
 - SAI can be as low as -1,500
 - Does not allow awarding beyond COA
 - SAI will determine eligibility for all Title IV aid except maximum and minimum Pell Grants
 - Student is considered for max Pell first
 - Based on # of parents in household and AGI vs. poverty level
 - If not qualified for max Pell, then:
 - Max Pell amount – SAI = Pell amount
 - If no max Pell, and no Pell from SAI calc, student is considered for minimum Pell
 - Based on # of parents in household and AGI vs. Poverty level
- **This means no Pell Charts for 2024-2025! It's all a formula instead.**



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MAXIMUM PELL ELIGIBILITY 2024-2025

- **Non-Filers (automatic -1,500 SAI)**
 - Independent student (and spouse) tax non-filers
 - Dependent children of non-filing parents(s)
 - **Children of certain deceased veterans and public safety officers**
 - Students under age 33 whose parent died serving in the armed forces after 9/11/01
 - Students under age 33 whose parent died in the line of duty as a public safety officer
- **Must be otherwise eligible for Pell



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MAXIMUM PELL ELIGIBILITY CONT.

Low-income students:

- Independent students who are single parents and whose student 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 children of a single parent whose parent AGI is below 225% 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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MINIMUM PELL ELIGIBILITY

Low-income students:

- Independent students who are single parents and whose AGI is below 400% of the poverty level
- Independent students with two parent household whose AGI is below 350% of the poverty level
- Independent students who are not parents whose student AGI is below 275% of the poverty level
- Dependent children of a single parent whose parent AGI is below 325% of the poverty level
- Dependent students with parents who are not single parents whose parent AGI is below 275% of the poverty level



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MORE CHANGES TO PELL

Currently there are three Pell Grant enrollment schedules for less than full time enrollment

- Three-quarter time: 9-11 credits
- Half time: 6-8 credits
- Less than HT: 1-5 credits

Currently students get the same amount of Pell for 1 credit as they would for 5 credits.



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MORE CHANGES TO PELL

The Act changes the methodology of reduction.

The Act requires that "awards be reduced in direct proportion to the degree to which the student is not enrolled full-time, rounded to the nearest whole percentage point."

Pell Proportions	
Credits	% of Full-Time Award
12	100%
11	92%
10	83%
9	75%
8	67%
7	58%
6	50%
5	42%
4	33%
3	25%
2	17%
1	8%



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MORE CHANGES TO PELL

- **Minimum Pell is 10% of the Maximum Pell.** For example:
 - Max Pell = \$7,395 per year / \$3698 per term
 - Min Pell = \$740 per year / \$370 per term
 - 1 credit hour Min Pell = \$59 year or \$29 per term
 - 1 credit hour Max Pell = \$296 year or \$148 per term
- **Eliminates the half-time requirement for Year-Round Pell (Summer)**
 - Students enrolled for 1-5 credit hours can be paid for summer term



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PROVISIONAL INDEPENDENT STATUS

- Allows otherwise dependent students to complete the FAFSA as a "provisional" independent student if they believe they may qualify for a dependency override due to unusual situations.
- After completing the FAFSA, the student will receive a calculated SAI and an estimate of their federal Pell Grant and other information based on an independent status.
- In turn, aid administrators will be required to notify these students of the institution's process, requirements, and timeline for an adjustment to be completed under a PJ review



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SIMPLIFICATION...REALLY?!



- Allows for more **predictability** of Pell Grant eligibility, with its roots in Alexander's original concept of a two-question FAFSA — family size and adjusted gross income (AGI) — on a postcard.
- It would allow for the creation of a look-up table that families could use to **anticipate** future Pell Grant eligibility, potentially far in advance of applying to college.



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SIMPLIFICATION...REALLY?!

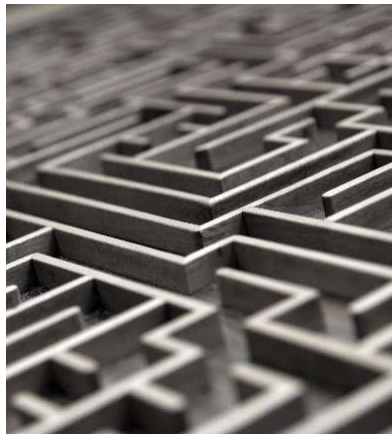


- **Untaxed income** items include only items on the federal tax return – using IRS direct data share.
- **Child support received** moved from untaxed income to assets (which not all will need to report)
- **Divorced and separated parents** - parent who provided the greater portion of the student's financial support, instead of which parent the student lived with more during the past 12 months.



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CONFUSED YET? MORE TO COME!



- Think about how these changes will impact your institution
- Begin discussing with other departments on campus. (Finance, Advisors, Admissions, Scholarship Office, anyone who uses EFC in a sentence)
- Know where to find answers and read as much as you can.



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ADDITIONAL RESOURCES

- **Federal Student Aid – FAFSA Simplification Information page**
Includes links to all Federal Register Notices, Dear Colleague Letters and Electronic Announcements, and links to training and other resources. <https://fsapartners.ed.gov/knowledge-center/topics/afsa-simplification-information>
- **2022 Federal Student Aid Conference**
Session recordings GS 5, BO 9, BO 15, BO16
<https://fsaconferences.ed.gov/2022sessionlist.html>
- **NASFAA FAFSA Simplification page**
Membership is not required to view most of the resources here.
https://www.nasfaa.org/afsa_simplification

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ADDITIONAL RESOURCES

- **Southern Association of Student Financial Aid Administrators (SASFAA)** - Look for a robust webinar schedule next year!
<https://www.sasfaa.org/>
- **Florida Association of Student Financial Aid Administrators (FASFAA)**
 - FASFAA Annual Conference: May 22-26 Fort Myers, FL
 - Additional webinars and workshops for members
 - Membership \$30 per person
 - <https://www.fasfaa.org/>



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