




FAFSA Simplification

National Association of Student Financial Aid Administrators

Fall 2021



2020 Year End Legislation

- The “Coronavirus”
 - Fiscal Year 2021 appropriations
 - \$73.5 billion in discretionary funding appropriated for ED
 - \$150 increase to the maximum Pell Grant award
 - New maximum for 2021-22 award year will be \$6,495
 - \$25 million increase for campus-based aid programs
 - Additional COVID-relief funds
 - \$23 billion for institutions of Higher Education
 - FAFSA simplification and other student aid provisions
 - “Mini HEA”

Future Changes

- The omnibus, passed on December 21st, incorporated elements of Sen. Alexander's previous FAFSA simplification legislation
- ED will employ a delayed, phased implementation of the changes made to federal methodology and the FAFSA
- FM changes to be implemented for 24-25



Progress on FAFSA Simplification: FUTURE Act

- In December 2019, Congress passed and President Trump signed into law the FUTURE Act, which contained text from the FAFSA Act previously supported by NASFAA.
- The bill allows for direct cross-agency data sharing between IRS and ED, and will:
 - Transfer all items currently brought over from the DRT and applicants' filing status.
 - Allow students currently unable to use the DRT, including both non-tax-filers and tax filers of all filing statuses, to experience a simpler FAFSA process.
 - Address verification burden
 - Permit sharing of taxpayer information between ED and IRS for the purpose of determining eligibility for income-driven repayment plans.

FAFSA Simplification Act

- FAFSA Simplification
- Need Analysis/Pell Grant Eligibility
- Drug Convictions & Selective Service Registration
- SULA
- Pell for Incarcerated Students
- Professional Judgment
- Cost of Attendance

FAFSA Simplification

- 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
- 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

Need Analysis & Pell Grant Eligibility

- Expected Family Contribution (EFC) is now Student Aid Index (SAI)
- SAI can be as low as -\$1,500
- SAI determines eligibility for all Title IV aid except maximum and minimum Pell grant awards.
 - Student is considered for max Pell first
 - Based on # of parents in hh and AGI vs. poverty
 - 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 hh and AGI vs. poverty

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

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)	400% (min Pell, single parent)
1	\$22,330	n/a	35,090	n/a
2	30,170	38,790	47,410	68,960
3	38,010	48,870	59,730	86,880
4	45,850	58,950	72,050	104,800

Other Formula Changes

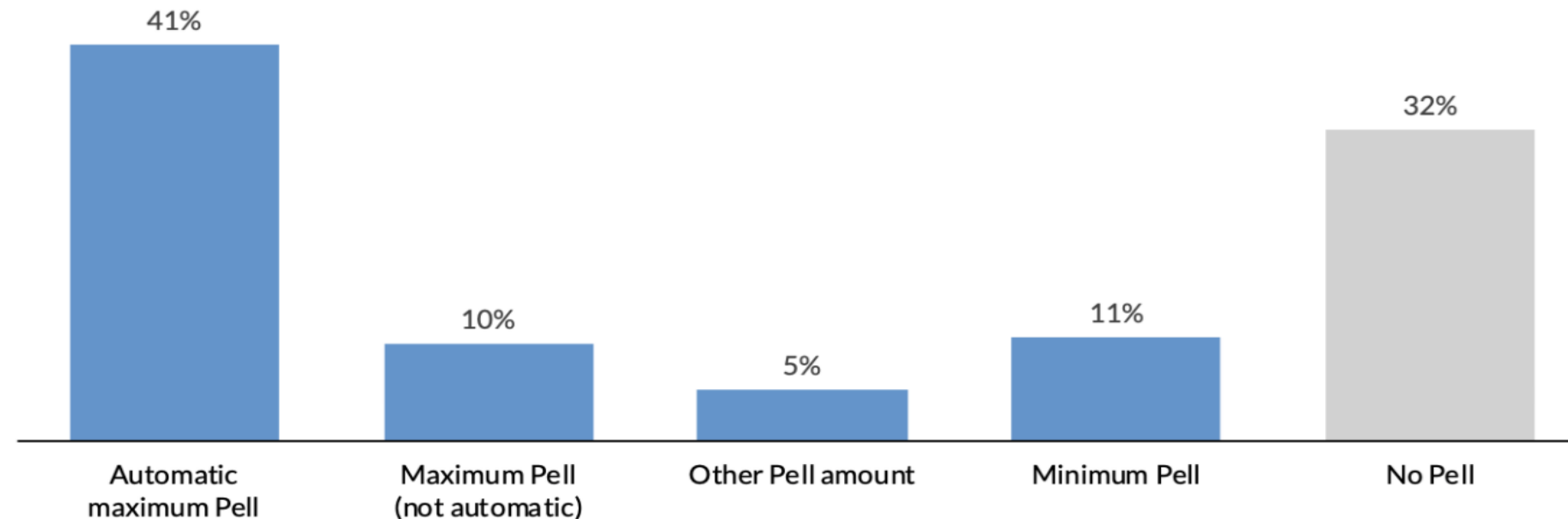
- Fewer untaxed income items factored into FM formula
 - Child support received now reported with assets
- Change to who is reported as parent in cases of divorce/separation
- State/other tax allowance removed
- Small business/family farm exclusion eliminated
- No SAI split for number in college
- No asset questions for:
 - Means-tested benefits recipients
 - AGI < \$60K and no lettered tax schedules
 - AGI < \$60K and only Schedule C, provided Schedule C gain/loss < \$10K

How Will the New Pell Grant Formula Affect Students?

How Students' Pell Grant Eligibility Will Be Determined

Most students who receive Pell will obtain the grant through automatic eligibility

Share of students who applied for federal financial aid



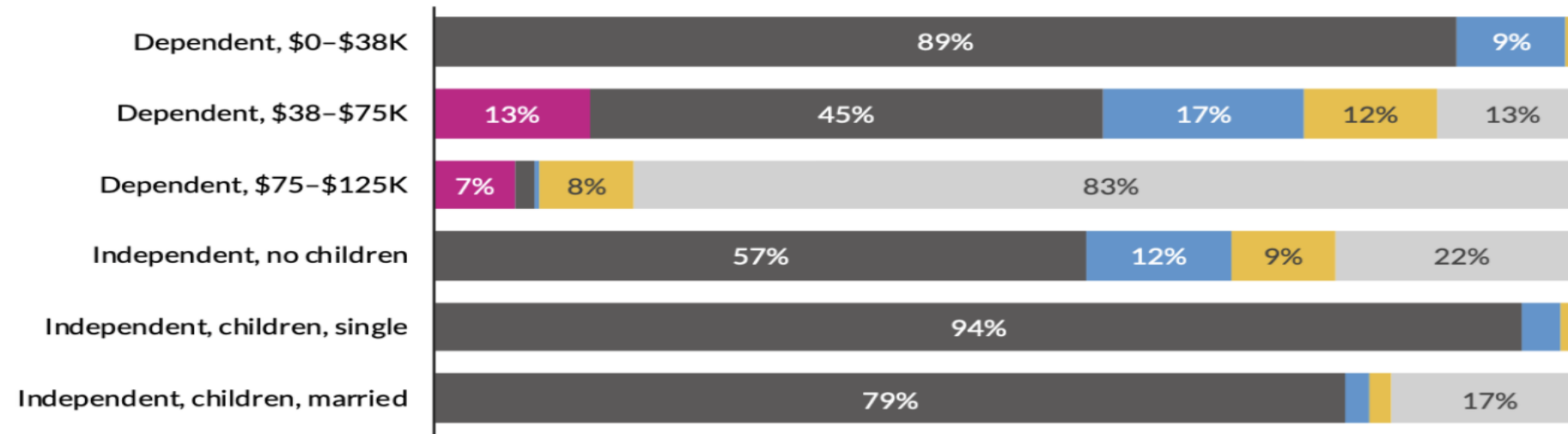
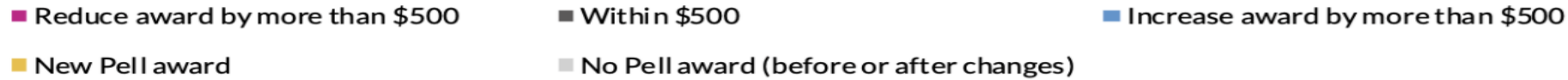
Source: Urban Institute analysis of 2016 National Postsecondary Student Aid Study data.

URBAN INSTITUTE

How Will the New Pell Grant Formula Affect Students?

Projected Changes to Pell Distribution

Implementing new maximum and minimum Pell rules and sibling adjustment



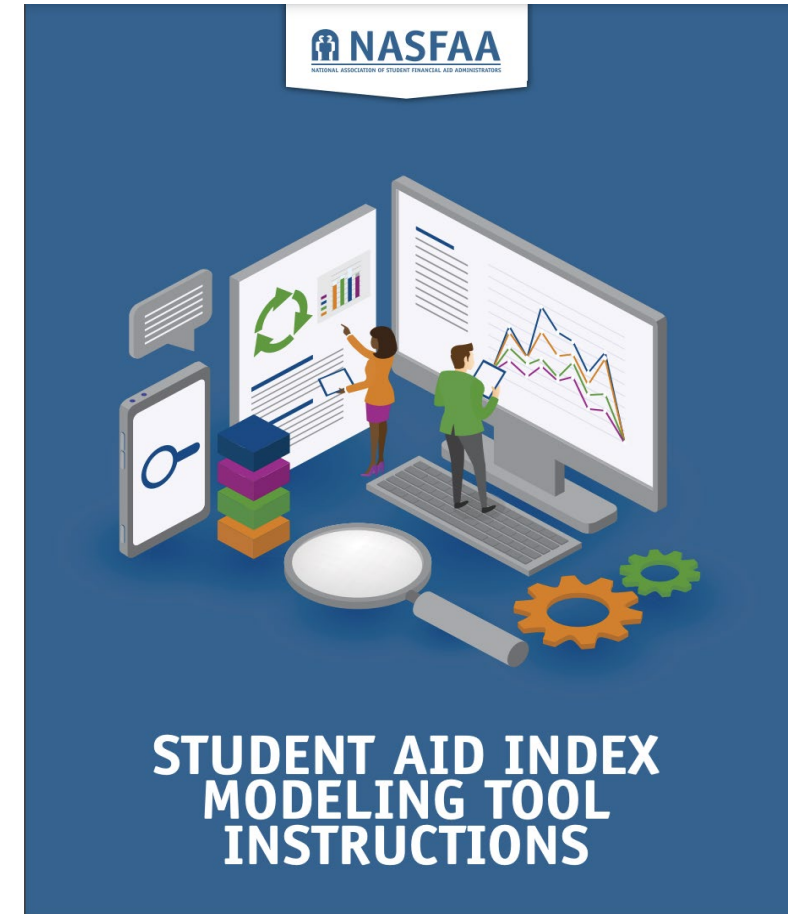
Share of students who applied for federal financial aid

Source: Urban Institute analysis of 2016 National Postsecondary Student Aid Study data.

URBAN INSTITUTE

NASFAA's SAI Modeling Tool

- This tool allows institutions to model how the recent changes to the FM EFC formula — which has been renamed the Student Aid Index (SAI) and is expected to be fully implemented for the 2024-25 award year — will impact student need and institutional financial aid budgets
- The model will also estimate the student's Pell Grant award under the provisions of the FAFSA Simplification Act.



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

Student Eligibility Provisions

Drug Convictions & Selective Service

- Eliminates the suspension of federal student aid eligibility for applicants with drug-related convictions
- Removes Selective Service registration eligibility requirement
- Questions on drug convictions and Selective Service eligibility will be removed from the 23-24 FAFSA.
- Implemented as of 21-22 award year*

Subsidized Usage Limit Applies (SULA)

- Repeals the SULA requirement, which barred students from receiving subsidized Direct Loans for more than 150% of the published length of their program.
- Repealed for any borrower who receives a Direct Loan disbursed on or after July 1, 2021

Pell for Incarcerated Students

- Restores Pell Grant eligibility for incarcerated individuals who are currently prohibited from accessing Pell Grants
- Proprietary institutions will not be eligible to award or receive Pell Grants on behalf of incarcerated students
- Will be implemented with the start of the 2023-24 award year

**The questions will remain on the FAFSA until the 2023-24 FAFSA but will not cause packaging issues.*

Professional Judgment; Authorized for 23 - 24 Implementation

- At ED's discretion, would have to announce in *Federal Register*
- Prohibits institutions from maintaining a policy of denying all PJ requests
- Allows FAAs to offer a dependent student an unsubsidized loan without requiring the parents to fill out the FAFSA if the student does not qualify for, or does not choose to have a professional judgment review
 - FAA would have to determine that the parent(s) of the student ended support **or** would not fill out the form
- Allows FAAS during a qualifying emergency to use PJ to zero out income earned from work if the applicant can provide paper or electronic documentation of receipt of unemployment, or can provide proof that an application for unemployment benefits was submitted

Provisional Independent Status; Authorized for 23-24 Implementation

- At ED's discretion, would have to announce in *Federal Register*
- Allows otherwise dependent students to complete the FAFSA as a “provisional” independent student if they believe they may qualify for independent student status due to unusual situations and would likely meet the criteria for a dependency override
- The student would receive an estimate of their federal Pell Grant award and other information based on an independent status after completing the FAFSA
- FAAs would be required to notify these students of the institution's process, requirements, and timeline for an adjustment to be completed under a PJ review

Cost of Attendance

- Gives ED the authority to regulate all COA components except tuition and fees (not effective until 24-25)
- Authorized for 23-24 implementation at ED's discretion:
 - The COA food allowance for on-campus plans or off-campus meals must provide the equivalent of at least three meals per day
 - COA must include the one-time cost of obtaining the student's first professional licensure
 - Institutions will be required to make publicly available a list of all the elements of the COA and disclose those figures on any portion of the website describing tuition and fees



NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS