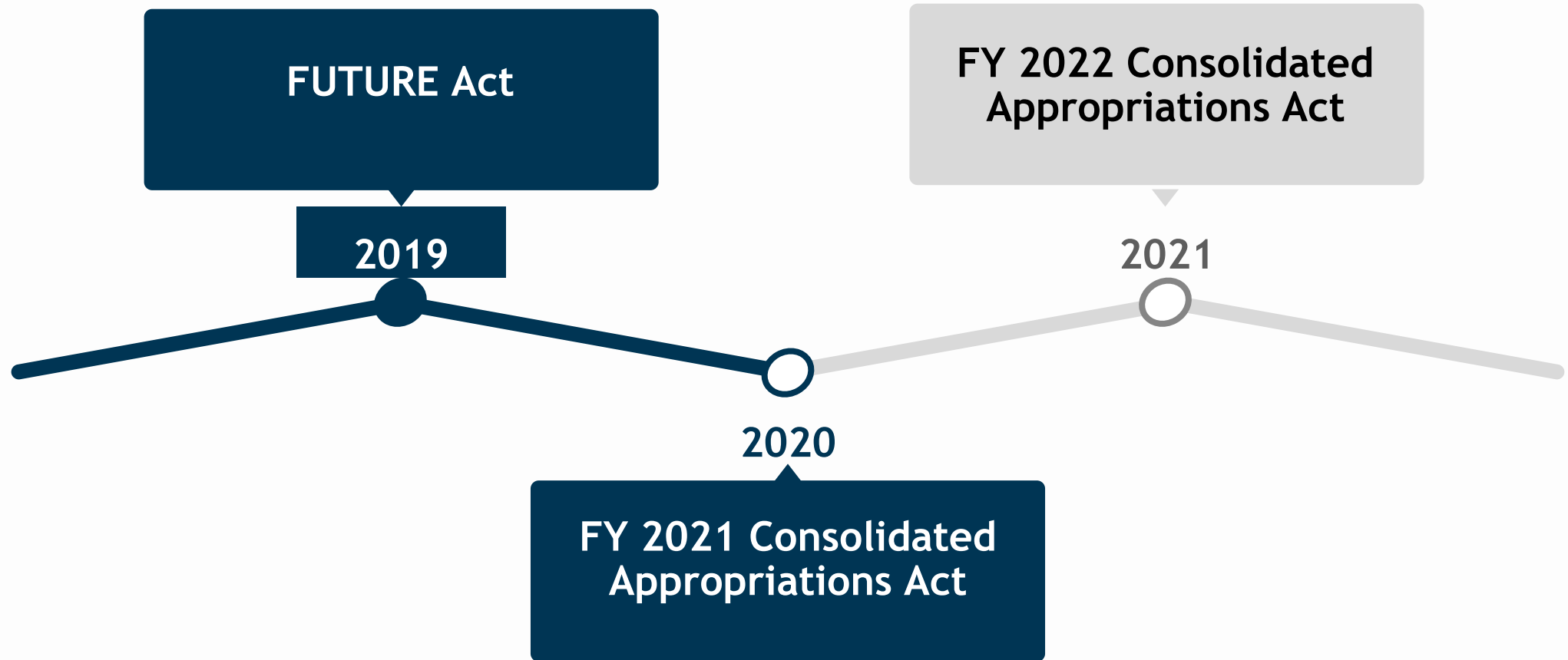




FAFSA Simplification

Spring 2023

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

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

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.

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

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
- Pell proration
 - Minimum Pell can be prorated
 - $< \frac{1}{2}$ time can receive $<$ minimum award (10%)
- Expansion of Pell LEU restoration

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

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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Provisions Already Implemented

Repealed ban on eligibility for:

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

Subsidized Usage Limit Applies (SULA)

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

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

Cost of Attendance; Scheduled for 23-24 Implementation

- 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

COA Provisions & AskRegs

AskRegs Alerts

Welcome to NASFAA's AskRegs Knowledgebase!

NASFAA's AskRegs provides a searchable Knowledgebase of answers to financial aid administrators' questions. Get started by browsing or searching the large library of questions and responses for an immediate answer.

If you can't find an answer, ask a question. Our experts will thoroughly research your question and provide you a comprehensive answer, including any applicable regulatory citations. That question and answer may then be added (without identifying information) as appropriate to further expand the Knowledgebase Q&A library.

Enter a keyword or keywords

Timely

What FAFSA Simplification Provisions Are Effective For the 2023-24 Award Year?

[When Will the 2024-25 FAFSA Go Live?](#)

What Is ED's Timeline For Releasing 2024-25 Award Year Processing Guidance?

When Do the Various Title IV COVID-19 Flexibilities and Waivers End?

Are We Required To Have Separate COAs For Students In Different Living Arrangements?

VIEW MORE

Most Recent

Are Job Corps Benefits Treated As Taxable Or Untaxed Income?

Are SAR Comment Codes 295 and 300 Treated Differently?

Does the Notary Have To Sign the Copy Of the Student's Identification If It is On a Separate Page?

Are Study Abroad Providers Or Other Entities Participating In Consortium Or Contractual Agreements Considered Third-Party Servicers?

What Untaxed Income Will Be Included On the FAFSA For Need Analysis In 2024-25 and Beyond?

VIEW MORE

Explore Categories

Administrative Capability

Agreements Between Schools

Application Processing

Cash Management

Cost of Attendance

Direct Loan/FFEL

Fresh Start

Institutional Eligibility

Non-Title IV Aid

Packaging

Prison Education Programs

Professional Judgment

Recordkeeping

Return of Title IV Funds

Student Eligibility

Verification

Biden Loan Forgiveness

Consumer Information

COVID-19

FAFSA Simplification

FSEOG

FWS

Need Analysis

Overawards/Overpayments

Pell & IASG

Perkins

Program Eligibility

Reporting

SAP

Tax Issues

TEACH Grant

NASFAA

NASFAA ASKREGS

Search Knowledgebase

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Ask a Question

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AskRegs Alerts

Cost of Attendance

To further narrow your options, use "Sort By" or use CTRL-F to find keywords within the page. You can also use "Show More" or "Show All" at the bottom of the page to expand the list of possible options.

Trending Cost of Attendance Articles

Which Cost Components Must Be Included Up Front When Constructing the Cost of Attendance?

What FAFSA Simplification Provisions Are Effective For the 2023-24 Award Year?

Can a School Assume Full-Time Attendance and not Adjust the COA for Actual Enrollment?

Are We Required To Recalculate COA Or Awards If We Adjust Charges Or Refund All Or Part Of Tuition, Fees, Room, Or Board Due To Coronavirus?

Are Emergency Funds Provided To Students Due to Coronavirus Treated As Estimated Financial Assistance?

Cost of Attendance Resources

Transfers--Administering Title IV Aid for Transfer Students--2021 FSA Conference Session 12

FAFSA Simplification--Detailed Summary of Non-Pell/FM Changes from the FAFSA Simplification Act

FAFSA Simplification--Timeline of Effective Dates

FAFSA Simplification ED Session NASFAA Conference July 2022

All Cost of Attendance Articles

Sort By: Recently Updated

When Will the College Financing Plan Be Updated To Reflect New Cost Of Attendance Terminology?

Will We Be Able To Package Above the COA If There Is a Negative Student Aid Index?

Are We Required To Break Down Less-Than-Full-Time Enrollment Statuses When We Publish Our COA?

Must We Use the Term "Living Expenses" Or "Housing and Food" When Referencing the COA?

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

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

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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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

Draft 2023-03-02 Do not submit

FAFSA® Form July 1, 2024 – June 30, 2025
Free Application for Federal Student Aid Federal Student Aid
an OFFICE of the U.S. DEPARTMENT of EDUCATION

Use this form to apply free for federal and state student grants, work-study, and loans. Or apply free online at fafsa.gov.

Apply by the Deadlines

For federal aid, submit your application as early as possible, but no earlier than **December XX, 2023**. We must receive your application no later than **June 30, 2025**. Your college must have your correct, complete information by your last day of enrollment in the 2024–25 school year.

For state or college aid, the deadline may be as early as December 2023, and you may need to complete additional forms. Check with your high school counselor or a financial aid administrator at your college. See the state deadlines on page 2. If you are applying close to a deadline, we recommend you submit your FAFSA form online at fafsa.gov.

Fill Out the FAFSA® Form

The FAFSA form has five sections: Student, Student Spouse, Parent, Other Parent, and Preparer. To determine who needs to provide their information, consult “Who must provide information on the FAFSA form?”, on page 19.

You may fill the answer fields electronically and then print the form, or print the form first and complete it by hand. If you complete the form by hand, use dark ink and write clearly, as shown below. A computer will process this form; therefore:

- Fill in both circle and square answer fields completely: **Correct** ● ■ **Incorrect** ○ ☐ ☒ ☓ ☑ ☒
- For circle answer fields, choose only one response; for square answer fields, choose all that apply: ○ ● ○ ■ □ ■
- Print in BLOCK CAPITAL letters and skip a box between words; for multi-line responses, wrap any incomplete words onto next line:
1 4 1 6 P L U M S Continue on next line.
T A P T 4
- Report dollar amounts such as \$12,356.41 without cents; if negative, completely fill the circle (○) after the answer box: \$ 1 2 3 5 6 ○

Refer to the notes on pages 19–21 as instructed.
For help in filling out the FAFSA form, go to StudentAid.gov/completetfafsa or call 1-800-4-FED-AID (1-800-433-3243).

Special Circumstances?

If you or your family experienced significant changes to your financial situation (such as loss of employment or pay cuts), or other special circumstances (such as tuition expenses at an elementary or secondary school or high unreimbursed medical or dental expenses), complete and submit this form as instructed. Once you submit the form, discuss your special circumstances with the financial aid office at the college(s) you applied to or plan to attend.

Mail Your FAFSA® Form

After you complete this application, make a copy of pages 5 through 18 for your records. Then mail the original of pages 5 through 18 to:
Federal Student Aid Programs, P.O. Box XXXX, City, ST XXXXX-XXXX.

After your application is processed, you will receive a summary of your information in your *FAFSA Submission Summary*. If you provide an email address, your summary will be sent by email within three to five days. If you do not provide an email address, your summary will be mailed to you within three weeks. If you would like to check the status of your application, go to StudentAid.gov or call 1-800-433-3243.

2024–25 FAFSA® Form

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.



March 16, 2023

The Honorable James Kvaal
Under Secretary of Education
U.S. Department of Education
400 Maryland Ave., SW
Room 7E307
Washington, DC 20202

Mr. Richard Cordray
Chief Operating Officer
Federal Student Aid
U.S. Department of Education
830 First St., NE
Washington, DC 20002

Dear Under Secretary Kvaal and Mr. Cordray,

On behalf of the National Association of Student Financial Aid Administrators (NASFAA), I am writing with concerns about the removal of the student housing choice question on the 2024-25 FAFSA.

NASFAA's membership consists of more than 29,000 financial aid professionals at nearly 3,000 colleges, universities, and career schools across the country. NASFAA member institutions serve nine out of every 10 undergraduates in the United States.

New requirements in the Consolidated Appropriations Act of 2021, Section 472(a)(5) require financial aid administrators (FAAs) to develop different housing allowances in students' cost of attendance (COA) based on student characteristics and housing choice.

Under current law, FAAs are able to use a single allowance for housing costs in the COA that encompasses all possible living arrangements (on campus, off campus, and with parents) based on a reasonable estimate. Going forward, aid administrators must base the housing COA component for on-campus students on the greater of average or median on-campus housing costs. This will make it far more difficult to use a single housing allowance for all students since on- and off-campus housing options may vary significantly in cost. Using average or median on-campus housing costs for off-campus students could greatly over- or understate their real expenses, leaving them with too little aid to cover housing or, conversely, allowing them to borrow in excess. Knowing whether the student will live on campus at the time the financial aid offer is created will allow financial aid administrators to accurately represent housing costs for all students.

However, it is NASFAA's understanding that ED interprets the Consolidated Appropriations Act of 2021, Section 483(a)(5), prohibiting the Secretary from requiring additional information from applicants, as prohibiting ED from collecting student housing information on the FAFSA, meaning institutions will need to collect student housing choice information in a data collection separate from the FAFSA.

We are surprised and disappointed that the Department did not explicitly note this question's removal from the 2024-25 FAFSA, and that financial aid administrators only discovered the change after a

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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FAFSA Simplification FSA Webinar Schedule

Webinar	Date and Time
Better FAFSA Better Future Overview and Timeline	Tuesday, June 6, 2023: 1-2pm ET
Protecting Federal Tax Information (FTI) at Your Institution	Thursday, June 8, 2023: 1-2pm ET
ISIR vs. ISIR	Tuesday, June 13, 2023: 1-2pm ET
Professional Judgment, Dependency Status, and Verification	Thursday, June 15, 2023: 1-2pm ET
Better FAFSA Better Future Q&A - Session 1	Tuesday, June 20, 2023: 1-2pm ET
Student Aid Index (SAI) - Part 1	Thursday, June 22, 2023: 1-2:30pm ET
Student Aid Index (SAI) - Part 2	Tuesday, June 27, 2023: 1-2:30pm ET
Pell Grant Minimums, Maximums, and In Between	Thursday, July 6, 2023: 1-2pm ET
The FAA's Role in FAFSA Simplification	Tuesday, July 11, 2023: 1-2:30pm ET
Better FAFSA Better Future Q&A - Session 2	Thursday, July 13, 2023: 1-2pm ET

Links to join the webinars are available through searching FSA's DCL ID: ANN-23-01

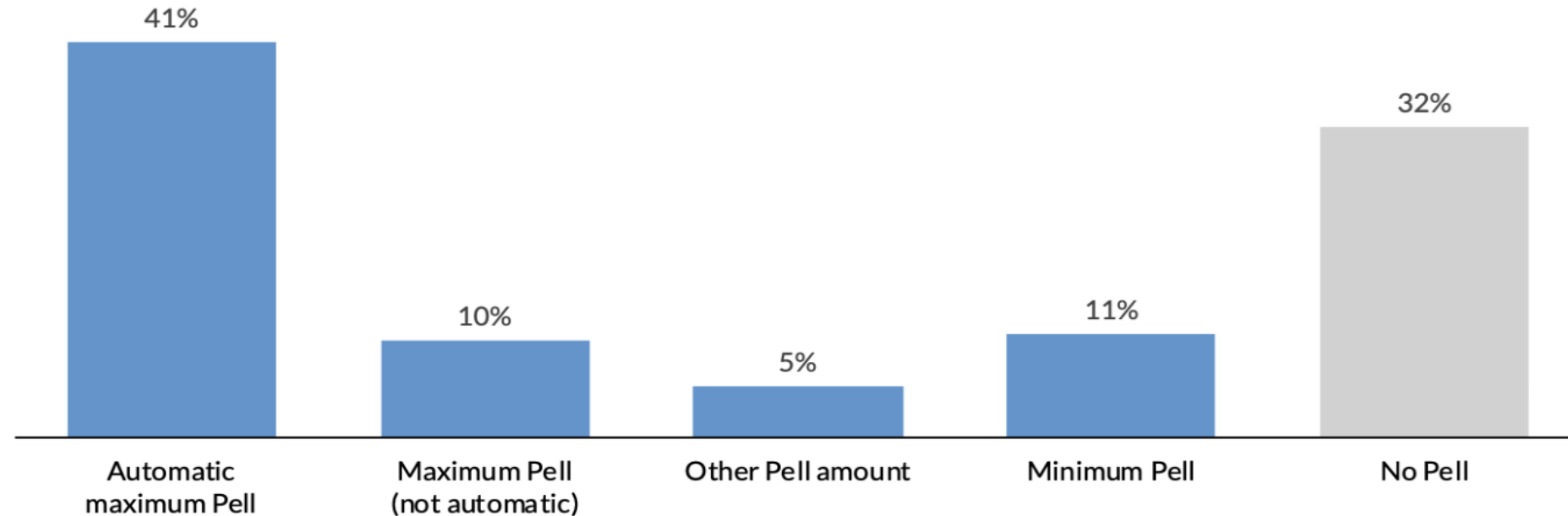
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How Will the New Pell Grant Formula Affect Students?

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.

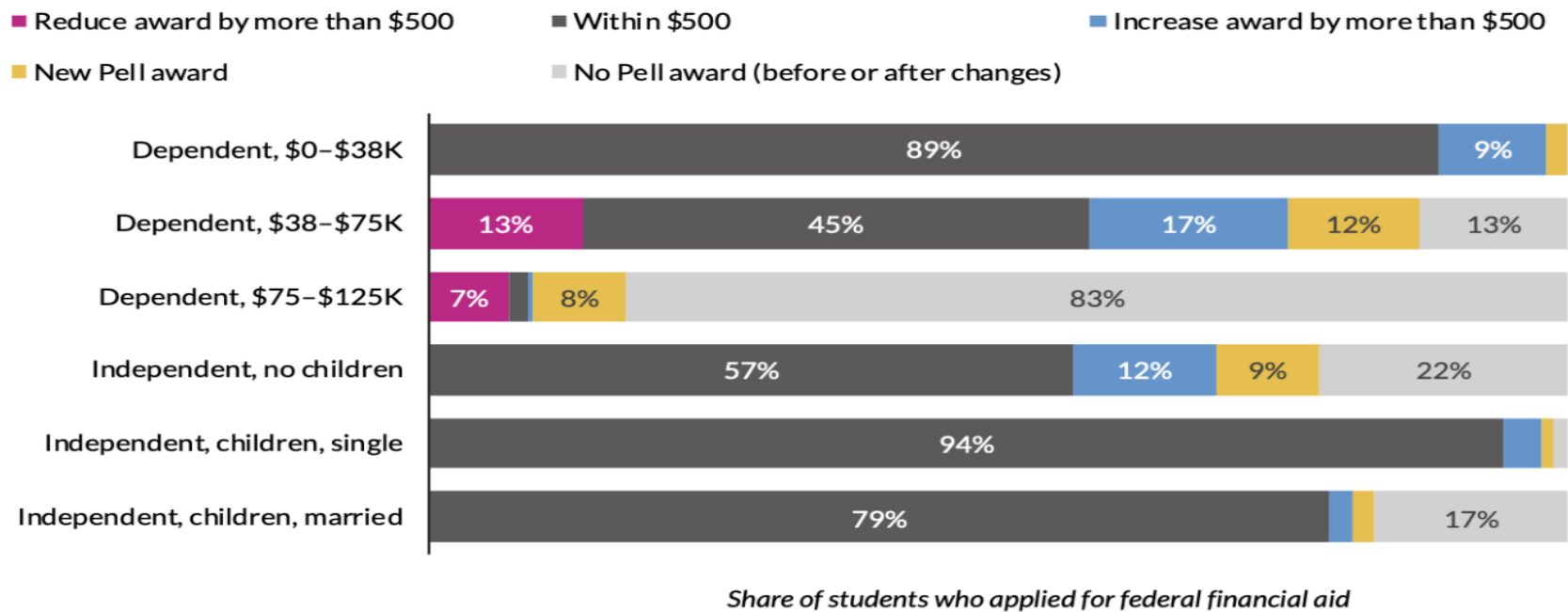
URBAN INSTITUTE

June 21, 2023 NASFAA

How Will the New Pell Grant Formula Affect Students?

Projected Changes to Pell Distribution

Implementing new maximum and minimum Pell rules and sibling adjustment



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

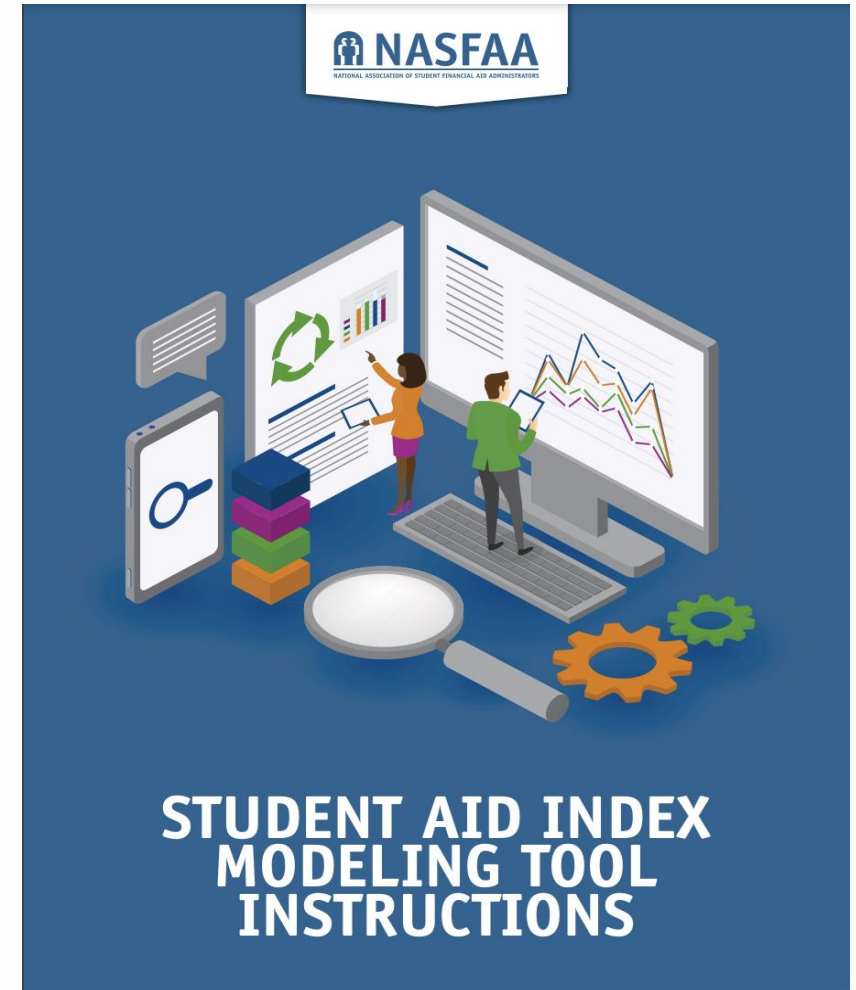
URBAN INSTITUTE

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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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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

FAFSA Simplification Implementation School Checklist

GAIN FAMILIARITY WITH FAFSA SIMPLIFICATION ACT

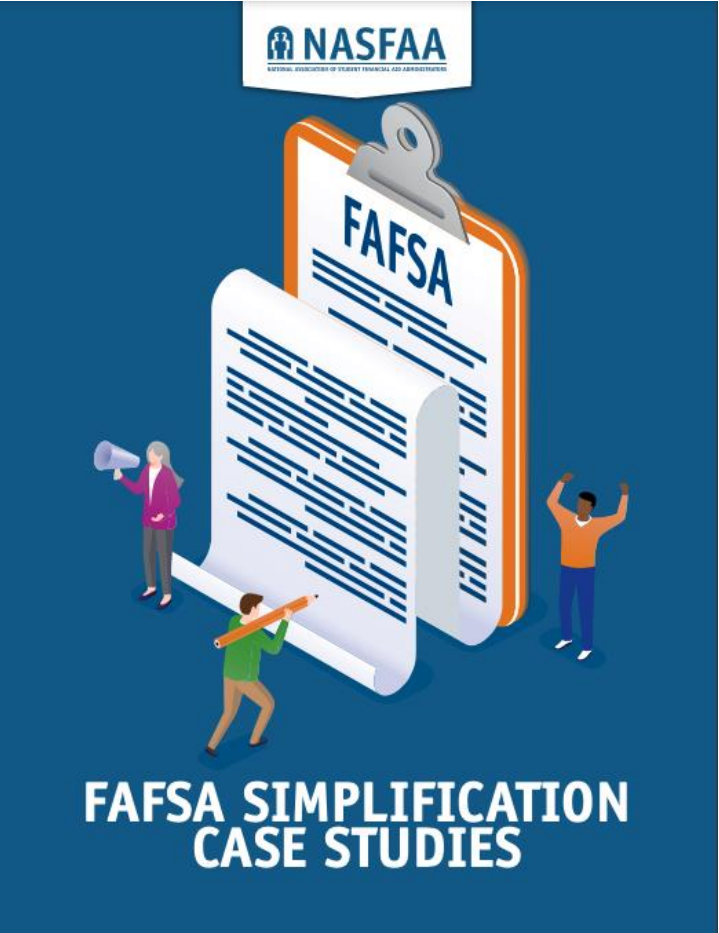
Resource(s)	Task	Completed?	Recommended Timeline
Legislative text	Read FAFSA Simplification Act and Technical Amendments to FAFSA Simplification Act	<input type="checkbox"/>	ASAP
NASFAA FAFSA Simplification web center	Read/review NASFAA summaries of legislative changes	<input type="checkbox"/>	ASAP
Not yet published	Read Department of Education guidance on implementing FAFSA Simplification Act provisions	<input type="checkbox"/>	ASAP when issued
Not yet published	Read Student Aid Index Formula Guide	<input type="checkbox"/>	ASAP when issued
Institutional notes:			

ESTIMATE INSTITUTIONAL BUDGET IMPACT OF PELL GRANT AND EFC (SAI) CHANGES

Resource(s)	Task	Completed?	Recommended Timeline
SAI Modeling Tool	Use SAI modeling tool to estimate institutional budget impacts from:	<input type="checkbox"/>	At least 2 months before 2024-25 financial aid budget decisions are made
	• Changes to Pell grant recipients	<input type="checkbox"/>	
	• Changes to Pell grant amounts	<input type="checkbox"/>	
	• Changes to SAI vs EFC	<input type="checkbox"/>	
SAI Modeling Tool	Use SAI modeling tool to estimate impacts of FAFSA Simplification on state grants and how that may impact your students' need/institutional budget	<input type="checkbox"/>	At least 2 months before 2024-25 financial aid budget decisions are made
SAI Modeling Tool	Use SAI modeling tool to inform institutional packaging decisions to hold harmless* certain populations impacted by formula changes:	<input type="checkbox"/>	At least 2 months before 2024-25 financial aid budget decisions are made
	• Treatment of more than one student enrolled in college	<input type="checkbox"/>	
	• Treatment of small businesses/farms	<input type="checkbox"/>	
	• Treatment of untaxed income	<input type="checkbox"/>	
	• Treatment of significant differences between SAI and EFC	<input type="checkbox"/>	

**note that use of the new formula will be mandatory for 2024-25 for federal student aid, but that institutions might opt to use a different methodology for institutional funds to mitigate the impact of changes on continuing students.*

FAFSA Simplification Case Studies



Example 3: Applicant Gains Pell Grant Eligibility Due to FM Formula Changes

Addison is a dependent student with married parents who have four children. Addison is the only child in college. Addison’s parents earn \$73,500 and have \$13,200 in assets. Addison does not work, but has \$3,300 in assets.

	EFC formula	SAI formula
Applicant Dependency status	Dependent	
Parent marital status	Married	
Parent Household/Family Size/# in College	6 in household/1 in college	
Parent Total Income	\$73,500	
Parent Assets	\$13,200	
Student Total Income	\$0	
Student Assets	\$3,300	
EFC/SAI: calculated	6,750	240
Pell Grant	\$0	\$6,095

Addison goes from receiving no Pell Grant under current eligibility rules to receiving close to the maximum Pell Grant under the new eligibility rules.



Questions?