

# FAFSA Simplification

## What you need to know about 2024-2025

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# RELEVANT LEGISLATIVE ACT



**Dec. 2019**

The FUTURE Act

FSA will use a phased approach to implement both over the next two FAFSA cycles.

The FAFSA Simplification Act

**Dec. 2020**

# 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 and applicants' filing status.
- 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

# 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
- 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

# THE FAFSA SIMPLIFICATION ACT

## 2. Expanding Access to Federal Aid

- Federal Pell Grant to more students and link 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 will be restored to students whose school closed while they were enrolled or if the school is found to have misled the student.
- Repeals 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).

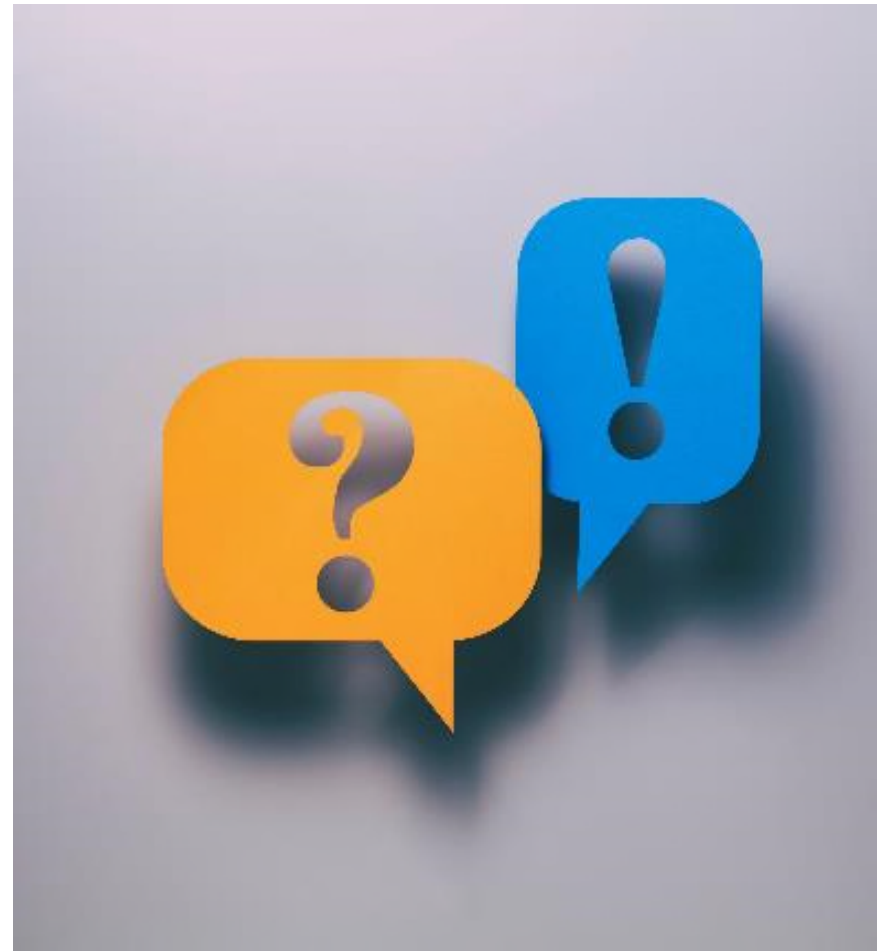
# THE FAFSA SIMPLIFICATION ACT

## 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)
- Removes question about Selective Service registration
- Removes question drug convictions

# 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**



# 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.

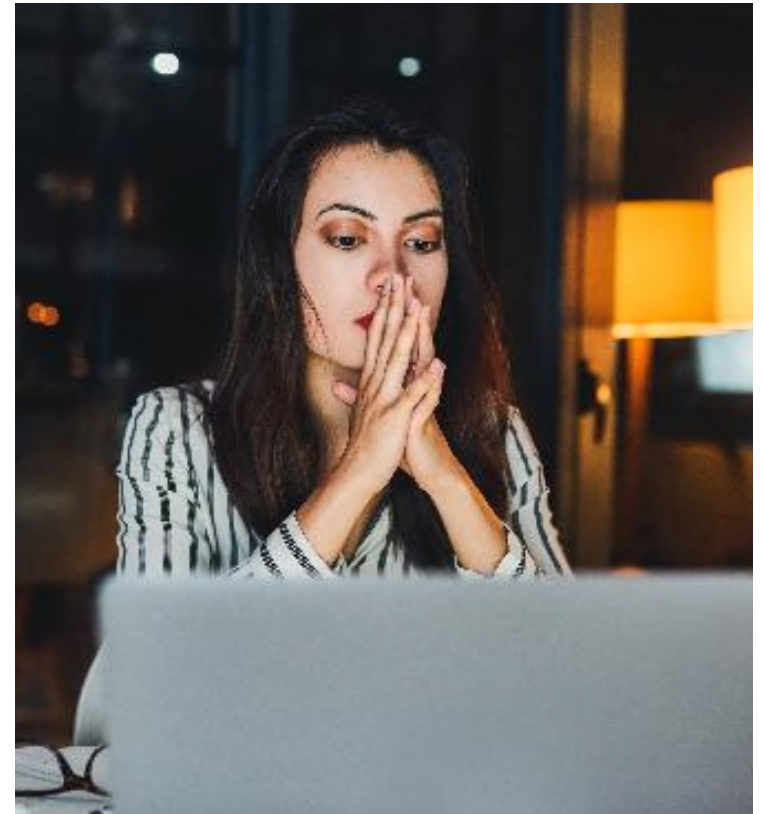
- Schools are required to identify those students and reach out to students to inform them of the dependency override process.
  - Notification must be “within a reasonable time” and include the process, requirements, and timeline for a dependency override.
  - If dependency override is approved, school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





# WHAT'S GOING ON WITH VERIFICATION?

- **selection rates drastically reduced during 2021-2022.**
- **Average used to be 30% of applicants – now it's closer to 10%.**
- **Hopefully, rates will continue to decrease or flatten.**



# WHAT IS CHANGING FOR 2024-2025?

- **EFC will become the Student Aid Index (SAI)**
- **SAI can be as low as -1,500**
- **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

# MAXIMUM PELL ELIGIBILITY 2024-2025

- **Non-Filers**
  - 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

# 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



# MINIMUM PELL ELIGIBILITY

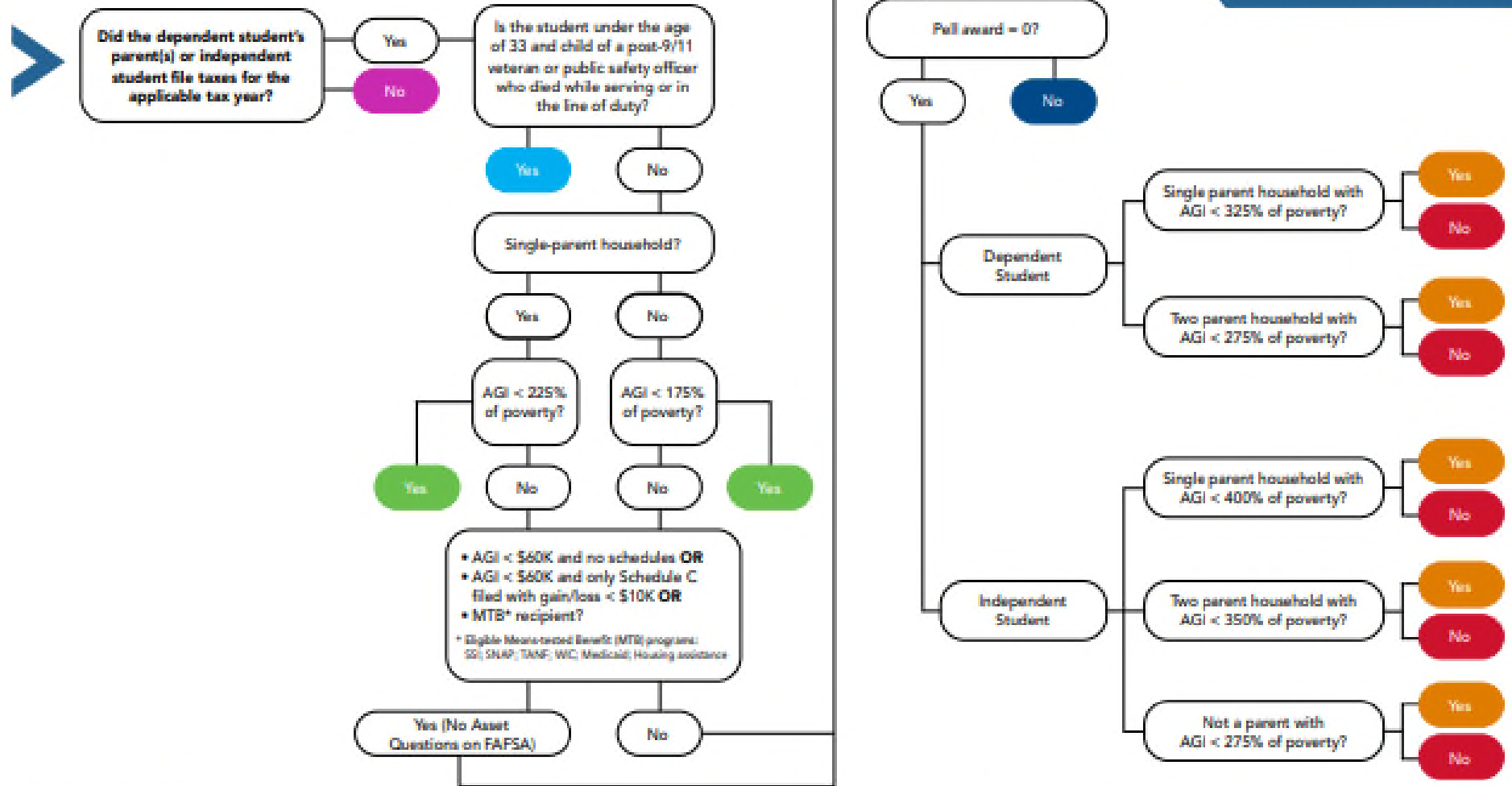
## Low-income students:

- 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



# FEDERAL METHODOLOGY STUDENT AID ELIGIBILITY DETERMINATION EFFECTIVE 2024-25 FAFSA

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.



**Maximum Pell:**  
Auto -1,500 SAI - Other aid types based on SAI.  
No Asset Questions on FAFSA.

**Maximum Pell:**  
Auto 0 SAI - Other aid types based on SAI. No asset questions on FAFSA.

**Maximum Pell:**  
Other aid types based on SAI.

**Pell Amount Stays at Calculated Amount:**  
Other aid types based on SAI.

**Minimum Pell:**  
Other aid types based on SAI.

**No Pell:**  
Other aid types based on SAI.

# 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.

# 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.



# 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 a student gets the same amount of Pell for 1 credit as they would for 5 credits.

# MORE CHANGES TO PELL

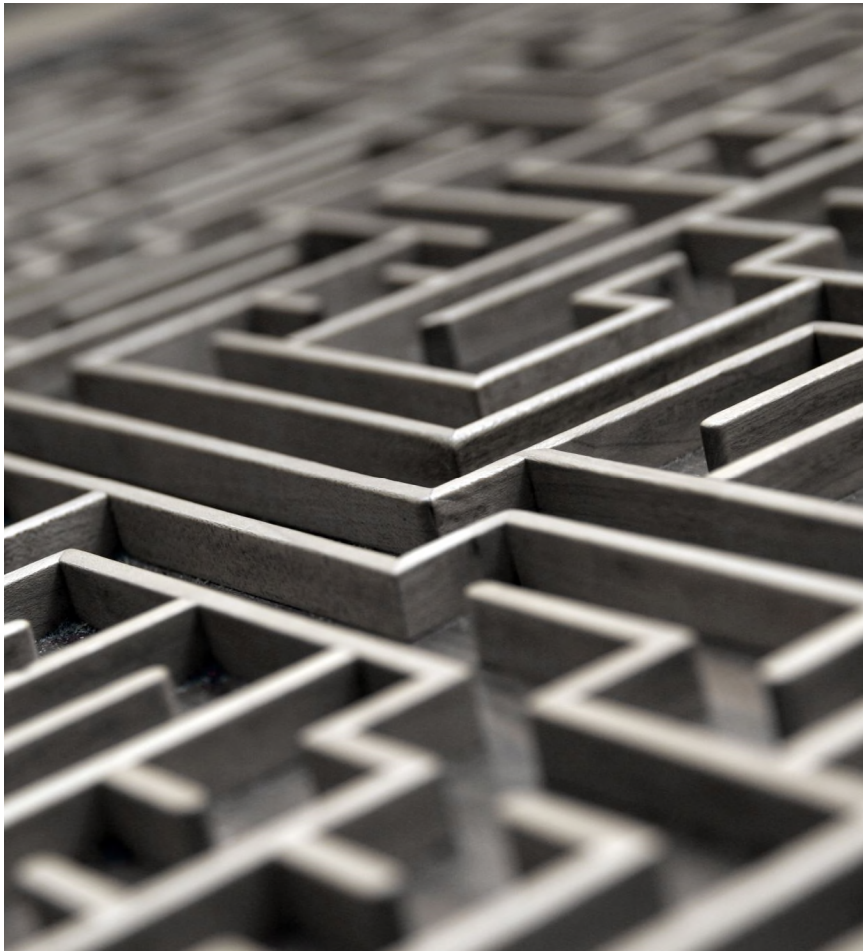
The FSA amendments change the methodology of reduction.

The FSA amendments require 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.”

ED is still required to publish a schedule of reductions.

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%

# CONFUSED YET? MORE TO COME!



- The 2024-2025 FAFSA WILL be delayed until December 2023.
- The new SAI formula will result in more Pell eligible students.
- Institutional dollars will be stretched.

# 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/fafsa-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/fafsa\\_simplification](https://www.nasfaa.org/fafsa_simplification)

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