

FAFSA (Free Application for Federal Student Aid) Simplification Staff/Faculty Overview

SUMMARY:

- Biggest overhaul in financial aid processing since FAFSA implementation
- Major changes to aid formulas, including Pell
- Improves student/parent application experience
- Removes barriers to FAFSA completion for the most at-risk populations
- Redesign of FAFSA and all its back-end system architecture
- New requirements for higher education institutions

What is Changing and When?

- Phased implementation with most significant changes in 2024/25

Changed in 2021/22:

Removed the negative financial aid consequences of failure to register with Selective Service or drug convictions

Changing in 2023/24:

Cost of Attendance (COA)

- Include cost of first professional credential/licensure if academic program leads to one
- Consider 3 meals/day in meal portion of COA
- Add federal loan fees to COA for borrowers
- Publish all elements of COA on website wherever Tuition & Fees are referenced

What is Changing and When? (continued)

Changing in 2023/24 (continued)

- Expands professional judgment options and policy requirements
- Expands acceptable documentation for homeless youth and applicants who cannot provide parental information
 - Carries over status of independence from these situations from year to year without additional documentation requirements

What is Changing and When? (continued)

Changing in 2024/25:

- Delayed release: FAFSA will be available in December 2023 instead of the normal October 1 release date
- EFC changing to SAI (Student Aid Index)
- Direct connection with the IRS changes data, business practices, student experience
- Changes to Pell formula:
 - Tied to family size, poverty line in state of residency, AGI
 - Removal of half-time enrollment requirement for summer
 - Expands number of Pell-eligible students
 - Increased average Pell amount
- Housing plan elimination

What is Changing and When? (continued)

Changing in 2024/25 (continued)

- Changes to financial need formula
 - Family farms and small businesses no longer excluded
 - Formula will no longer split parent contribution when two students in family are enrolled simultaneously
- Definition of household size has changed from people living with the student in the current year to the IRS definition of dependents in the “prior prior” year (two years prior to when the FAFSA was filed/the base income year for the FAFSA)
- Divorced/separated families are now required to list the parent who provided more financial support rather than the parent with whom the student lived on the FAFSA
- Role based FAFSA completion means additional people will need FSA ID and to complete FAFSA – based on tax filing status

Anticipated Impact on Students/Families

- More students will be eligible for Pell
- Average Pell grant will be higher
- Dependent students with siblings in college will see reduced financial need (significant amount) as number in college is no longer part of the need formula; Pell loss for many in this category
- Families with business or farm will see decrease in need
- Changes to institutional aid calculations possible – needs more modeling and discussion
- Delay in FAFSA availability and likely issues with changeover may delay packaging
- Increase in rejected FAFSAs due to role-based system