

FAFSA Data Sharing in the Context of Federal Tax Information (FTI): Perspectives on Implications of Statutory Changes to Data-Sharing Rules

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Acknowledgements

We would like to thank the Gates Foundation for their generous support for this important research. The findings and conclusions contained within are those of the individual section authors and do not necessarily reflect positions or policies of the Gates Foundation.

We would also like to thank the institutions that participated in our practitioner survey. In addition, we are grateful to the Council for Opportunity in Education (COE), the Data Quality Campaign (DQC), the Institute for Higher Education Policy (IHEP), the National College Attainment Network (NCAN), the State Higher Education Executive Officers Association (SHEEO), the Student Success Through Applied Research at the University of Wisconsin-Madison (SSTAR Lab), and Linda Conard for their work on this project.

The writing and findings within each partner section are those of the individual organization and its authors, and do not necessarily reflect the positions or policies of the other partner organizations on this paper or NASFAA. The final suggested areas for future work put forth in this paper are NASFAA's and do not necessarily reflect the positions or policies of the partner associations.

Executive Summary

In addition to helping millions of students access the financial aid they need to attend college, the Free Application for Federal Student Aid (FAFSA) has historically provided privacy-protected data that support student success efforts. Under rigorous privacy protocols, colleges, states, and the U.S. Department of Education (ED) could securely access and use applicants' financial data to understand and improve postsecondary experiences and outcomes as well as make aggregated data available in public tools. Financial data from the FAFSA are also used by practitioners to connect students to means-tested benefits to improve affordability and to support services that help students succeed. However, recent legislative changes intended to simplify the financial aid application process have had the unintended consequence of creating new limitations that have put these practices at risk.

The process of providing financial data on the FAFSA became easier in 2009, when ED and the Internal Revenue Service (IRS) released the IRS Data Retrieval Tool (DRT). The DRT allowed applicants to directly transfer information from their tax returns to the FAFSA, rather than needing to input those data manually. Through the DRT process, the applicant, in effect, was still disclosing their tax information to ED. And while this disclosed information was subject to the Family Educational Rights and Privacy Act (FERPA) and other privacy protections, it was not subject to federal tax information (FTI) restrictions. Thus, applicants' financial data could still be used by researchers, policymakers, student outreach services, and others for specific purposes.

The FAFSA Simplification Act of 2020 leveraged the FUTURE Act of 2019 to permit the IRS to share FTI directly with ED, removing the applicant's touch point in the transfer process. As a result, financial information on the FAFSA that is pulled from tax returns is now considered FTI. ED then rediscloses this information to institutions of higher education and states via the Institutional Student Information Record (ISIR), the output document of the FAFSA. The Higher Education Act (Sections 483 and 494) and the Internal Revenue Code (26 U.S. Code § 6103(l)(13)) specify limits to the allowable uses of FTI from the FAFSA.

While this new interagency data-sharing authority greatly contributed to a shorter and simpler FAFSA, the presence of FTI on the FAFSA—and the addition of other statutory changes to how non-FTI FAFSA data can be used and shared—introduced new restrictions. These restrictions limit how entities outside of the financial aid office can access and use the FAFSA data that had previously been available for administering non-Title IV aid programs, conducting research, and complying with federal and state reporting requirements.

ED guidance surrounding this issue has come slowly (and remains incomplete as of this publication), forcing financial aid administrators to make challenging decisions with inadequate information as they reevaluate longstanding data-sharing arrangements to ensure compliance with the new rules.

Recognizing that these limitations on the use of FTI data significantly impact stakeholders in student assistance and higher education research, NASFAA developed a survey of its member institutions and collaborated with stakeholder colleagues to learn:

- The processes institutions and other entities now use to obtain the information needed to administer their programs in cases where they can no longer access income and other FAFSA data as well as the impacts of these new processes.
- How researchers now access income data and other FAFSA data they need for research purposes and the impacts of these changes.
- Whether institutions, states, or other entities that previously relied on income and other data from the FAFSA have created supplemental application forms to collect income data, and the burden these impose on students.
- The extent to which lack of access to FAFSA income and other data has interrupted or prevented research in critical areas such as equity, affordability, and outcomes in postsecondary education.
- Whether these changes have had any unintended consequences for under-resourced institutions.
- Whether technical amendments to the FAFSA Simplification Act or the Internal Revenue Code are necessary to permit appropriate FAFSA and FTI data sharing for purposes of meeting federal reporting requirements, conducting research, and identifying students who are eligible for non-Title IV aid programs.
- The level of awareness among researchers and others outside of the financial aid office regarding these data-sharing changes.
- How to get information to entities affected by the data-sharing changes as part of an informational campaign and to build a coalition of organizations and associations representing those groups to strengthen advocacy efforts around amending the FAFSA Simplification Act.

Methodology

In January 2025, NASFAA distributed an anonymous online survey to our [Rapid Response Network](#) and our Leadership Listserv. The Rapid Response Network is a group of 165 NASFAA-member financial aid practitioners who volunteer to respond quickly to the association's surveys, policy- and advocacy-based questions, and other needs on an ad hoc basis.

The Leadership Listserv is a NASFAA-formed email group that invites participation by the leaders of the [six regional financial aid associations](#) and 50 [state financial aid associations](#), plus association leaders from Washington, D.C., Puerto Rico, the U.S. Virgin Islands, and the Pacific Islands.

The survey closed with a total of 89 complete and partial responses. However, because we encouraged the state and regional association leaders to further share the survey within their networks, the total number of recipients is unknown, making it impossible to calculate an exact response rate.

Although the survey asked respondents a series of demographic questions (see the Appendix), the anonymous format and self-reported nature of the responses make it impossible to verify their accuracy. To improve readability, we list all open-ended questions at the end of this report.

While feedback from both the Rapid Response Network and Leadership Listserv groups provides insights into the experiences of financial aid administrators, the small size of the groups and potential for selection bias (given their willingness to participate) mean these results should be interpreted cautiously when applied across postsecondary institutions.

Survey Findings

The survey results indicate that institutions have responded to the strict data use and sharing rules surrounding FTI by imposing tighter restrictions on how they use and share FTI—even in cases where such use and sharing are permitted by law. For every use case listed, survey respondents were more likely to report that they never share FTI (with or without student consent) than non-FTI FAFSA data (Figures 1a-1f).

Figure 1a

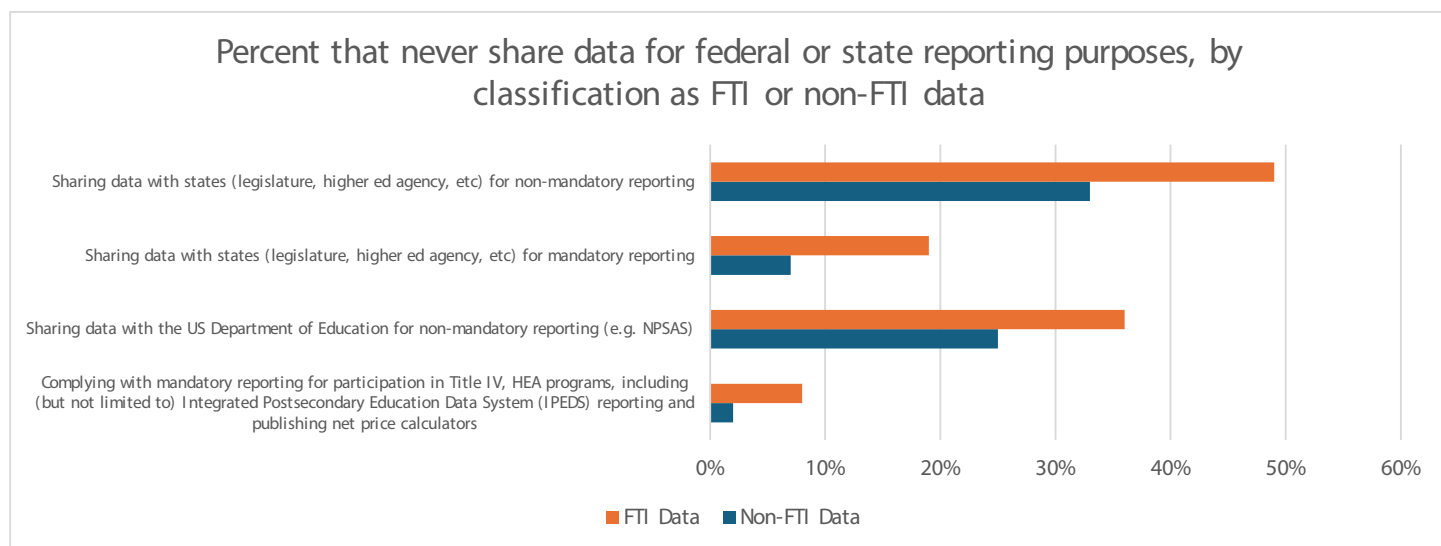


Figure 1b

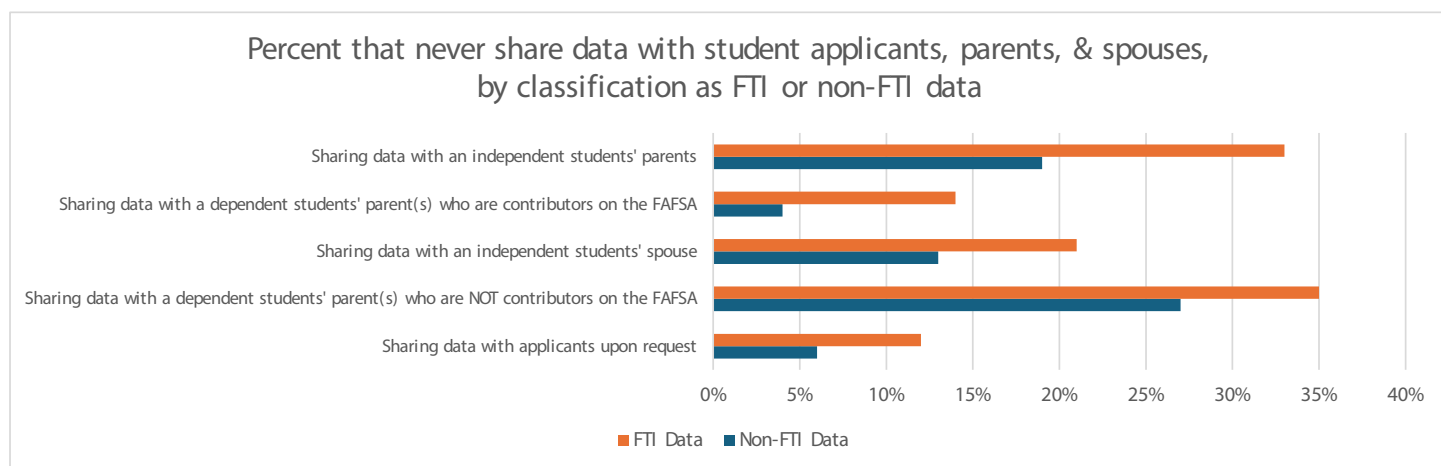


Figure 1c

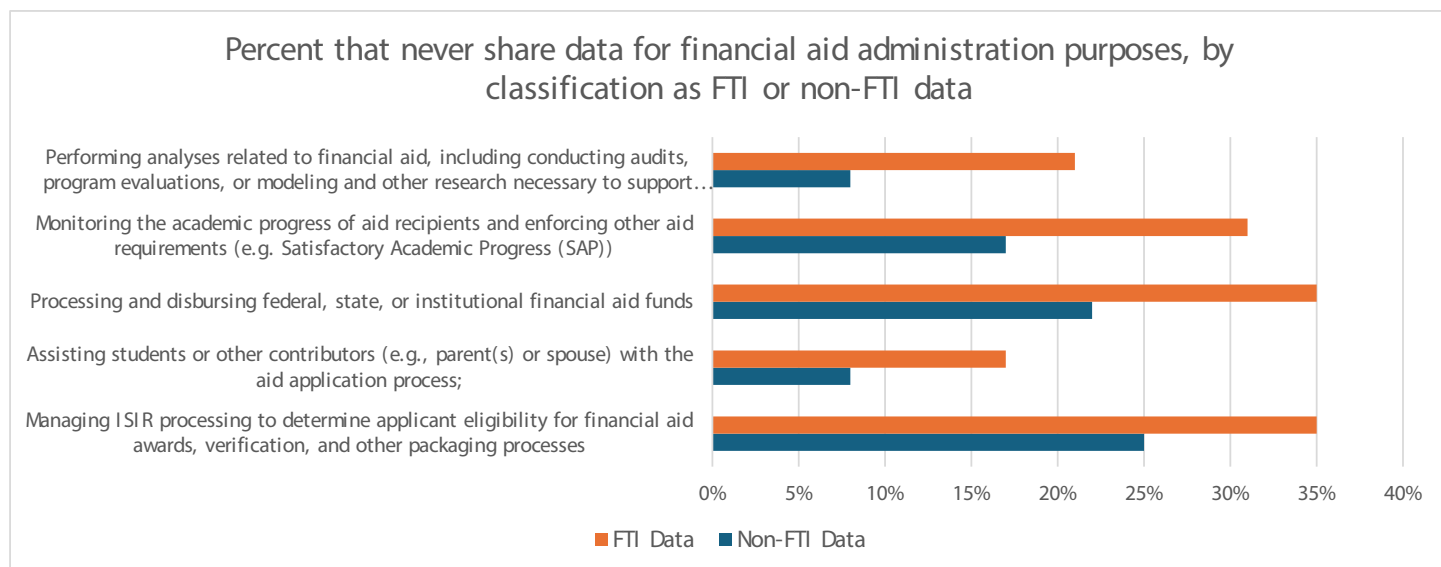


Figure 1d

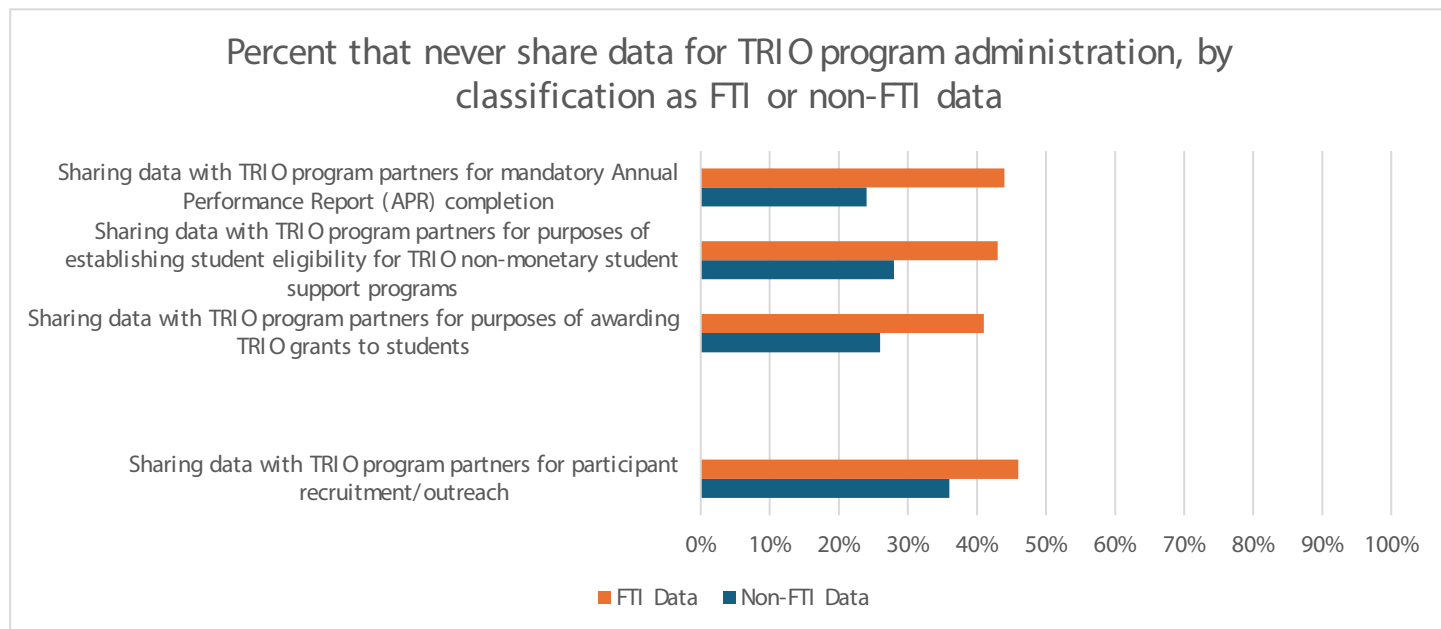


Figure 1e

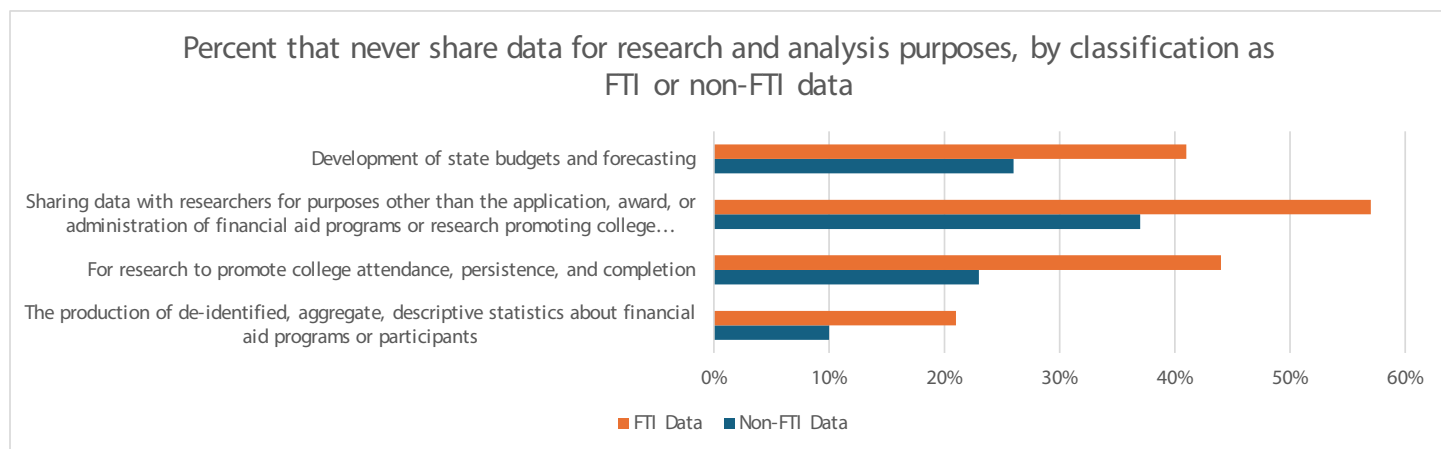
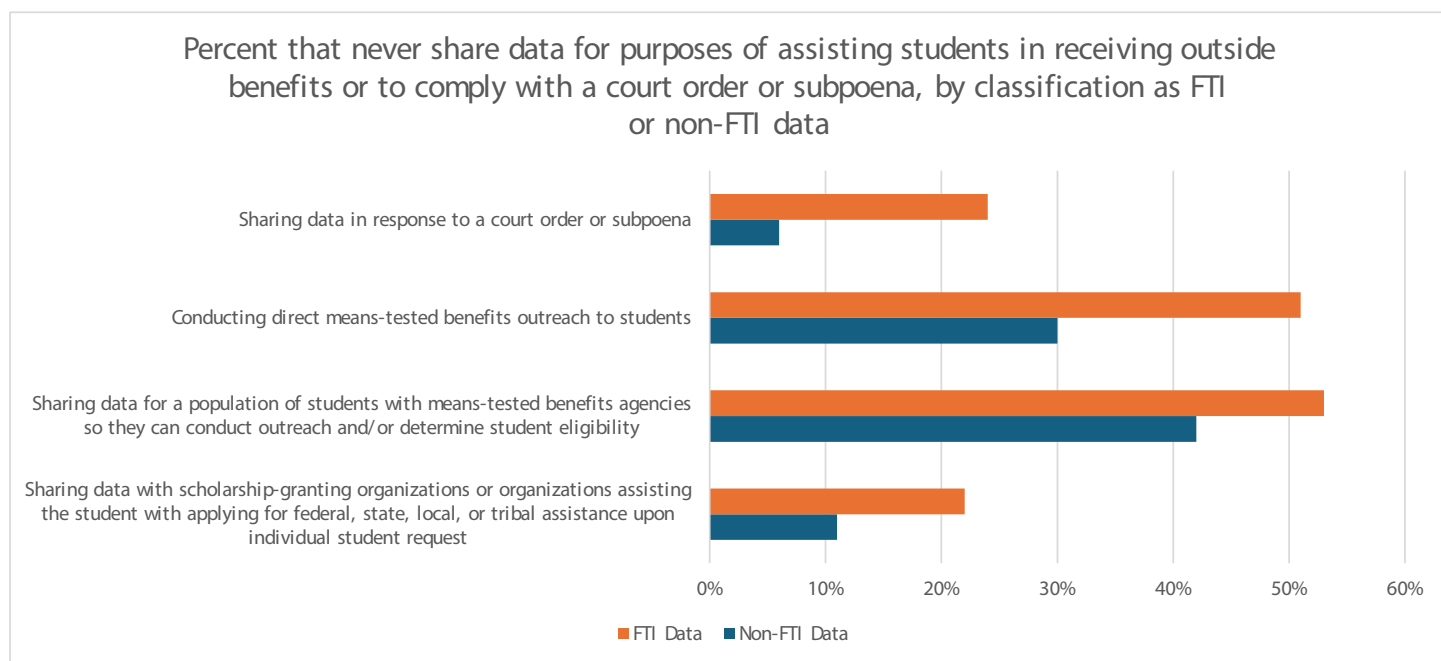


Figure 1f



The most common instances in which schools reported they shared non-FTI FAFSA data without student consent were mandatory reporting for purposes of Title IV aid program participation (92%), analyses related to financial aid (87%), mandatory reporting to states (85%), and providing de-identified aggregate descriptive statistics about financial aid programs or participants (84%; Figure 2).

Figure 2

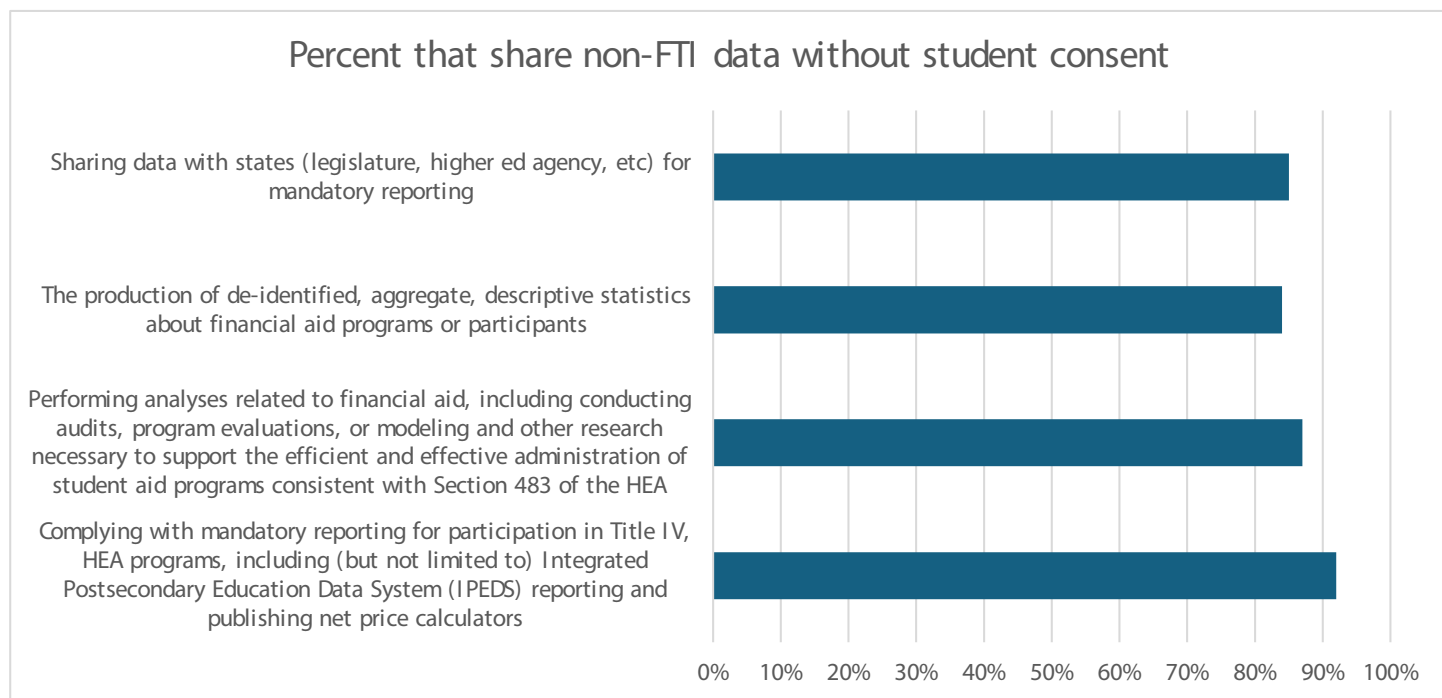
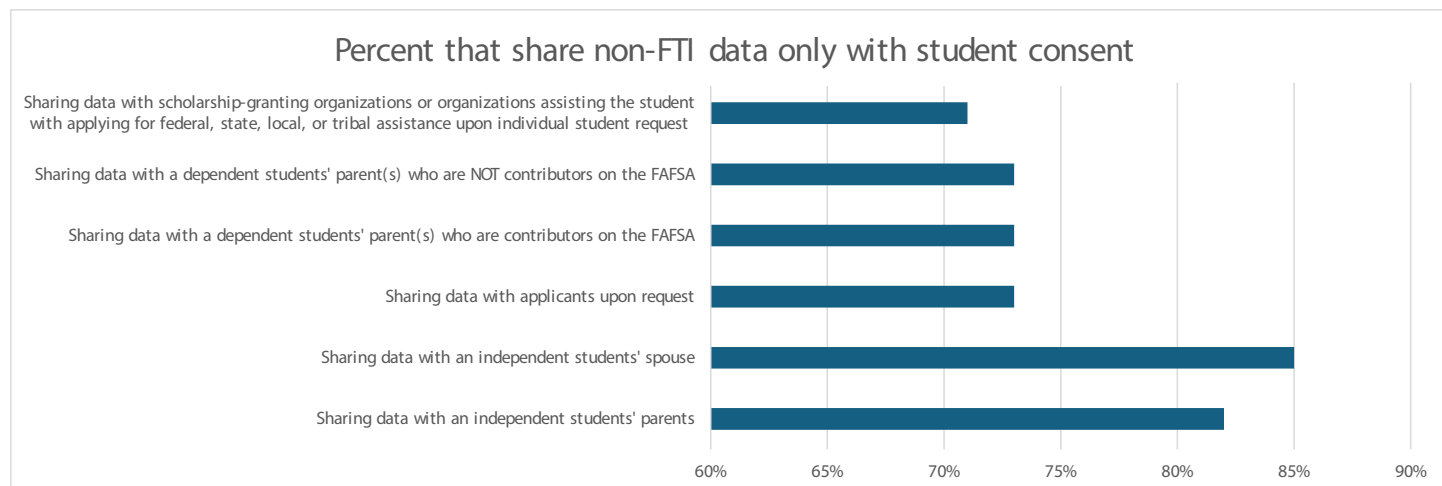


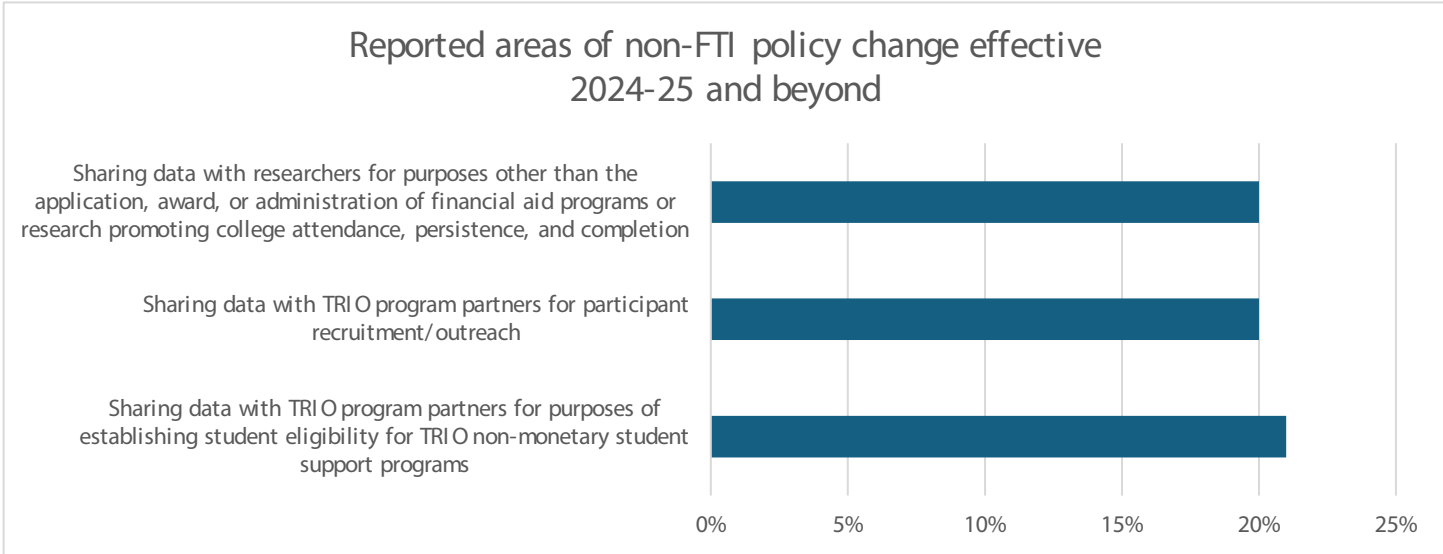
Figure 3 shows that with student consent, institutions most commonly shared non-FTI FAFSA data with an independent student's parent (82%) or an independent student's spouse (85%). Additionally, respondents reported sharing non-FTI data with the applicant (73%), the dependent student's FAFSA-contributing parent (73%), the dependent student's parent who is not a FAFSA contributor (73%), and scholarship-granting organizations (71%).

Figure 3



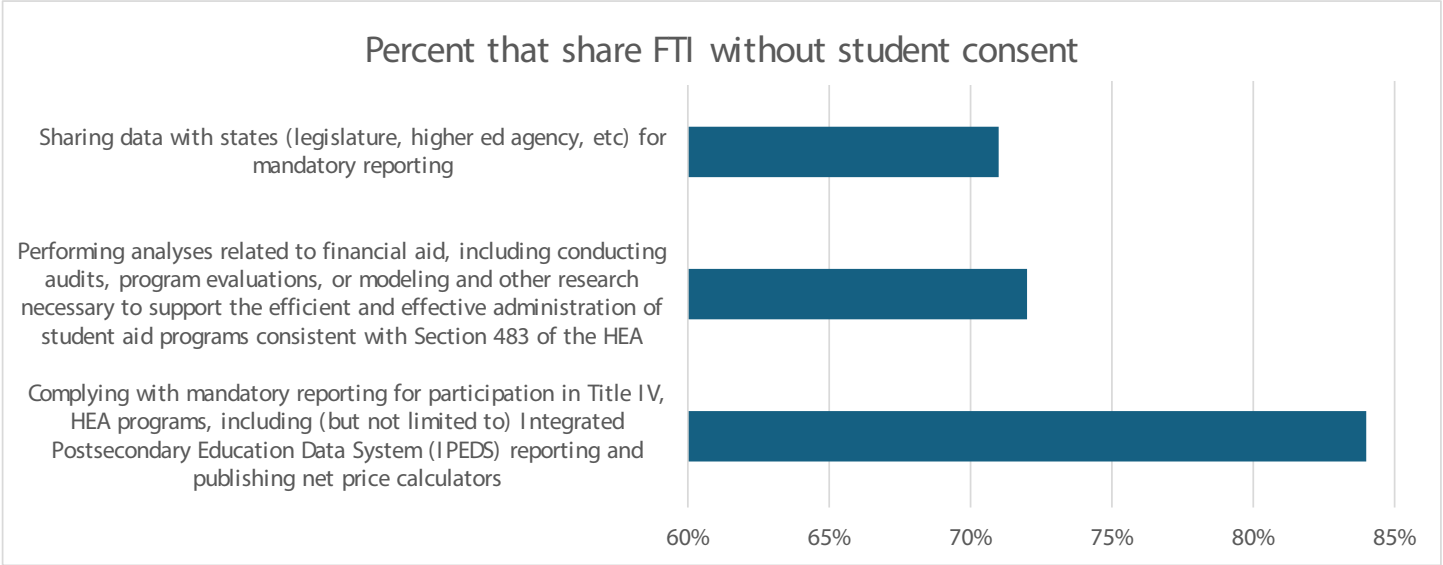
Where institutions have changed their non-FTI FAFSA data-sharing policies effective with the 2024-25 aid year and beyond, the most common changes involved sharing data for TRIO non-monetary student support programs (21%); TRIO participant outreach and recruitment (20%); and purposes other than the application, administration, or award of financial aid or research promoting college attendance, persistence, or completion (20%; see Figure 4). While the survey did not ask respondents to specify how their policy changed, it is reasonable to assume—at least in the case of data sharing related to TRIO program administration—that these changes reflect more restrictive data-sharing practices. This shift likely stems from ED’s interpretation of statutory changes as prohibiting certain previously permitted uses of FAFSA data.

Figure 4



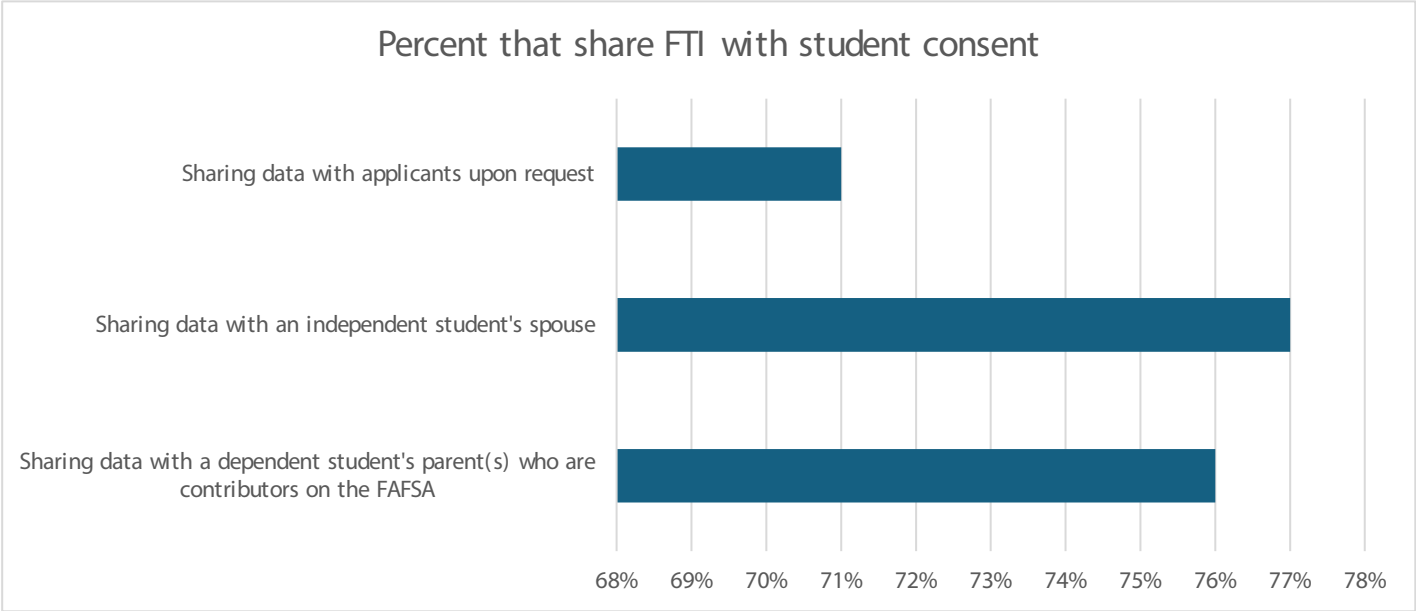
The most common uses of sharing FTI data without student consent were to comply with mandatory reporting for participation in Title IV, HEA programs (84%); to perform analyses related to financial aid (72%); and to share data with states for mandatory reporting (71%; Figure 5).

Figure 5



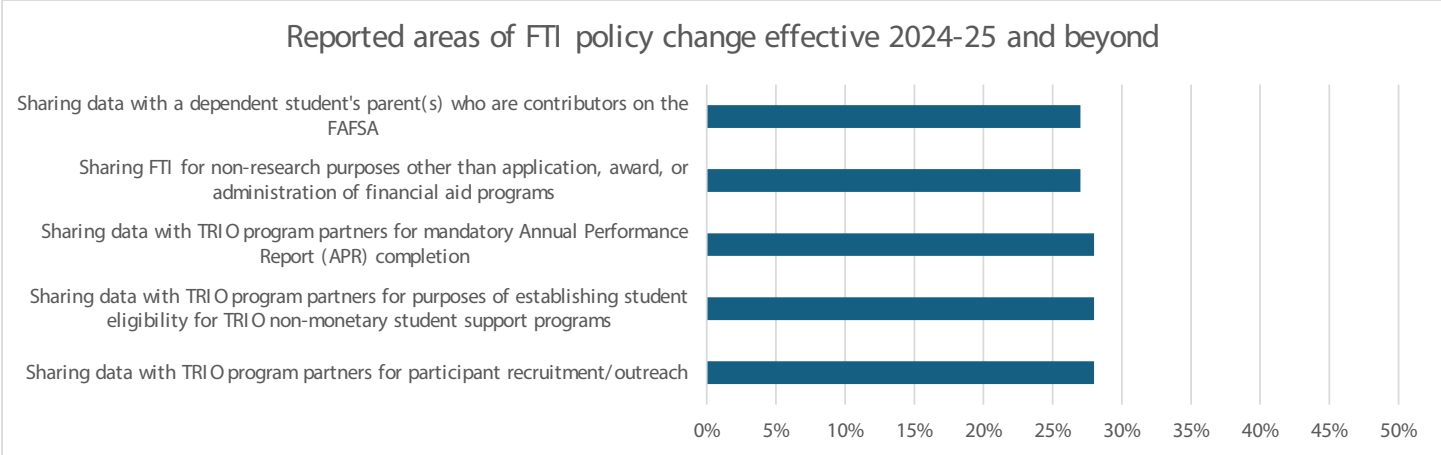
The most common use cases for sharing FTI data with student consent were with a dependent student’s parent(s) who are contributors on the FAFSA (76%), an independent student’s spouse (77%), and the applicants themselves upon request (71%; Figure 6).

Figure 6



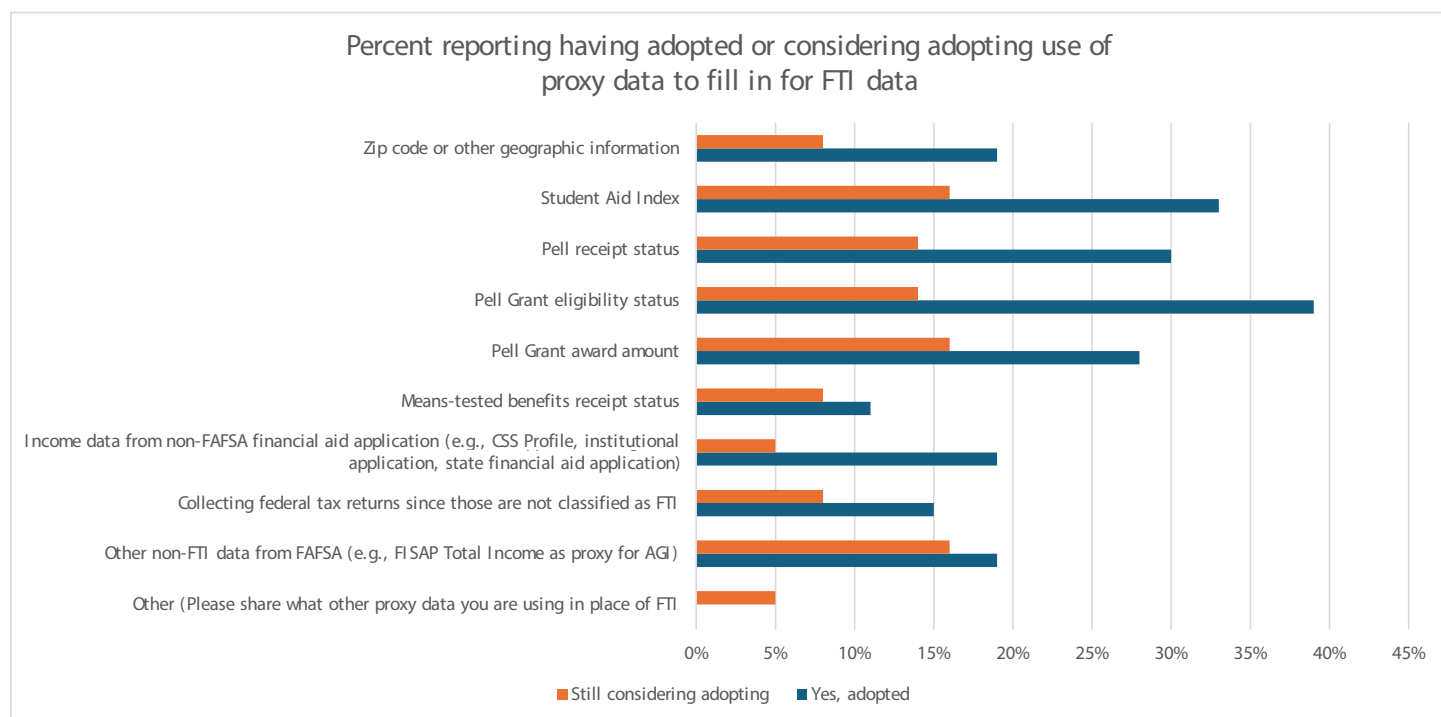
Similar to non-FTI data sharing, changes in FTI data-sharing policies for the 2024-25 aid year and beyond were most likely to have occurred for purposes of TRIO Annual Performance Report completion (28%), TRIO program recruitment and outreach (28%), and TRIO non-monetary student support programs (28%). Respondents also reported policy changes in sharing FTI for non-research purposes other than application, award, or administration of financial aid programs (27%) and sharing data with a dependent student’s parent(s) who are contributors on the FAFSA (27%; Figure 7).

Figure 7



Many institutions have adopted or are considering adopting proxies for FTI to accommodate the stricter data-sharing rules while still permitting other entities on and off campus to continue their work in ensuring college access and success. Federal Pell Grant eligibility status was the most common proxy for FTI, with 39% having adopted this proxy and 14% considering adopting it. Other common proxies were SAI (33% adopted; 16% considering) and Pell Grant receipt status (30% adopted; 14% considering; Figure 8). Sixty-two percent of respondents reported they were awaiting future ED guidance to decide whether they may add supplemental applications or documents to collect data they have determined they can no longer use or share from the FAFSA.

Figure 8



Partner Sections

In the following sections, four of NASFAA's partners in the postsecondary education community who have historically relied on FAFSA data to support college access and success present their concerns in their own words. This section is followed by NASFAA's suggestions for next steps.

Council for Opportunity in Education (COE)

The Impact of the FAFSA Simplification Act and FUTURE Act on TRIO

About COE

The Council for Opportunity in Education (COE) is a nonprofit organization founded in 1981 with the mission of increasing college opportunities for low-income students, first-generation students, and students with disabilities. Serving all 50 states, Washington, D.C., the Pacific Islands, and Puerto Rico, COE supports over 1,000 colleges and agencies. Through a wide range of membership services, the Council collaborates with higher education institutions and organizations to assist low-income students in accessing and completing college. Each year, nearly a million low-income students and students with disabilities benefit from college access and retention services provided by our member institutions and agencies.

The Impact of the FAFSA Simplification Act and FUTURE Act on TRIO Programs

TRIO programs provide outreach and student services for postsecondary access and retention. These programs are deeply reliant on financial aid data, much of which is only available from the FAFSA, to ensure compliance with regulations and to identify potential participants. These programs include the Student Support Services (SSS) program (the largest of the TRIO programs) and the Ronald E. McNair Postbaccalaureate Achievement Program (McNair). TRIO professionals in these college-serving programs, as university employees, previously had access to financial aid data similar to other institutional staff. Our pre-college youth and adult-serving programs—such as Talent Search, Educational Opportunity Centers, Upward Bound, Veterans Upward Bound, and Upward Bound Math and Science—also relied on FAFSA data to determine whether participants had completed the FAFSA.

Financial aid offices and TRIO programs have traditionally collaborated closely to generate outreach lists, verify FAFSA completion, and determine eligibility for grant aid. For college-serving programs, FAFSA data also served as a key tool in assessing financial eligibility during student applications.

New Challenges in Data Access and Sharing

Since full implementation of the FAFSA Simplification Act, accessing essential data has become more difficult for TRIO program professionals. Key data points previously accessible to TRIO programs—such as adjusted gross income, number of dependents, income from work, and IRS tax filer status (including non-filer status)—have become harder to access due to statutory protections around FTI. TRIO programs have struggled to obtain the necessary financial information from financial aid offices to determine eligibility, especially after the May 2023 [Electronic Announcement](#) from Federal Student Aid (FSA) regarding changes under the FAFSA Simplification Act and FUTURE Act. Financial aid offices, in turn, adopted more restrictive data-sharing practices, complicating the process.

In response, TRIO programs have explored alternative methods to certify student eligibility. COE worked with legal experts and education liaisons to develop a waiver template, guiding TRIO staff and financial aid offices through a process that allows financial aid offices to discuss, but not share, FTI with TRIO professionals. This enables TRIO professionals to use the information to assess eligibility but adds administrative burdens for both TRIO staff and financial aid offices. The process requires students to bring FTI documents to TRIO offices for verification, which creates inefficiencies and additional steps for prospective students.

Furthermore, data-sharing restrictions on non-FTI FAFSA data—such as parental educational attainment—have also hindered TRIO programs, limiting access to participant lists based on these criteria. As a result, many programs have had to find alternative ways to generate these lists.

Our pre-college and adult-serving outreach programs have similarly been impacted. With the discontinuation of FSA's website for confirming FAFSA completion, TRIO programs now rely on state agencies to access this data. However, states have varying procedures for certifying TRIO programs as entities entitled to access this information, which has led to further challenges in completing the Annual Performance Report (APR), required by ED.

The Role of Student Support Services and the Need for Data Sharing

SSS is unique among the TRIO programs in its ability to award grant aid to participants. TRIO professionals are authorized to access FTI and other FAFSA data for this purpose, as the data is used solely for the application, award, and administration of federal, state, or institutional financial aid. However, some programs have encountered difficulties in fully implementing this provision. Despite language clearly stating that sharing FTI with programs awarding aid to students is permissible, financial aid administrators do not feel comfortable providing information to TRIO SSS projects without explicit guidance from FSA.

Unfortunately, FSA has interpreted the new statutory data-sharing changes to mean that the TRIO programs that provide support other than grant aid do not have access to FTI or FAFSA data, despite eligibility criteria that FAFSA data could be used to determine.

Proposed Solutions and Advocacy

The TRIO community is advocating for legislative changes that would grant TRIO programs access to FTI without requiring student consent, similar to the access given to designated scholarship organizations such as the United Negro College Fund and the Hispanic Scholarship Fund. Since TRIO programs are funded under Title IV, like the Federal Student Aid programs (e.g., Federal Pell Grants, SEOG, Direct Loans, and Federal Work-Study), regaining access to data essential for determining eligibility is critical to reducing barriers for first-generation, low-income students.

Research demonstrates that financial aid alone is insufficient to promote degree attainment. TRIO programs provide essential holistic services that complement financial support, collectively enhancing degree-completion rates.

We propose this problem be corrected by a legislative solution: a four-committee amendment to both the Higher Education Act (HEA) and the IRS Code to designate all TRIO programs as "Entitled Entities" eligible to receive FTI without student consent. The HEA amendment would proceed through the House Education and Workforce Committee and Senate HELP Committee, while changes to the tax code would be reviewed by the Ways and Means Committee and the Senate Finance Committee. These changes would need to be bipartisan and bicameral, and reviewed by the Treasury Department and the IRS.

Alternatively, we propose pursuing an additional amendment to the HEA to allow all TRIO programs to use Pell Grant status to determine TRIO eligibility without requiring student consent. This would also require approval from the House Education and Workforce and Senate HELP Committees.

Advocacy Efforts

COE has been at the forefront of advocating for TRIO programs facing these challenges. COE has engaged with policymakers and Biden Administration officials to address these issues. Letters have been sent to Secretaries Cardona and Yellen, as well as to the chairs and ranking members of key committees: [House Committee on Education and the Workforce](#); [House Committee on Ways and Means](#); [Senate Committee on Health, Education, Labor, and Pensions](#); and [Senate Committee on Finance](#). Between March and May 2024, over 481 visits to Capitol Hill were conducted to complement these efforts.

Institute for Higher Education Policy (IHEP)

New FAFSA Data Restrictions Threaten Critical Research and Practices to Support Student Success

About IHEP

IHEP is a nonpartisan, nonprofit research, policy, and advocacy organization committed to driving systemic change in higher education to advance equitable outcomes and generational impact for communities historically marginalized on the basis of race, ethnicity, or income. The focus areas of our work include data and transparency, equitable access, need-based aid, and strong outcomes for all students. We lead the Postsecondary Data Collaborative, a coalition of diverse organizations that advocates for high-quality data to ensure equitable access and success in higher education.

Impacts of the FTI data restrictions

The FAFSA Simplification Act and FUTURE Act introduced new restrictions on how certain financial information collected through the FAFSA can be used. As a result, some FAFSA data are now considered FTI and are statutorily prohibited from being handled in the ways FAFSA data were commonly used. If left unaddressed, these changes could have significant, unintended consequences, limiting the ability of institutions, states, researchers, and policymakers to support students; conduct research on college experiences and outcomes; and develop data-driven policies to improve college affordability, outcomes, and value.

Under these new restrictions, some longstanding uses of FAFSA data to inform policy and support students may now be expressly prohibited while others remain in limbo. This creates a chilling effect on critical efforts to understand and improve postsecondary experiences and outcomes.

Key areas of impact threatened by the new data restrictions include:

- **Consumer tools** that help students and families compare college costs and outcomes when making decisions about where to apply. For example, ED's [College Scorecard](#) includes median post-college earnings for students with different family incomes. These family income data are pulled from the FAFSA and are not available from other data sources.
- **Publicly available data** that policymakers, practitioners, researchers, and other stakeholders rely on, such as the National Postsecondary Student Aid Study (NPSAS) and Beginning Postsecondary Students Longitudinal Study (BPS). These ED studies utilize FAFSA data to capture how students from different income levels pay for college and how family income changes over time as students progress through college.
- **Research and program evaluation** by institutions, states, and the federal government to understand and improve higher education affordability, outcomes, and return on investment.
- **The use of income information** to identify students potentially eligible for federal means-tested benefits programs, such as SNAP, and student support services, such as the federally-supported [TRIO](#) programs. TRIO programs help students from low-income backgrounds, first-generation college students, and individuals with disabilities progress to and through postsecondary programs. While FTI can be used to identify students for TRIO grant eligibility, it cannot be used to identify students for [non-monetary support services](#) and resources. This could lead to significant disruptions in administering and managing TRIO programs and leave students without the support they are eligible to receive.

IHEP Recommendation: ED should provide additional, clear guidance on the allowable uses of FTI and preserve as much historical data access as possible.

To help researchers and practitioners navigate this new landscape, ED has produced some training sessions and guidance that have [confirmed](#), for example, that AGI is considered FTI while the SAI and Pell Grant eligibility status are not. Additionally, a [recent ED training](#) clarified that colleges can use FAFSA data, including FTI, for mandatory reporting, such as ED's Integrated Postsecondary Education Data System (IPEDS), net price calculators, and the Fiscal Operations Report and Application to Participate (FISAP).

However, more clarity and guidance are needed about the allowable uses of FTI specifically. For example, it is unclear whether and how FTI can be used to calculate aggregate statistics, such as those that populate ED data tools and inform data-driven policies by states and institutions. Some existing ED guidance about FAFSA data use specifies that “No inferences should be made regarding FTI based on this guidance” and FTI-specific guidance is still forthcoming. Clarifications about the allowable uses of FTI should be included in electronic announcements, not just training slides, and widely disseminated to institutions and other stakeholders. Agency guidance should preserve as much data use as possible within the legislative constraints.

IHEP Recommendation: Enact legislative changes to restore the allowable uses of FTI.

Ultimately, legislative changes are necessary to restore the allowable uses of FTI to evaluate programs, conduct research, and support student success. These modifications can be made while protecting applicants’ privacy and preserving the strides made to simplify the application process. Even without the Internal Revenue Code restrictions for FTI, FAFSA data are subject to privacy laws and practices, including FERPA, that safeguard applicants’ information. Those same laws previously protected tax return information that had been provided via the IRS Data Retrieval Tool.

Conclusion

The ability to analyze applicants’ financial data from the FAFSA is crucial for creating a higher education system that is equitable, accessible, and effective. By restoring access to this vital information, we can continue to make data-driven decisions that benefit students from all backgrounds. It is imperative that policymakers, institutions, and researchers work together to find solutions that protect student privacy while maintaining the data access necessary for improving student outcomes.

National College Attainment Network (NCAN)

Data-Sharing with College Access and Success Organizations Under FAFSA Simplification

About NCAN

The National College Attainment Network (NCAN), founded in 1995, is a nonprofit membership and advocacy association with more than 500 member organizations across the U.S. helping millions of students prepare for, apply to, and succeed in their postsecondary pursuits.

NCAN’s mission is to support members and influence leaders, organizations, policies, and systems across the country to increase equity and excellence in postsecondary degree access and attainment. We advance our mission in three ways: (1) building the capacity of organizations committed to college access and success, (2) advocating for policy solutions that increase postsecondary attainment for students of color and students experiencing poverty, and (3) supporting change by K-12 and higher education systems that increases postsecondary access and attainment.

Introduction

The organizations in NCAN’s membership have often relied on federal data, especially FAFSA completion and income data, to identify students who need additional support with college application and completion. Prior to the implementation of the FAFSA Simplification Act and FUTURE Acts, college access and success programs often used FAFSA data to more efficiently target their advising support services and to identify students eligible for need-based assistance. The passage of the FUTURE Act in 2019 and the FAFSA Simplification Act in 2020 complicated the process of sharing data for the field.

With support from NASFAA, NCAN surveyed its members in December of 2024 to understand the impact of the new laws on data-sharing among college access and success organizations. NCAN was pleased to be asked to participate in this project so we can better understand our members’ ability to continue to receive FAFSA data and any remaining roadblocks to that process.

NCAN Survey Findings

One dominant theme in the survey results is that 75% of respondents have previously received FAFSA data and want to continue to do so, but more than a third were “not clear” if they are eligible to continue to receive this data for various purposes.

Other pertinent findings include:

- The main priority for the college access field appears to be the ability to receive data on whether a student completed a FAFSA, the date it was received/processed, and the SAI. More than two-thirds of respondents indicated they are using this data to assist students with completing applications, applying for financial aid, and/or the administration of aid.
- Approximately 47% indicated that they use non-FTI FAFSA data for scholarship administration.
- Seventy-five percent of respondents do not receive FTI.
- More than 60% of respondents are not sure if they will be able to receive FTI and non-FTI FAFSA data due to the changes to data-sharing authority.
- Our members communicated challenges with assisting students in understanding the “consent” process to release FAFSA data at colleges and have found financial aid offices are hesitant to release requested information.
- The top three resources for information identified by respondents related to data sharing are the Federal Student Aid Knowledge Center, their state financial aid administration agency, and NASFAA.
- The majority of respondents indicated that they most commonly enter data-sharing agreements with K-12 school districts and state agencies.
- Given that the limitations on FTI access mean AGI is not readily available, respondents most commonly reported they use SAI and student eligibility for the free and reduced-priced lunch program as a proxy to identify students with financial need.

Two quotes from respondents provide greater insight into this issue. The first comes from a community-based member:

When our access to student level data was suspended, all we could find was the aggregate FAFSA Completion data by state and high school. We used that, but it doesn't help us figure out which students need help with errors, and it doesn't help us with the kind of individual case management efforts our program is built around.

A member from a higher education institution shared the second insight:

Our community college is continuing to struggle with questions about whether other departments outside of Financial Aid can receive FTI or non-FTI info for purposes of outreach for means-tested benefits, particularly for students trying to access Basic Needs funding from the multiple programs that connect with public benefits. Some data is being shared with a student permission form signed, but the whole question of how to share FAFSA data within our organization has become very convoluted, and that hampers efforts toward equitable access and persistence support, particularly when it comes to meeting students' basic needs.

Conclusion

Our survey results reveal that some organizations have lost access to critical data they previously received, and many respondents are confused about what data can be shared and how. It is imperative that ED release guidance on FTI data sharing as soon as possible and continue to enhance existing guidance on sharing FAFSA data. Clear, timely information will help all parties involved understand the limitations and encourage sharing of allowable items. Additionally, the information collected for this paper may also lead to valid recommendations for legislative language clarifications to ensure data-sharing provisions are well defined.

State Higher Education Executive Officers Association (SHEEO)

Data-Sharing Concerns for State Higher Education and Financial Aid Agencies

About SHEEO

The State Higher Education Executive Officers Association (SHEEO) serves the chief executives of statewide governing, policy, and coordinating boards of postsecondary education and their staff. Founded in 1954, SHEEO promotes an environment that values higher education and its role in ensuring the equitable education of all Americans, regardless of race/ethnicity, gender, or socioeconomic factors. Together with its members, SHEEO aims to achieve this vision by equipping state higher education executive officers and their staffs with the tools to effectively advance the value of higher education, promoting public policies and academic practices that enable all Americans to achieve success in the 21st century, and serving as an advocate for state higher education leadership.

Introduction

Prior to the passage of the FAFSA Simplification Act, income data on the FAFSA was used by state higher education and financial aid agencies for reporting, research, outreach, and responding to legislative inquiries. New federal regulations have reclassified data on the FAFSA that are retrieved directly from the IRS as FTI. Restrictions on the use of FTI have necessitated modifications to the functions that state agencies perform.

Reporting

Most state agencies produce annual reports on the receipt of state financial aid programs, including the total dollars awarded, number of recipients, and demographic and financial characteristics of recipients. These reports may be publicly available or provided only to state legislators or agency staff. In some instances, these reports are legislatively mandated for transparency regarding the use of public dollars for student financial assistance. Many of these reports have historically used income measures that are readily interpretable—often AGI—to report on the receipt of financial aid across income groups. In addition to providing transparency, these reports have also served as a descriptive analytic tool for assessing the effectiveness of grant programs in reaching students with the most financial need and monitoring changes over time.

The current restrictions on the use of FTI imposed by the FAFSA Simplification Act prevent the use of AGI in reporting on financial aid programs by state agencies. These restrictions disrupt historical trends that have enabled state agencies to assess changes in the distribution of financial aid across income groups over time. They also require the removal of an intuitive measure of income that must be replaced with less straightforward variables, such as the SAI. The loss of longitudinal comparisons and intuitive income measures may hamper the usefulness of these reports.

Research

Research is a secondary priority after aid administration and reporting for many state agencies, but it is the best and often only way to assess the effectiveness of financial aid programs and provide recommendations for improvement. As with reporting, research is typically conducted using measures of student financial status, such as AGI, and has often been used to determine whether financial aid programs are reaching the most financially needy students. Policy solutions can be developed in response to ensure that the programs are expending funds efficiently to students who will benefit most. Predictive research can also be conducted to estimate potential changes to student eligibility or to model the impacts of a proposed policy change. Collectively, research is necessary to ensure that aid is disbursed equitably and to the students with the greatest financial need.

Although research using FTI has been halted under the current data restrictions, alternative measures of income (e.g., SAI) can be used to continue monitoring the effectiveness of programs and proposed policy changes. As with reporting, however, this change disrupts historical trends and requires the use of less-intuitive measures of income. Moreover, as research is a secondary priority, some state agencies may elect not to continue with research until the allowable uses of FAFSA and FTI data are made more explicit. State agencies that are not able or do not wish to continue research with different financial measures risk losing the ability to make informed policy decisions pertaining to financial aid eligibility, uptake, and disbursement.

Legislative Inquiries

Although informal and ad-hoc, responses to legislative inquiries are another vital function of state agencies that have historically incorporated FTI. The information provided is akin to the data available in reports but is more targeted to the specific needs of legislators and their constituents. Legislators rely on these personalized reports for monitoring financial aid programs as well as for policy and appropriations decisions. Financial aid information for legislators' constituents has often been disaggregated by AGI given its interpretability and consistency with published reports.

Under the current restrictions on FTI data use, legislative inquiries could be answered using different measures of student income. While these may be less readily understood than AGI in a brief ad-hoc report, they are still able to convey useful information. Continued provision of information to legislators on the distribution and effectiveness of financial aid programs is essential, as it can directly impact future appropriations for these programs.

Outreach

A less common but no less important use of FAFSA and FTI data is connecting students with direct means-tested benefits such as the Supplemental Nutrition Assistance Program (SNAP). State agencies can use measures of student income from the FAFSA to identify students who may be eligible, make them aware of their potential eligibility, and connect them with the appropriate agency. This service removes some of the administrative burden from students who may be eligible for means-tested benefits and may reduce the percentage of eligible recipients who do not participate.

While not all states provide this function for their students, those that do are prevented by the FTI data restrictions from using the most common measures of income and financial status to estimate eligibility. Because state higher education and financial aid agencies simply perform outreach to students—rather than directly determining public benefits eligibility—FTI data can be substituted with non-FTI FAFSA data such as SAI. However, state agencies are now required to obtain individual student and contributor consent to use FAFSA data to connect students with means-tested benefits. This additional step limits the ability of state agencies to perform automatic eligibility mapping and risks excluding students who are difficult to reach and may be most in need of financial assistance.

State Solutions

In response to the current restrictions on the use of FTI for purposes beyond the award of state financial aid, state agencies have employed varying measures of risk mitigation. Some of the most risk-averse agencies that are not responsible for administering financial aid directly have imposed the most drastic solution: opting to not receive any FTI data from the FAFSA. These agencies receive only non-FTI FAFSA data that is not governed by the same use restrictions. Some agencies that are responsible for administering financial aid but are equally risk-averse have chosen to receive FTI data but to restrict access only to individuals directly involved in awarding financial aid. In some instances, state agencies have shifted their data governance structure to silo financial aid data from all other student-level data. Agency staff that previously had access to FTI for reporting or research are no longer able to utilize FTI data in their work.

Most state agencies are currently in a holding pattern as they await additional guidance from ED on the use of FTI data for research, reporting, outreach, and legislative inquiries. One solution that has been offered is the use of SAI as a proxy for income. While this measure can accurately capture a student's financial situation, SAI is less intuitive for legislators and the general public to comprehend and may not correlate neatly with AGI. While SAI is not an adequate substitute for the FTI necessary to determine eligibility for means-tested public benefits, it can be a useful measure to identify potential recipients.

While state agencies can currently play the waiting game, they will need to develop annual reports and respond to legislative inquiries as the 2024-25 academic year draws to a close. Anticipating that the current FTI restrictions will remain in effect, an ideal alternative to using replacement variables, such as SAI, is the use of derived AGI bands. These bands can be derived and provided by ED to state agencies, along with additional guidance from ED permitting the use of AGI bands for purposes other than the administration of financial aid. Alternatively, ED can issue updated use cases that demonstrate clear and specific scenarios (i.e., reporting, research, and outreach) that are permissible uses of FTI.

Given that many uses of FTI data now require explicit student and contributor consent, state agencies are required to obtain this consent individually and separately from the FAFSA. This additional step places undue administrative burden on state agencies and results in some hard-to-reach students slipping through the cracks. The FAFSA should include an option for students and contributors to provide individual consent for their data to be used for purposes beyond the administration of financial aid.

Policy Considerations

The simplification of the FAFSA has brought about many benefits to students, including an improved user experience and expanded eligibility for federal financial aid. Together, these benefits should result in higher FAFSA completion rates, greater numbers of students enrolling in postsecondary education, lower overall student loan debt burden, and improved retention and completion rates. In order for state financial aid to complement the increase in federal financial aid awarded, it is necessary for state agencies to retain the discretion to perform their reporting, research, and outreach functions. The inability of state agencies to use FTI in these functions could impact the effectiveness of state grant programs, limit the ability of state agencies to reach students with the greatest financial need, and negatively affect future legislative appropriations.

NASFAA's Suggestions for Future Work in Data Use and Data Sharing

This section presents areas for future work, informed by NASFAA's survey results and the perspectives of the partner organizations. These suggestions aim to protect individual privacy without sacrificing the gains achieved through FAFSA simplification efforts.

As NASFAA's survey and our partner organization reports demonstrate, considerable confusion remains in several areas where legislative changes to FTI and non-FTI FAFSA data sharing have occurred. In many places where previous confusion has been resolved by ED guidance, overly strict interpretations of the statute have hindered—or in some cases eliminated—the ability of institutional staff outside of the financial aid office to administer the programs or conduct research that has historically relied on FAFSA data. These challenges and burdens are always felt most acutely by institutions with the fewest resources that, in turn, often serve the lowest-resourced students. Data use and data-sharing legislation and guidance should always be clear so as to ensure these institutions and students are not further disadvantaged.

To date, updated FTI and non-FTI FAFSA data use and data-sharing guidance from ED remains incomplete. With 14% of financial aid offices having already added supplemental applications to collect data they were previously able to use and share from the FAFSA, and nearly two-thirds of financial aid administrators indicating their institutions are considering adding supplemental applications in the future, there is legitimate concern that the benefits of the FAFSA simplification effort have eroded already or will further erode. ED has an opportunity to interpret legislative changes as broadly as possible to prevent such an outcome, and Congress has an opportunity to amend legislation to expand institutional and state permission for data sharing and data use.

The following suggestions seek to attain a balance between the important goal of maintaining data privacy and the gains achieved through FAFSA simplification efforts:

- ED should issue written guidance on FTI data use and data sharing as soon as possible. Financial aid offices and other entities that have historically relied on FAFSA data still do not fully understand whether and how they can use and share FTI, risking both improper data sharing and unnecessarily limiting access to data out of an abundance of caution.
- ED should update its [Guidance on the Use of Financial Aid Information for Program Evaluation and Research](#) (2017) with new use cases that reflect the latest data-sharing rules and guidance.
- ED should make FTI and non-FTI FAFSA data use and data-sharing guidance as consistent and as clear as possible, and should not reverse previous decisions.
- Congress should explicitly permit FTI and non-FTI FAFSA data to be used and shared for the award, application, and administration of all TRIO programs (including grants and non-grant support services).
- If Congress considers changes to FTI and non-FTI FAFSA data use and data sharing legislation, it should ensure that these changes do not diminish the benefits of FAFSA simplification by leading institutions, state agencies, or other entities to require
- Financial aid offices should work with legal counsel to develop data use and sharing policies that align with the institution's values and beliefs about protecting student data within the confines of the law. Well-crafted data use and data-sharing policies do not necessarily always permit data-sharing simply because it is permitted by law, but are also not so strict as to negatively impact students.
- Even where data use and data-sharing authority exists, financial aid offices should share only the minimum FTI and non-FTI FAFSA data necessary to allow other entities to administer their programs and conduct research.
- Entities that rely on FTI or non-FTI FAFSA data to conduct their work should collaborate with the financial aid office to identify suitable proxies for sensitive personal data whenever possible, such as using SAI in place of AGI, or Pell Grant award amount in place of Pell Grant eligibility status, to avoid data use and sharing limitations.
- Entities that rely on FTI or non-FTI FAFSA data should explore existing alternate data sources, such as state tax data, and explore all alternative avenues before creating new data collections to replace information they historically obtained from the FAFSA.

Appendix

NASFAA Online Survey Results

Overall Responses¹

How is your financial aid office using and disclosing student-level, non-FTI FAFSA data for 2024-25 and beyond, and have your data use and disclosure policies changed as compared to award years prior to 2024-25?

Disclosure could be to a school official with a legitimate educational interest in the data per your school's FERPA policy, a third-party servicer (including auditors), a college or university system office, a researcher, or others as specified.

Using/sharing non-FTI FAFSA data for purposes of application, award, or administration of financial aid programs, such as:

	With student consent	Without student consent	This reflects a policy change effective for 2024-25 and beyond	Our office never shares this data	<i>n</i>
Assisting students or other contributors (e.g., parent(s) or spouse) with the aid application process	57%	39%	6%	8%	87
Managing ISIR processing to determine applicant eligibility for financial aid awards, verification, and other packaging processes	17%	60%	9%	25%	87
Processing and disbursing federal, state, or institutional financial aid funds	18%	64%	6%	22%	88
Monitoring the academic progress of aid recipients and enforcing other aid requirements (e.g., Satisfactory Academic Progress [SAP])	15%	70%	3%	17%	88
Performing analyses related to financial aid, including conducting audits, program evaluations, or modeling and other research necessary to support the efficient and effective administration of student aid programs consistent with Section 483 of the HEA	5%	87%	8%	8%	86
The production of de-identified, aggregate, descriptive statistics about financial aid programs or participants	5%	84%	5%	10%	82
Development of state budgets and forecasting	4%	68%	5%	26%	78
Complying with mandatory reporting for participation in Title IV, HEA programs, including (but not limited to) Integrated Postsecondary Education Data System (IPEDS) reporting and publishing net price calculators	1%	92%	8%	2%	86
For research to promote college attendance, persistence, and completion	12%	58%	16%	23%	74
Sharing data with researchers for purposes other than the application, award, or administration of financial aid programs or research promoting college attendance, persistence, and completion	42%	14%	20%	37%	76

¹ Given the size of the sample collected, data is only present at the overall level.

Sharing data with scholarship-granting organizations or organizations assisting the student with applying for federal, state, local, or tribal assistance upon individual student request	71%	19%	12%	11%	84
Sharing data with TRIO program partners for purposes of awarding TRIO grants students	43%	30%	17%	26%	69
Sharing data with TRIO program partners for mandatory Annual Performance Report (APR) completion	37%	36%	16%	24%	67
Sharing data with TRIO program partners for participant recruitment/outreach	44%	17%	20%	36%	66
Sharing data with TRIO program partners for purposes of establishing student eligibility for TRIO non-monetary student support programs	48%	19%	21%	28%	67
Sharing data with applicants upon request	73%	23%	5%	6%	84
Sharing data with a dependent student's parent(s) who are contributors on the FAFSA	73%	22%	11%	4%	81
Sharing data with a dependent student's parent(s) who are NOT contributors on the FAFSA	73%	0%	7%	27%	75
Sharing data with an independent student's parents	82%	0%	6%	19%	77
Sharing data with an independent student's spouse	85%	3%	6%	13%	78
Conducting direct means-tested benefits outreach to students	16%	43%	13%	30%	69
Sharing data for a population of students with means-tested benefits agencies so they can conduct outreach and/or determine student eligibility	35%	17%	13%	42%	69
Sharing data with the US Department of Education for non-mandatory reporting (e.g., NPSAS)	14%	58%	8%	25%	73
Sharing data with states (legislature, higher ed agency, etc.) for mandatory reporting	5%	85%	6%	7%	81
Sharing data with states (legislature, higher ed agency, etc.) for non-mandatory reporting	19%	47%	11%	33%	75
Sharing data in response to a court order or subpoena	16%	74%	11%	6%	81

How is your financial aid office using and disclosing student-level FTI data (e.g., AGI) for 2024-25 and beyond, and have your data use and disclosure policies changed as compared to award years prior to 2024-25?

Disclosure could be to a school official with a legitimate educational interest in the data per your school's FERPA policy, a third-party servicer (including auditors), a college or university system office, a researcher, or others as specified.

Using/sharing non-FTI FAFSA data for purposes of application, award, or administration of financial aid programs, such as²:

	With student consent	Without student consent	This reflects a policy change effective for 2024-25 and beyond	Our office never shares this data	<i>n</i>
Assisting students or other contributors (e.g., parent(s) or spouse) with the aid application process;	65%	21%	19%	17%	52
Managing ISIR processing to determine applicant eligibility for financial aid awards, verification, and other packaging processes	12%	53%	14%	35%	51
Processing and disbursing federal, state, or institutional financial aid funds	12%	55%	8%	35%	51
Monitoring the academic progress of aid recipients and enforcing other aid requirements (e.g., Satisfactory Academic Progress [SAP])	12%	59%	10%	31%	51
Performing analyses related to financial aid, including conducting audits, program evaluations, or modeling and other research necessary to support the efficient and effective administration of student aid programs consistent with Section 483 of the HEA	2%	72%	15%	21%	53
The production of de-identified, aggregate, descriptive statistics about financial aid programs or participants	4%	65%	21%	21%	48
Development of state budgets and forecasting	4%	50%	15%	41%	46
Complying with mandatory reporting for participation in Title IV, HEA programs, including (but not limited to) Integrated Postsecondary Education Data System (IPEDS) reporting and publishing net price calculators	4%	84%	12%	8%	51
For research to promote college attendance, persistence, and completion	15%	33%	25%	44%	48
Sharing data with researchers for purposes other than the application, award, or administration of financial aid programs or research promoting college attendance, persistence, and completion	28%	9%	26%	57%	47
Sharing FTI for non-research purposes other than application, award, or administration of financial aid programs	20%	9%	27%	60%	45
Sharing data with scholarship-granting organizations or organizations assisting the student with applying for federal, state, local, or tribal assistance upon individual student request	58%	16%	22%	22%	50

² In NASFAA's survey instrument this question had a typographical error and should have read "...Using/sharing FTI FAFSA data for purposes of application..." The first part of the question was presented correctly to refer to "...non-FTI FAFSA data..." In reviewing the results for this question, NASFAA's Policy and Research Departments felt the answers indicated respondents understood the intent of the question and chose not to re-survey.

Sharing data with TRIO program partners for purposes of awarding TRIO grants students	28%	21%	23%	41%	39
Sharing data with TRIO program partners for mandatory Annual Performance Report (APR) completion	28%	18%	28%	44%	39
Sharing data with TRIO program partners for participant recruitment/outreach	31%	13%	28%	46%	39
Sharing data with TRIO program partners for purposes of establishing student eligibility for TRIO non-monetary student support programs	35%	13%	28%	43%	40
Sharing data with applicants upon request	71%	16%	22%	12%	51
Sharing data with a dependent student's parent(s) who are contributors on the FAFSA	76%	12%	27%	14%	49
Sharing data with a dependent student's parent(s) who are NOT contributors on the FAFSA	63%	2%	17%	35%	46
Sharing data with an independent student's parents	65%	2%	20%	33%	46
Sharing data with an independent student's spouse	77%	2%	15%	21%	47
Conducting direct means-tested benefits outreach to students	19%	33%	14%	51%	43
Sharing data for a population of students with means-tested benefits agencies so they can conduct outreach and/or determine student eligibility	29%	16%	18%	53%	45
Sharing data with the US Department of Education for non-mandatory reporting (e.g., NPSAS)	20%	40%	16%	36%	45
Sharing data with states (legislature, higher ed agency, etc.) for mandatory reporting	2%	71%	21%	19%	48
Sharing data with states (legislature, higher ed agency, etc.) for non-mandatory reporting	17%	30%	26%	49%	47
Sharing data in response to a court order or subpoena	13%	58%	20%	24%	45

Please rate the following data use and data-sharing resources that have been made available to date.

	Very helpful	Somewhat helpful	Neither helpful nor unhelpful	Somewhat unhelpful	Very unhelpful	Was not aware this resource existed	<i>n</i>
NASFAA <i>Today's News</i> articles	75%	22%	3%	0%	0%	0%	63
NASFAA Off the Cuff podcast	34%	40%	18%	2%	0%	6%	62
NASFAA AskRegs Knowledgebase	79%	21%	0%	0%	0%	0%	63
NASFAA 2024 Conference	31%	49%	15%	0%	0%	5%	61
Resources from professional associations other than NASFAA	18%	40%	27%	8%	2%	5%	62
FSA 2024 Training Conference	19%	40%	14%	11%	16%	0%	63
FSA "FAFSA Data Use in 2024-25" webinar, July 24, 2024	43%	28%	10%	7%	8%	5%	61
FSA "EDEXpress: Your Solution for Accessing FTI" webinar, February 28, 2024	5%	17%	17%	2%	7%	53%	59
FSA 2025 Training Conference	15%	40%	13%	7%	7%	18%	55
FSA 11/7/2024: Guidance for State Grant Agencies and Institutions of Higher Education on the Access, Disclosure, and Use of FAFSA Data for the Application, Award, and Administration of Student Aid Programs	28%	44%	9%	4%	7%	9%	57
FSA 5/12/2024: Access and Use of Federal Tax Information (FTI) for Federal Student Aid Programs Beginning with the 2024-25 FAFSA Processing Cycle	36%	39%	14%	3%	7%	2%	59
FSA 4/8/2024: Updates to the FAFSA Completion Initiative and Means-Tested Benefits Outreach	21%	43%	14%	3%	7%	12%	58
FSA 7/29/2024: Guidance on Means-Tested Benefits Outreach for Institutions and State Grant Agencies	19%	45%	14%	5%	5%	12%	58

Has your office adopted or considered adopting use of any of the following proxy data to fill in for FTI data?

	Yes, adopted	Still considering adopting	Considered, but did not adopt	Have not considered	Unsure	<i>n</i>
Income data from non-FAFSA financial aid application (e.g., CSS Profile, institutional application, state financial aid application)	19%	5%	11%	61%	5%	64
Collecting federal tax returns since those are not classified as FTI	15%	8%	20%	52%	5%	65
ZIP code or other geographic information	19%	8%	5%	59%	9%	64
Student Aid Index	33%	16%	11%	33%	8%	64
Other non-FTI data from FAFSA (e.g., FISAP Total Income as proxy for AGI)	19%	16%	8%	50%	8%	64
Pell Grant eligibility status	39%	14%	13%	30%	5%	64
Pell Grant award amount	28%	16%	11%	38%	8%	64
Pell Receipt Status	30%	14%	9%	39%	8%	64
Means-tested benefits receipt status	11%	8%	13%	59%	10%	63
Other (Please share what other proxy data you are using in place of FTI)	0%	5%	0%	55%	40%	20

Has your office added/considered adding any supplemental documents to collect data you used to be able to use/share that you have determined you can no longer use/share?

Yes	14%
No, and the decision is final	12%
No, but we may add depending on future ED written guidance	62%
Unsure	12%
<i>n</i>	65

Has your institution entered into any kind of data-sharing agreements with other agencies, scholarship programs, foundations, community-based organizations, and/or researchers that you have had to modify or end based on the new data sharing rules that became effective for the 2024-25 aid year?

Yes	22%
No	63%
Unsure	15%
<i>n</i>	65

Respondent Demographics

Sector

Community college	22%
Proprietary	2%
Graduate/professional only	6%
Nonprofit	22%
Public 4-year	49%
<i>n</i>	65

Region

EASFAA	15%
MASFAA	25%
RMASFAA	12%
SASFAA	26%
SWASFAA	11%
WASFAA	11%
<i>n</i>	65