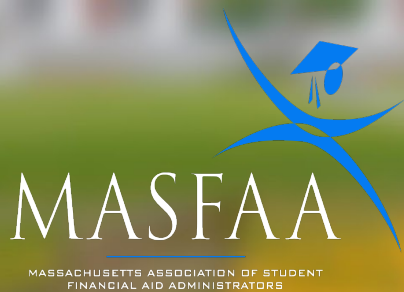
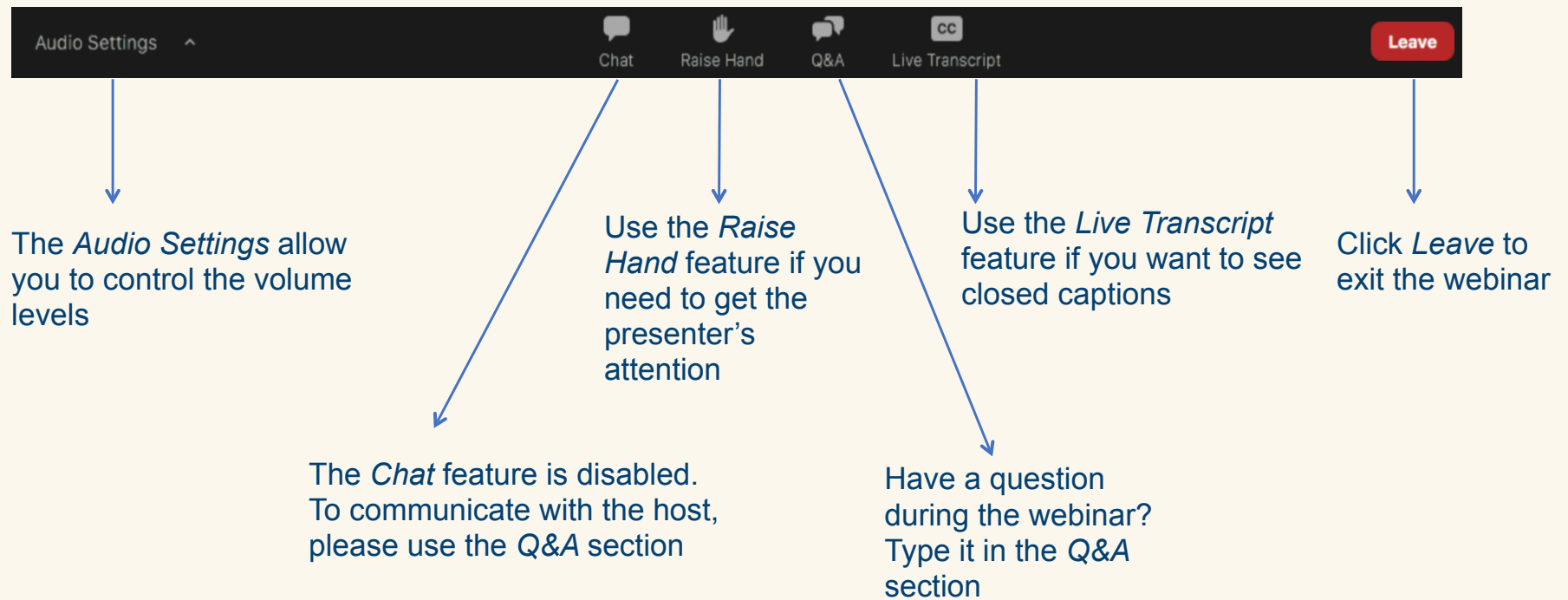


# FAFSA Simplification and Implementation

Jill Desjean, Senior Policy Analyst, NASFAA  
Gail Holt, Dean of Financial Aid, Amherst College



## How to Participate





## Webinar Topics

- Policy issues to address
- Impacts of changes on institutional enrollment goals
- Modeling observations
- No right issues
- Trade-offs
- Shared perspective

Most Monumental Change in  
our Profession

Right opportunity

Right time

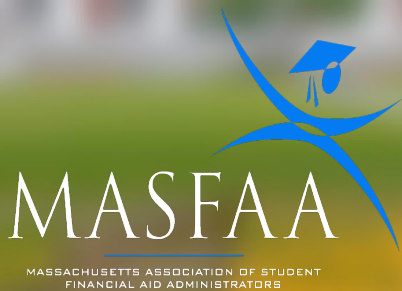
Uncertainty – temporary

HEERF was the scrimmage  
Lots was learned

“ Continuous improvement is  
better than delayed  
perfection. ”  
-Mark Twain

Policy Issues

# FAFSA Simplification: Policy Perspective



*mefa*<sup>®</sup>

A hand holding a black pen is writing on a notepad. The notepad has several sticky notes attached to it. One sticky note is purple and has a diagram with a central circle labeled 'Budget' and arrows pointing to 'Market', 'Value', 'Sales', and 'Profit'. Another sticky note is yellow and has a diagram with a central circle labeled 'Subway' and arrows pointing to 'Market', 'Value', 'Sales', and 'Profit'. There are other sticky notes in yellow and orange. In the background, there is a white mug, a laptop, and a clock.

## The Big Picture

FAFSA Simplification Act brings:

- Simpler application
- More straightforward Pell eligibility criteria
- Federal Methodology changes
- Miscellaneous provisions

A woman with long brown hair, wearing a light blue button-down shirt, is sitting at a desk. She is looking at a laptop screen with a thoughtful expression, resting her chin on her hand. The background is a bright, out-of-focus office or home workspace.

## Form changes

- Income questions eliminated from online form
  - No asset questions for more applicants
- Who is the parent in cases of divorce/separation changed
- Family size is based on dependents claimed on tax returns
- Housing choice question removed
- Option to provide parental data for independent students removed
- New questions added on student's race and sex



## Formula Changes

- Income protection allowance increase
- State/other tax allowance removed
- Dependent student Available Income allowed to be negative
- Small business/family farm exclusion eliminated





## Formula Changes

- Expected Family Contribution (EFC) is now Student Aid Index (SAI)
- No SAI split for number in college
- SAI can be as low as -\$1,500
- SAI determines eligibility for all Title IV aid except maximum and minimum Pell grant awards.



## New Pell Grant Eligibility Formula

### Three pathways to Pell grant

- Automatic maximum Pell grant
- Pell grant based on SAI
- Automatic minimum Pell grant

A woman with curly hair is sitting at a desk in a bright, modern office or home workspace. She is looking towards a computer monitor on the right side of the frame. The desk has a keyboard, a mouse, and a pen holder. The background shows a window with greenery outside and a couch with yellow and orange pillows.

## Miscellaneous Changes

### Other changes included in FAFSA Simplification Act

- PJ changes
- COA changes
- Provisional Independent Student Status
- Pell for Prison Education programs
- Expansion of Pell LEU restoration
- Year-Round Pell changes
- Pell proration changes



## Lesser-known and Frequently Misunderstood Provisions

- Number in College question still on FAFSA
- Only FWS earnings are excluded from income
- Only qualified education benefit designed for student counts as parental asset
- Separated students no longer considered independent
- No more alternate months EFC
- < Full-time Pell grant directly prorated
- EFA excludes emergency aid



Department of Education Updates

- FAFSA release date still set for December, exact date unknown
- Draft SAI Guide released last fall
- Roadmap released this spring
- Out last week:
  - EFC to SAI Crosswalk
  - SAI Scenarios
  - Max/min Pell lookup tables
  - Pell formulas and enrollment intensity

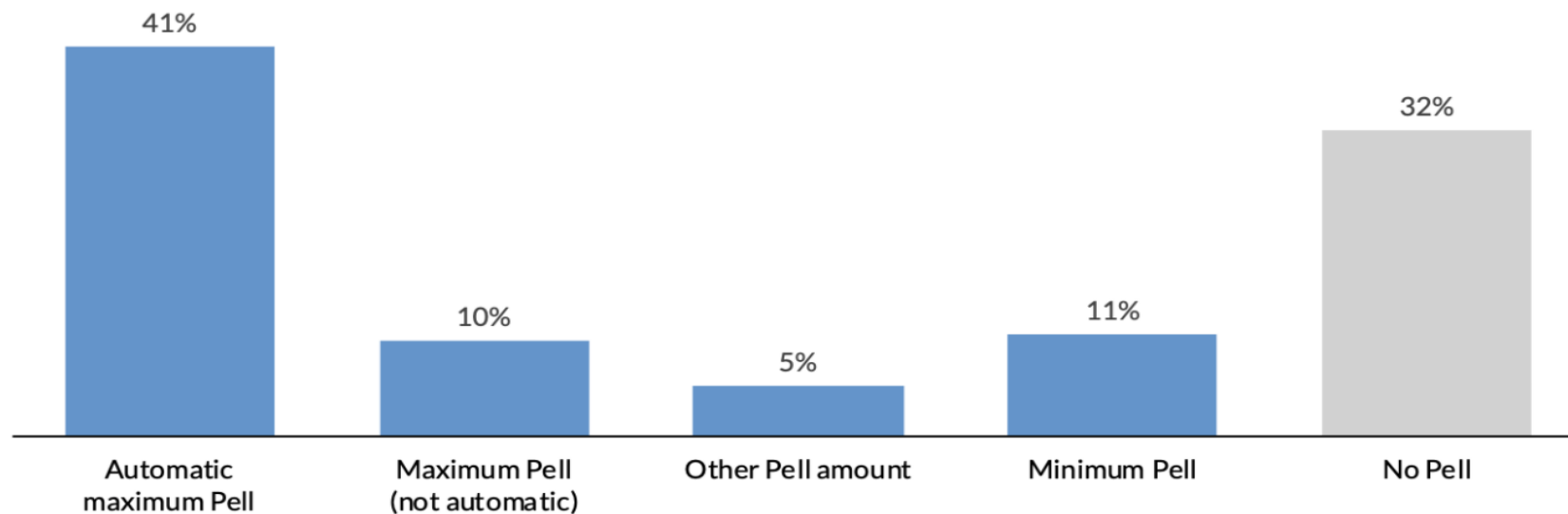
- FAFSA Simplification Implementation Working Group
- FAFSA Simplification web center
  - Legislative summaries
  - SAI modeling tool
  - Case studies
  - FM flowchart
  - Implementation checklist
  - NASFAA news coverage
  - So much more!

## Impacts of Pell and FIM formula changes

### 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*

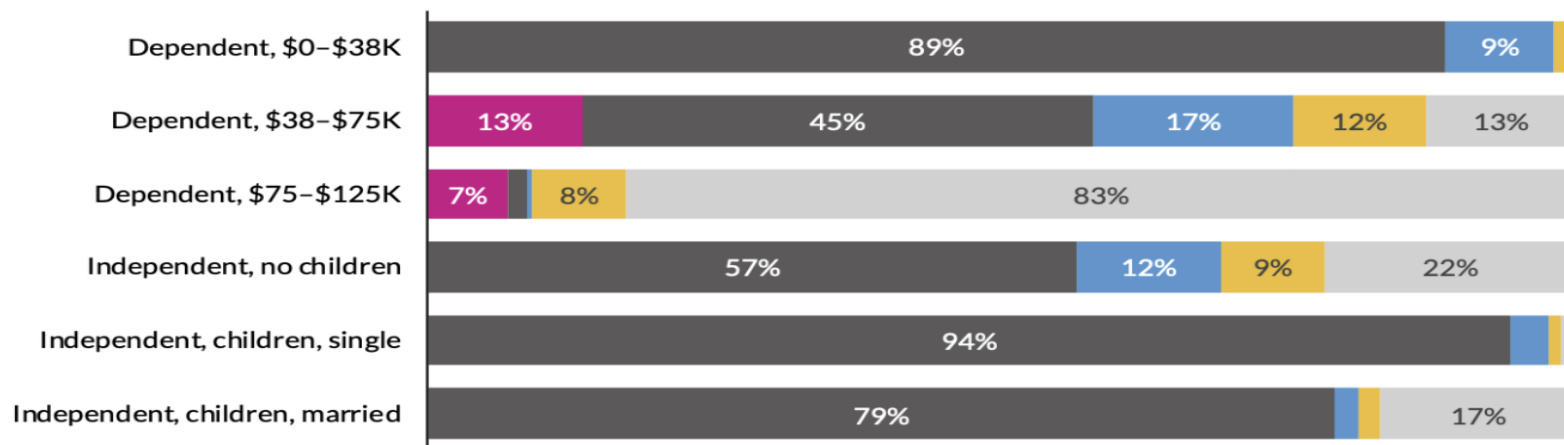
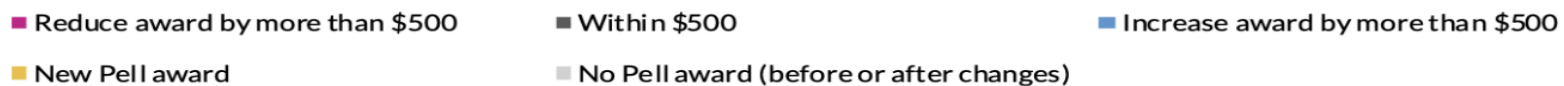


Source: Urban Institute analysis of 2016 National Postsecondary Student Aid Study data.

URBAN INSTITUTE

## Projected Changes to Pell Distribution

Implementing new maximum and minimum Pell rules and sibling adjustment



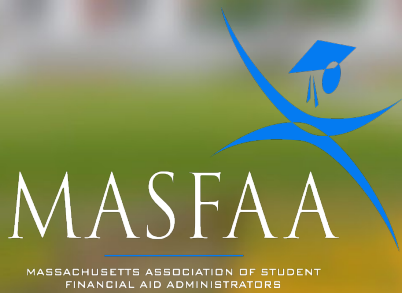
Share of students who applied for federal financial aid

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



Institutional Eligibility

# Observations in Modeling



*mefa*<sup>®</sup>



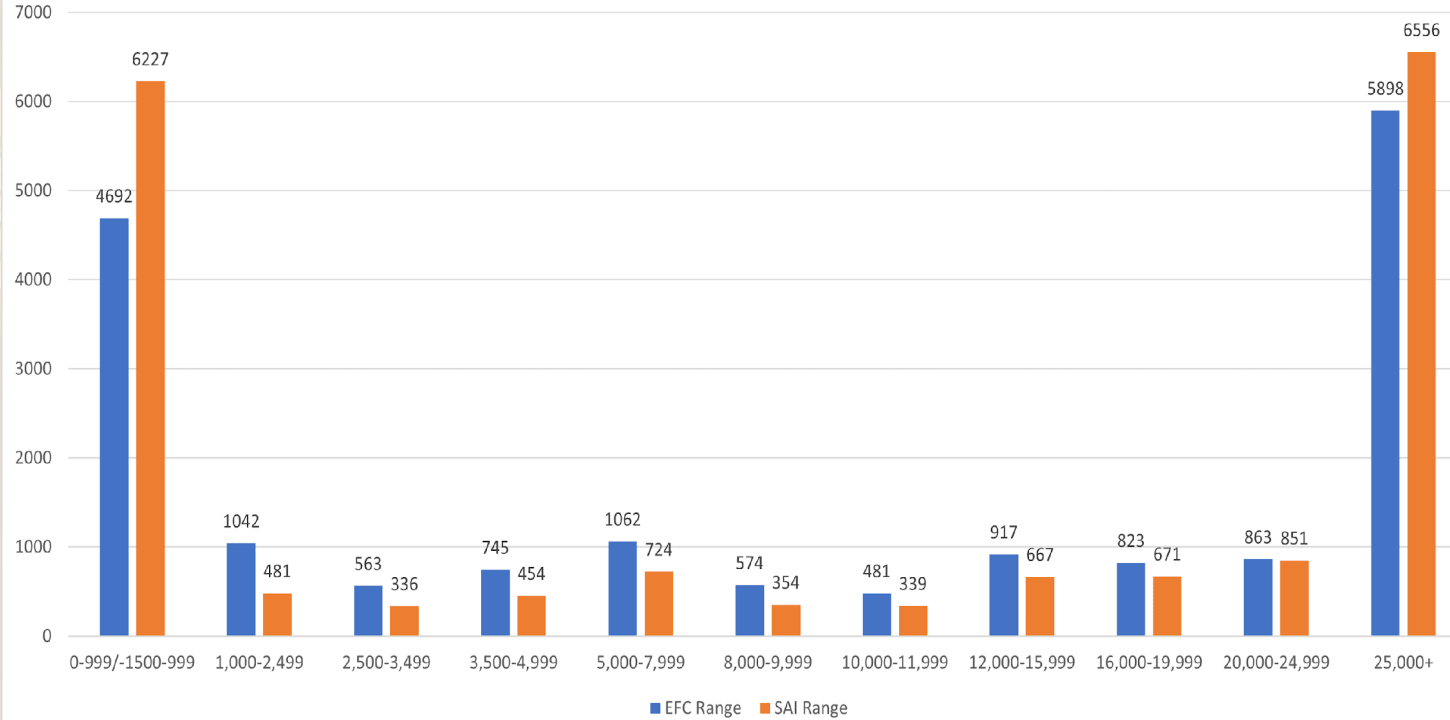
Additional Data Needed

Simple Needs Test = Families Exempt from Asset Reporting  
\$60,000 AGI, Tax Schedule G, C and loss/gain of less than  
\$10,000  
Net Worth of family farm or small business

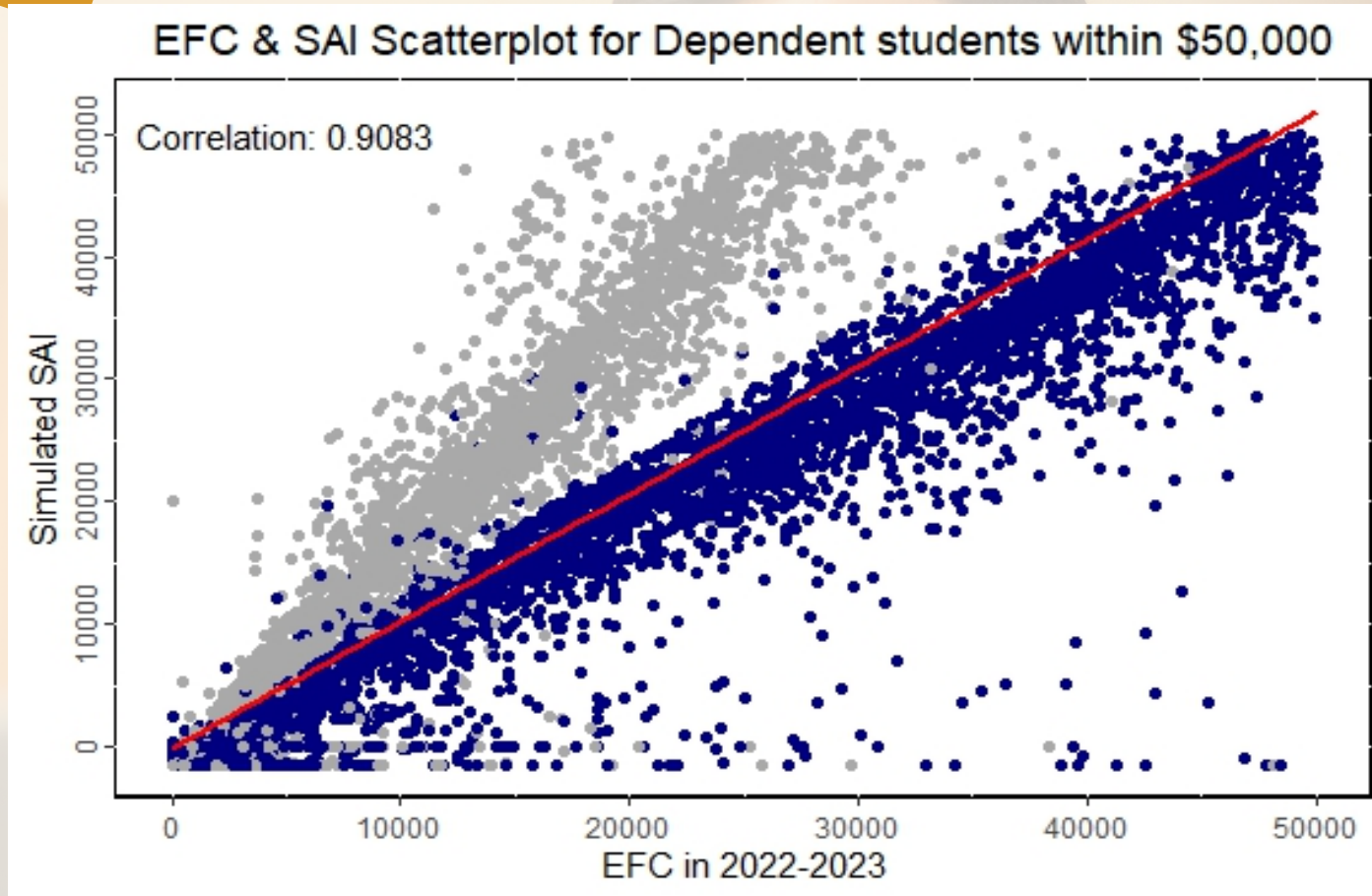
Sample State Institution

# NASFAA SAI Modeling Tool

Total Students



## Sample Large State Scatterplot



## Summary of Findings

- Increase of students qualifying for Pell
- Negative impact to Pell should be minimal (but there will be some)
- Independent students mostly unaffected
- Some dependent students could be affected
  - Number in College
  - \$60,000 AGI and asset exclusion

**Most current Pell students should see no changes or an increase**

High Level Perspective

B

The complication with FAFSA simplification



### Simulated Impact of FAFSA Simplification on Eligibility for Financial Aid

Family Income

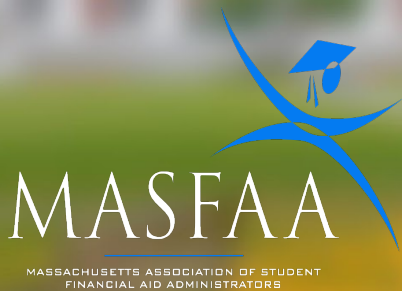
\$90,000



<https://www.brookings.edu/research/the-complication-with-fafsa-simplification/>

Trade-Offs

# Private Institution Landscape



## Pell Grant - EFC vs SAI

	EFC	SAI
Percent Pell Grant Eligible*	39%	47%
Average Pell Grant**	\$5,468	\$6,330
No Change to Pell Grant		38.2%
Change within \$500		8.4%
Increase over \$500		52.2%
Lost Pell Grant Eligibility		3.3%

About 95 student are estimated to become grant eligible under the SAI.

\*% of Financial Aid Applicants

\*\* Based on 2022-2023 Pell Grant Amounts





Pre-Simplification Landscape

Using IM and going lower than FM

Using IM and flooring at FM

Loans to meet need  
Subsidized  
Unsubsidized  
Institutional

State funding

## 2021-22 AY

18%  
of enrolled, FAFSA eligible  
students were awarded  
only institutional funds  
based on a higher  
institutionally determined  
financial need

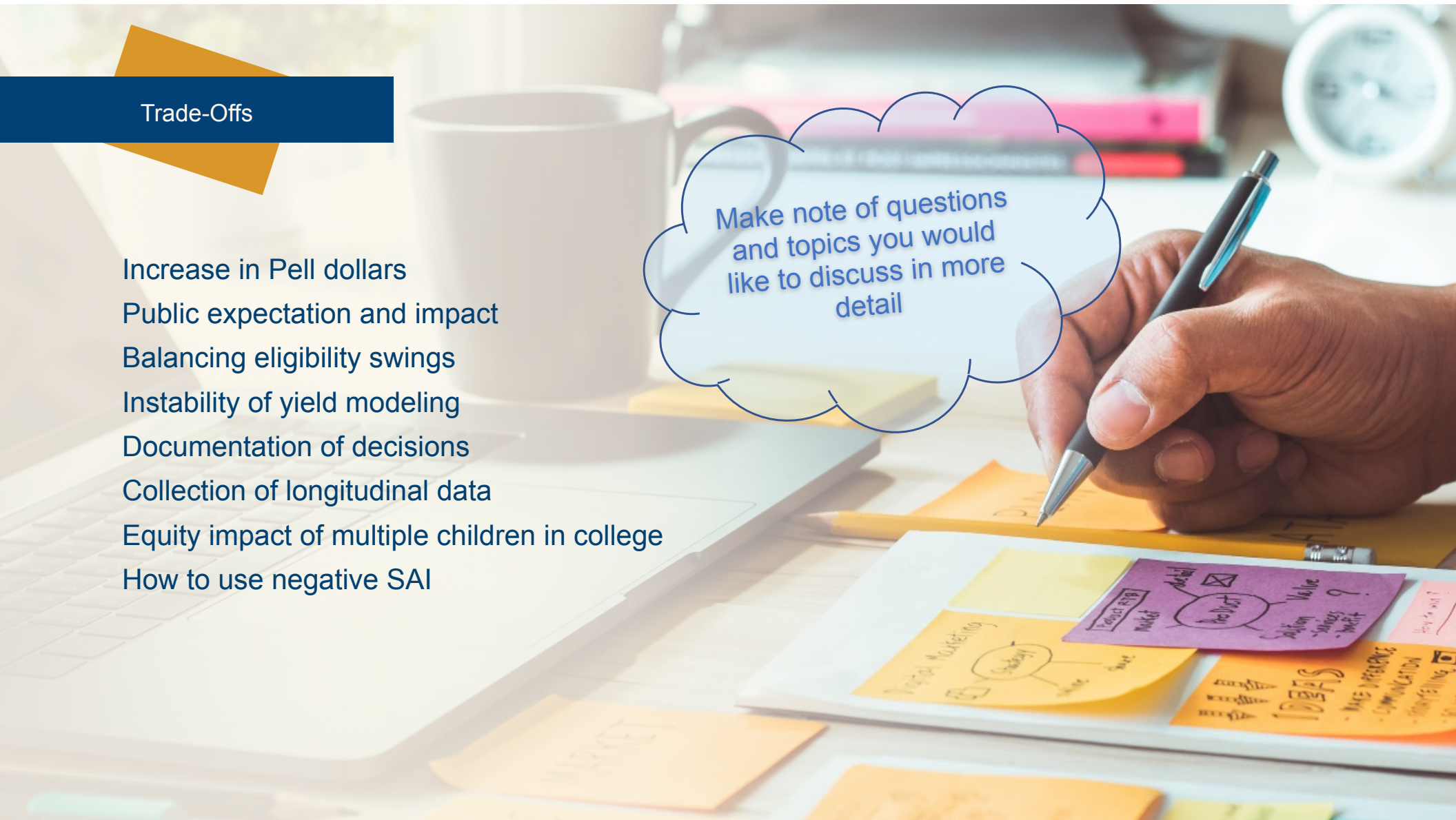
## 2022-23 AY

47%  
of enrolled, FAFSA  
eligible students were  
awarded only institutional  
funds based on a higher  
institutionally determined  
financial need

## Trade-Offs

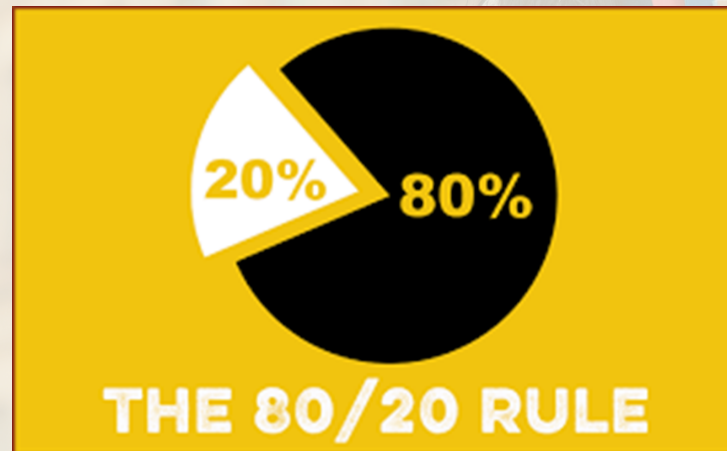
- Increase in Pell dollars
- Public expectation and impact
- Balancing eligibility swings
- Instability of yield modeling
- Documentation of decisions
- Collection of longitudinal data
- Equity impact of multiple children in college
- How to use negative SAI

Make note of questions and topics you would like to discuss in more detail



## Small Quantity – Big Impact

- Number in college
- Family farms
- Business owners
- Families Exempt from Reporting Assets (Simple Needs Test)



Number in College

Number in College

## Simplification

Estimate SAI in advance – simple lookup tables

Limited verification being exercised (can change quickly)

Income Protection Allowance will not be reduced

## Equity

Financial strength over time; not merely an annual expense

Horizontal equity

Variables that impact actual expense

World with prevalent merit funding

48% of NASFAA survey respondents stated removal of number in college would place more burden on aid offices

A man with grey hair and glasses, wearing a blue polka-dot shirt, is sitting at a desk. He is looking down at a white smartphone in his hands. In the background, there is a laptop and a pen holder with several pens. The scene is brightly lit, suggesting a window with curtains in the background.

Simplification Transitions

Using appeal funds

Opportunity for new policy  
Equity

Preparing for lots of conversation  
April 2024



## Watercooler Talk

- Ideas that have potential
- Ideas that sound out of this world
- What is waking you up at night?

A woman with short, curly hair, wearing a red jacket over a white shirt, is seated in a wheelchair at a light-colored wooden desk. She is looking towards a large computer monitor on the right. On the desk, there is a white mouse, a keyboard, a pen holder with several pens, and some papers. The background shows a bright, modern office or home workspace with a window, a sofa with yellow and orange pillows, and a white cabinet.

Q&A

Questions?