



Preparing for the Coming Changes to the FAFSA Process and Federal Need Analysis



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Agenda

- Key Changes in Need Analyses
- How the New System Came to Be
- Trade Offs
- Implementation Plans and Timeline
- Discussion



Key Changes in Need Analysis

What's Changed

- Families no longer get a break if they have more than one child in college
- Families with a single parent as head of household get even more favorable treatment than before versus families of the same income with two parent households
- Family farms (including if the place of residency) and small business assets (if less than 100 employees) will be included in the new need analysis formula



How the New System Came to Be

Senator Lamar Alexander: “FAFSA on a Postcard”

- Retirement goal of Alexander during lame duck 2020
 - House Dems firmly opposed
 - Compromised because of Pell Grant expansion
- 2019 legislation also required new data matching with IRS
- Congress controls all aspects of need analysis
 - The Administration is legally prohibited from tinkering with the formula
 - Puts further restrictions on the Department’s ability to add more questions to the FAFSA



NAICU Role

Raised “simplification” concerns with Congress

- Numbers in college
- Inequitable treatment of various families of the same size making the same income
- Family farm and small business changes
- Alignment with state grant programs

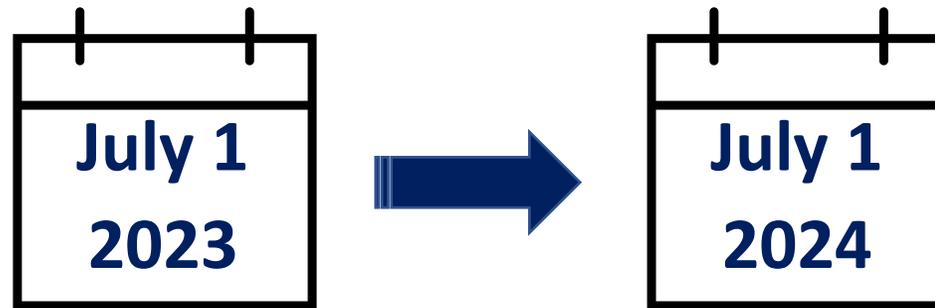
Membership survey

Annual Meeting talking points

Worked with state networks

The New System

- Was supposed to be implemented July 1, 2023—delayed one year



- Many states rely on old system and eligibility for state aid could also be affected



Trade Offs

Many Students and Institutions May End Up Ahead

- Many more students will receive maximum Pell Grant
- Some students at program's upper income/asset levels could lose
 - Numbers in college
 - Farms and small businesses



Department Implementation Plans and Timeline

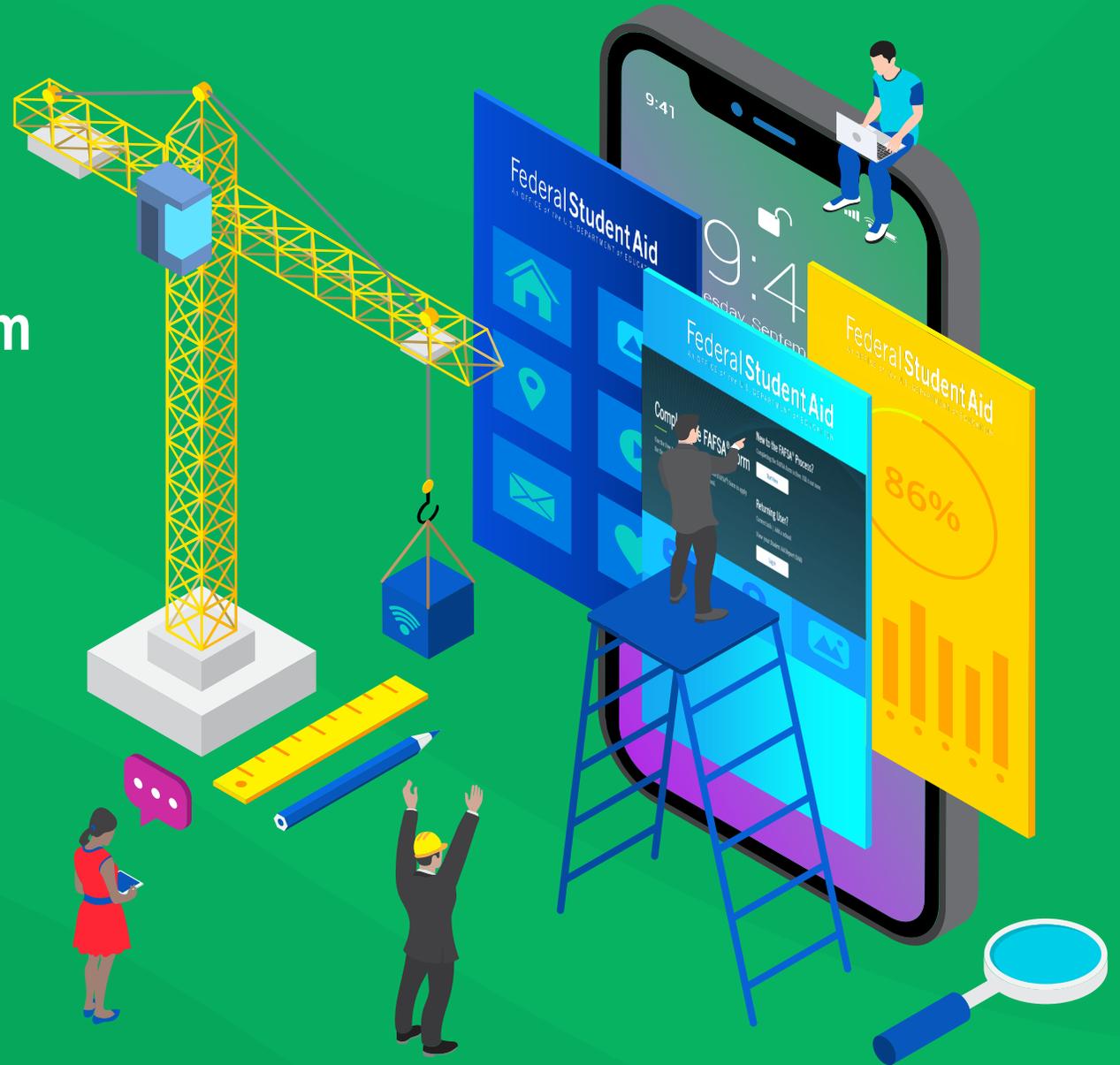
FAFSA Simplification



FAFSA Is More Than Just a Form

The end-to-end process of applying for, calculating eligibility, and delivering Federal student aid is changing in 2024-25.

FAFSA readiness is partner readiness. Successful implementation of the 2024-25 FAFSA process will require states, institutions, software vendors and college counselors to be ready to support students and families.





Overview of Legislation

Sweeping redesign of the FAFSA form, changes to the student aid eligibility determination process, and improvements to how application data is collected and used

FUTURE ACT

The legislation expands access to federal student aid, and mandates Federal Student Aid to use data directly from the IRS.

FAFSA SIMPLIFICATION ACT

The FAFSA Simplification Act introduces significant changes to the FAFSA application process including changes to the FAFSA form, how students and families will complete the application and the eligibility calculation.

Overview of Future Act

Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act Provisions

FUTURE Act, Public L. No. 116-91 (Dec. 19, 2019)



Automatic data exchange for the FAFSA® form



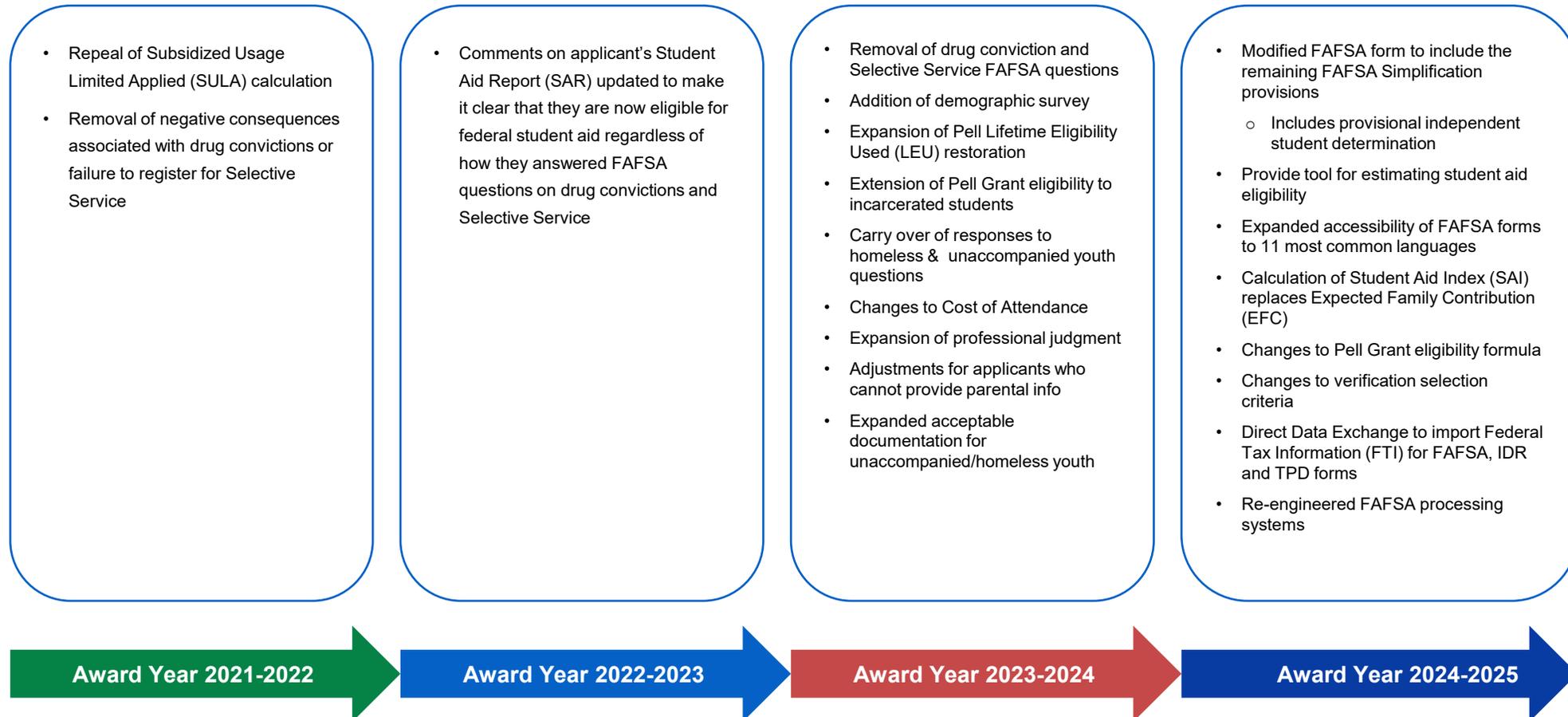
Calculate and recertify income-driven repayment (IDR) plans



Confirm income for total and permanent disability (TPD) discharge



FAFSA® Simplification Implementation Timeline

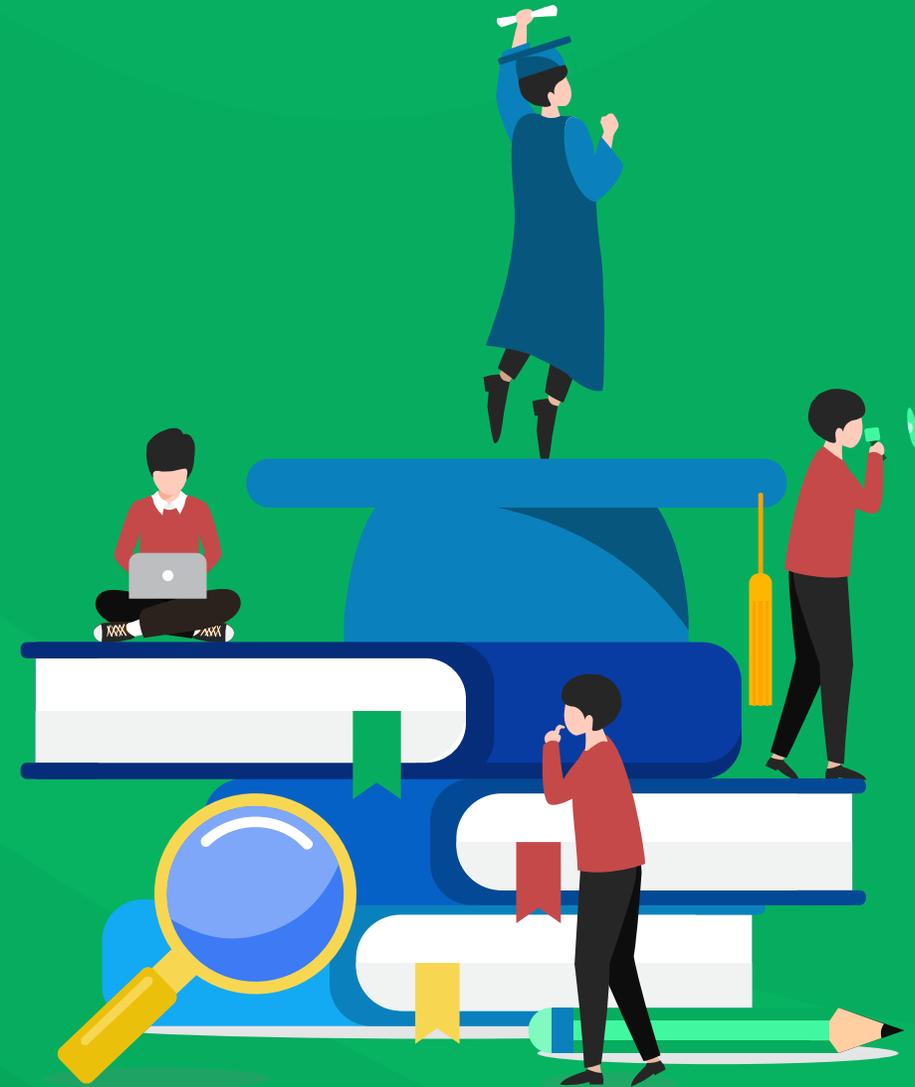


Sharing Information for a Better FAFSA

Spring is a busy time on campuses with admissions and financial aid offices focused on freshman enrollment commitments, summer semester aid packages, and exit counseling for graduates. This year, colleges are preparing for extensive changes that will make applying for student aid simpler, easier, and more secure than ever before – while helping many more students qualify for Pell Grants.

A successful transition to the new financial aid system will require early and regular communications from FSA to help states, colleges, and universities:

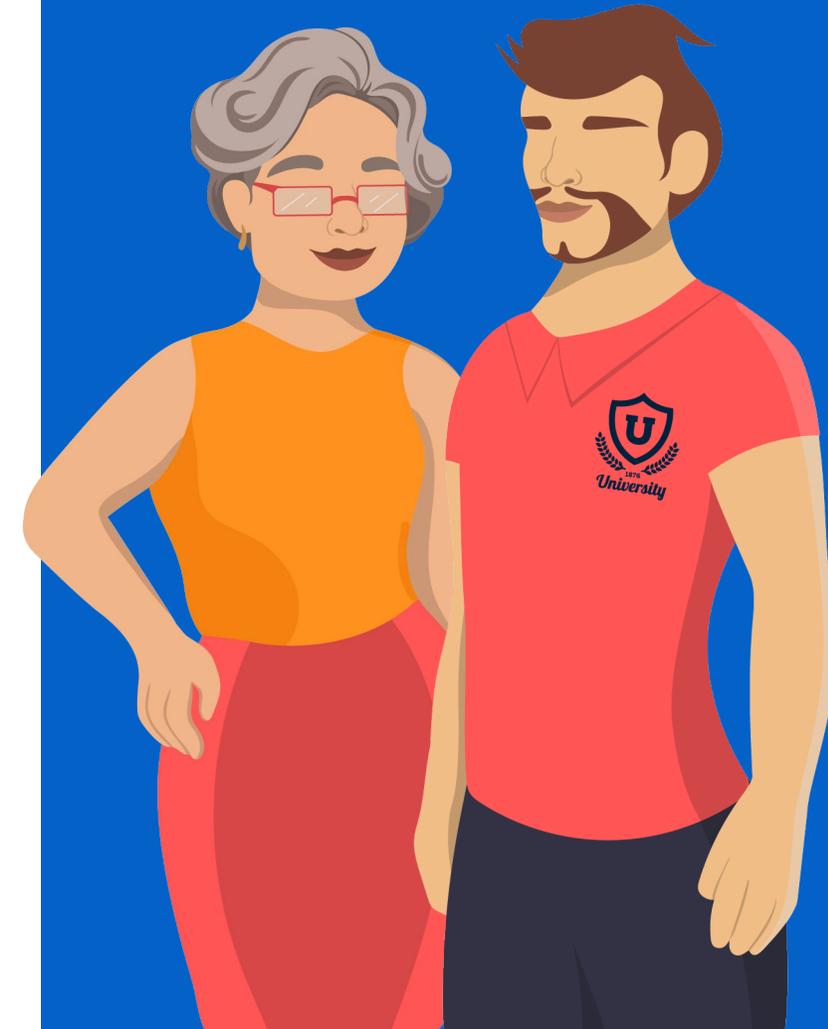
- Estimate the impact of new eligibility rule on student and institutional budgets.
- Update communications to students and families.
- Update their procedures and training manuals with the statutory and process changes.
- Work with vendors and software developers to integrate eligibility, data and data security changes into their financial aid management systems.
- Train staff in the financial aid office and across campus (including admissions, IT, finance, student affairs, and outreach staff) on the changes impacting their work with students.





For Institutions and State Partners

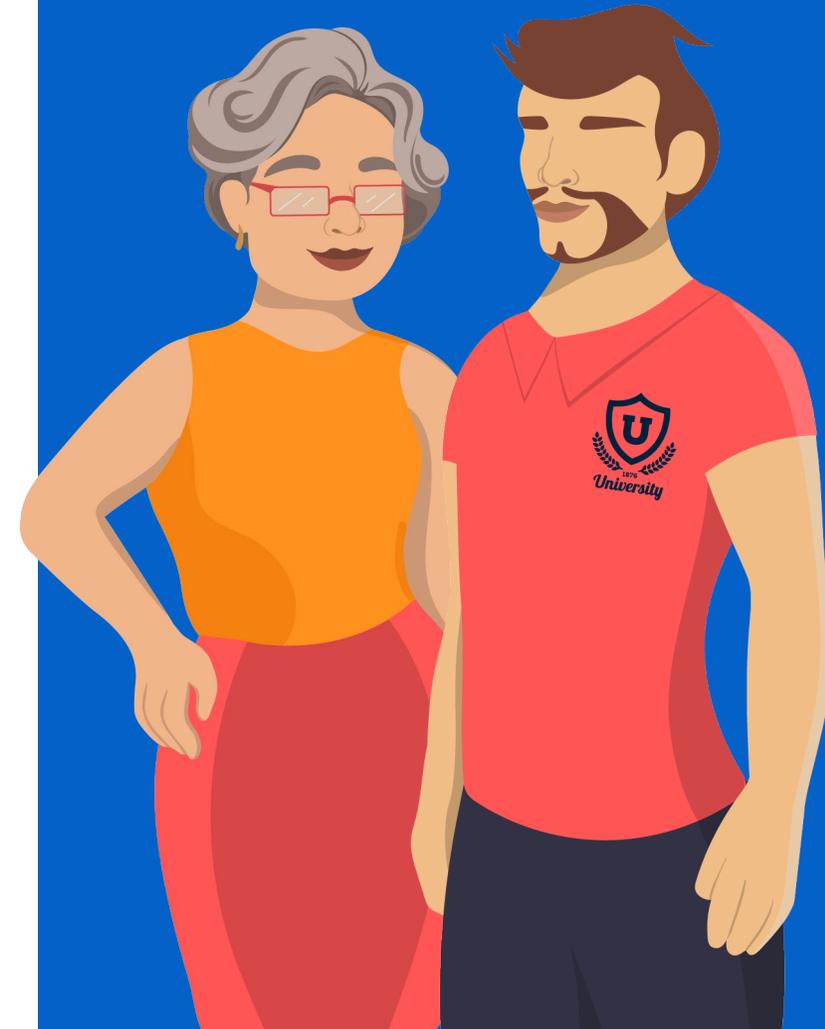
Resource	Delivery Date
<p>Understanding the New Formula Tools</p> <p>Tools to help financial aid administrators understand the difference between the Expected Family Contribution (EFC) and the new Student Aid Index (SAI) including a crosswalk, comparison case studies, and revised Pell Grant look-up tables.</p>	Spring 2023
<p>Provisional Final FAFSA Institutional Student Information Record (ISIR) Layout</p> <p>The near-final ISIR record layout will allow software developers to support institutions and states in determining eligibility for institutional and state aid.</p>	April 2023
<p>Policy Guidance</p> <p>Official guidance documents from the Department will ensure institutions are legally compliant in their implementation of FAFSA Simplification Act and the FUTURE Act. Guidance will cover topics including Pell for incarcerated students; use of federal tax information; homeless youth determination; verification; and FAFSA reporting requirements.</p>	Spring through Fall 2023
<p>FAFSA Specifications Guide</p> <p>This multi-volume technical reference provides financial aid administrators and software vendors critical technical details to prepare for upcoming changes and update software systems. The release schedule also aligns with software development cycle needs with record layouts and edits in March/April, followed by processing details and testing in the following months.</p> <ul style="list-style-type: none"> • Volumes 1–2 covers the summary of changes and implementation schedule of the FAFSA processing system • Volumes 3–7 covers technical changes to the ISIR layouts including reject, comment, and processing codes • Volumes 8–9 covers technical changes to agency matches and testing of the web demo system 	Beginning March 2023





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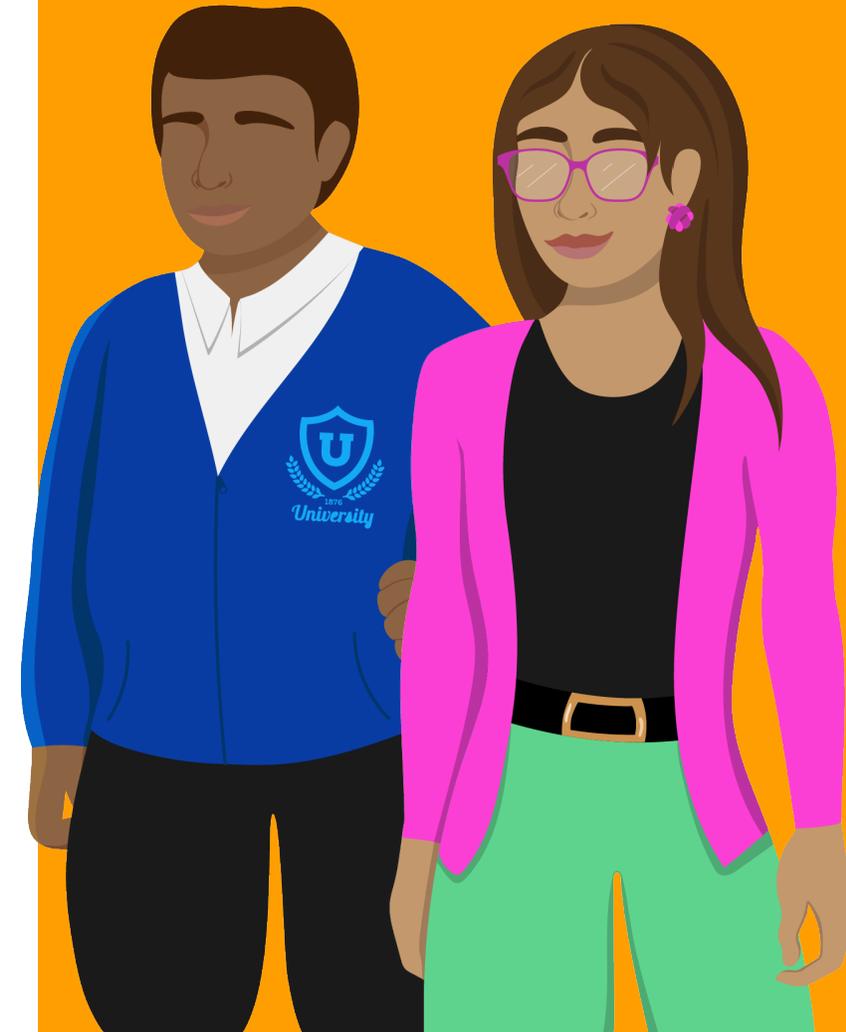
Resource	Delivery Date
Financial Aid Administrator Training Webinars to provide detailed training to Financial Aid Administrators on the changes to applying, eligibility, and data use so that they may counsel families and update compliance procedures. Training will include consent and federal tax information; old and new ISIR layouts; verification and professional judgment; SAI deep dive; and the Federal Pell formula.	Summer 2023
Sample ISIR Datasets for Testing Sample student records for software developers to test their eligibility calculations.	July 2023
Final ISIR Layout Final student record layout for institutions and software providers to finalize their financial aid management systems.	October 2023
FAFSA Demonstration Site A demonstration version of the FAFSA for counselors and financial aid administrators to show staff, students and families how to access and navigate the updated FAFSA.	December 2023
2024-25 FAFSA Available	December 2023





For Counselors and Advocates

Resource	Delivery Date
Financial Aid Estimator and Preview Tools Online tools for students and families will provide an early estimate of their Student Aid Index and potential eligibility, as well as visual previews of the 2024-25 FAFSA form.	Summer through Fall 2023
Counselor Training Webinars and train-the-trainer sessions offered in collaboration with college access organizations to provide detailed training to counselors on the key changes in the application process and eligibility determination so that they may counsel students and families.	Summer through Fall 2023
Fact Sheets One-page resources for counselors on priority topics identified by college access community including understanding SAI; my FAFSA Parent; obtaining an FSA ID; unusual circumstances; and use of federal tax information.	Summer through Fall 2023
2024-25 FAFSA Available	December 2023





For Students and Families

Resource	Delivery Date
Preparing for 2024-25 FAFSA Outreach Campaign Communications campaign, including tutorial videos, directed to students and families highlighting what they should do to prepare and key facts on what to expect from the new FAFSA process including how to obtain an FSA ID; features of the new FAFSA; and Pell eligibility.	Summer 2023
Financial Aid Estimator and Preview Tools Online tools for students and families to get an early estimate of their SAI and potential eligibility and visual previews of the new form.	Summer through Fall 2023
FAFSA Information Updates on StudentAid.gov On-going updates to FAFSA information and help resources	Summer through Fall 2023
2024-25 FAFSA Available	December 2023





Guidance

Official policy guidance to postsecondary institutions to ensure accurate implementation of new laws.



Training

Direct and detailed teaching of new calculations and processes.



Tools and Resources

Fact sheets, estimators and technical references to support partners



Marketing and Outreach

Direct communications to students and families to share changes



[FSA Partner Emails](#)

Email listserv for receiving external partner communications from Federal Student Aid



[Knowledge Center](#)

Policy guidance, training, announcements, and links to other Federal Student Aid resources geared toward financial aid administrators



[Training Center](#)

Training courses and on-demand training videos for financial aid professionals



[Financial Aid Toolkit](#)

Information and outreach tools for counselors, college access professionals, nonprofit mentors, and other advisors



[Customer Service Center](#)

FSA service centers to further assist students, parents, and borrowers



Questions and Conversation
