FAFSA Simplification Act

FAFSA Simplification will be the most significant change to financial aid in over 40 years.

It will impact everything (processes, reports, queries, file layouts, awarding, accounting, communication etc.).

In April 2023, the Federal Student Aid sent a letter via email to the Presidents, Chancellors, and Chief Executive Officers alerting them to the changes and impacts on their campus as a result of the implementation of the *FAFSA Simplification Act*.

FSA Reminds College Presidents to Adequately Staff, Train, and Provide Resources to Aid Offices Ahead of Significant Changes to the FAFSA

Dear Postsecondary Presidents, Chancellors, and Chief Executive Officers:

I am writing to tell you about significant changes in federal student aid that are coming to your campus this year.

In 2020, the President signed into law the *Consolidated Appropriations Act, 2021*, which included the *FAFSA Simplification Act*. The *FAFSA Simplification Act* is a massive overhaul of federal student aid, including changes to the *Free Application for Federal Student Aid* (FAFSA®) form, the eligibility calculation, and many policies and procedures for schools that participate in the *Title IV* programs. Major aspects of the law include:

- New Pell Grant and Federal Aid Eligibility Determination
- Expanding Access to Federal Aid
- Streamlining the FAFSA Form

Simultaneously, we are implementing the *Fostering Undergraduate Talent by Unlocking Resources for Education Act* (*FUTURE Act*), which the President signed into law in 2019 to authorize a direct data exchange with the Internal Revenue Service to provide income information on the FAFSA form.

The successful implementation of both laws will greatly alter the current systems and procedures your school uses to award federal student aid. While it is difficult to estimate the specific institutional impact, we offer the following insights about what these changes could mean for your school:

- The potential need for more institutional resources to provide adequate training for your team, including financial aid leaders and staff, student financial services, bursars, and others.
- A thorough review of your current admissions and financial aid deadlines and practices as the 2024-25 FAFSA form will be available in December 2023.
- An increased number of students determined to be eligible for federal financial aid programs may require more staffing.
- Potential changes to your current enrollment and/or retention strategies for utilizing institutional student aid programs and/or funds.
- More resources may be needed for software, security, and systems updates, as well as training to implement those changes.
- Insufficient financial resources for items like staffing, software updates, and training may increase risks of non-compliance, which could lead to audit findings, fines, and/or liabilities.

All changes will be fully implemented beginning with the 2024–25 academic year. Over the next several months, our teams will deliver specific outreach and training to institutional student financial aid administrators across the country. These trainings will be key to your success with this transition. We strongly recommend that you encourage and support participation by your financial aid team.

If you have questions or concerns or need clarification, please contact your director of financial aid. You may also review more detailed information on our FAFSA Simplification Topics page at fsapartners.ed.gov/knowledge-center/topics/fafsa-simplification-information. New information will be added as it is available. Thank you in advance for your partnership as we work together to ensure successful implementation of the *FUTURE Act* and *FAFSA Simplification Act*. We are confident that the beneficial outcome will be to increase access to postsecondary education nationwide.

Sincerely,

Richard Cordray
Chief Operating Officer
Federal Student Aid

Most Significant Changes

FAFSA will be Late! Earliest it will be released is sometime in December.

FAFSA will be considerably shorter, but more dynamic, contributor focused questions

Expected Family Contribution (EFC) will become the Student Aid Index (SAI)

It will rely almost exclusively on information from a family's recent tax return (still prior year)

Less aid for multiple children in college

Increases aid for single parents

Everyone is required to create an FSA ID to access and submit the FAFSA

Everyone whose data is on FAFSA must consent to their information being transferred from the IRS, including non-tax-filers. No consent = Not eligible for aid.

Most Significant Changes

Household size based off people listed on Tax Return

Unborn children no longer considered in Household size

Students with Unusual Circumstances will have provisional Independent Status & SAI (school will have to collect information & documentation and make final determination)

Students can **no longer** enter income information for parents

Because income information comes directly from IRS, is now considered FTI (Federal Tax Information) - new restrictions on who can have access to the data/information

Expected Family Contribution (EFC) vs. Student Aid Index (SAI)

SAI high-impact changes from EFC:

- Families with **Multiple Students in College:** families that previously reported more than one child in college will no longer be able to do so. These students' SAI will be higher than their current EFC, so aid will go down for these students.

- Families with **Farms or Small Businesses:** Business and farm assets are now considered. This will drive the SAI up for students that have a family farm or business

- Negative SAI up to negative -1,500. Students with a negative SAI are not allowed to exceed the cost of attendance by the amount of that SAI. They will be held to the same cost as all other students, just with more demonstrated need.

Requirement to Make FSA ID

- EVERY contributor will need an FSA ID to access the FAFSA.

- Undocumented parents will now be able to create an FSA ID.

- Each contributor must create their own FSA ID, parents, and spouses.

- Questions are presented to each Contributor, and the application is complete when everyone is done.

Old	New
Process	
Contributor could access the FAFSA without creating FSA ID first	Contributor will NOT be able to access the FAFSA without an FSA ID set up prior to starting the form
Parent without social security number could not create FSA ID. Signature page required	Parent (s) without SSN will be required to create an FSA ID – new process

Contributors: A contributor is anyone who is required to provide information on the FAFSA; that means the student, parent(s), and spouse might all be referred to as "contributors" in the FAFSA form.

Questions Removed

🏠 **Housing question**   **Impact on Cost of Attendance (COA)**

Question will be added Cal State Apply Application

↰ Untaxed income that doesn't appear on federal tax returns

💵 Student's interest or taxable earnings in Federal Work Study

🚗 Student's driver's license number and state

📚 Highest school completed by student's parents now asks if parent attended college

📜 College degree student will be working on

🧠 Dislocated worker question

👫 Independent student will no longer be able to provide parent information

Pell Grant Expansion

- CSU will see an increase in Pell Grant recipients under new rules.
- Approximately 30,000 additional students will be eligible for the Pell Grant.
- Approximately 2,800 current Pell Grant recipients will lose their Pell Grant
- Other Pell changes from 2023-24:
  - Pell Grant Lifetime Eligibility Used Restoration
  - Pell Grant Eligibility for Incarcerated Students

PELL GRANT

CA Dream Application

- CSAC will be updating the Dream Application to mirror the revised FAFSA.

- Removal of same questions as on the FAFSA

- CSAC does not have a data-sharing agreement with the IRS. Income information must continue to be manually entered.

- SAI will replace EFC

- Adjusting Parent signature process to reduce number of rejected applications

California 2024-25 priority filing deadline extended 1 month
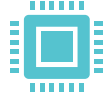
April 2, 2024

*FAFSA & Dream Application

CPP Impact

Reports/Queries

File Layouts

Financial Aid Tables

Federal ISIR, Cal ISIR, Auto ISIR

Reports & Queries

Aid Package Processes

Aid Payments

Checklists

Interfaces

Middle Class Scholarship Enrollment

FADB (annual reporting)

Modifications

System Mods that use any financial aid data

Awards

Scholarship Awarding

Institutional Grants

Application Waivers

ECD & Housing Waivers

Communications

Trainings

Workshops

Dashboards

Websites

Various Communications

Strat Comm role is critical for leveraging social media, texting campaigns, and other forms of communication to spread the word

Complexity

Regulatory changes

Technology changes

New terminology

New eligibility calculation

Multiple stakeholders

Two aid years active at same time – must have information related to both audiences

Stakeholders

EVERYONE!

Basic Needs

SACS

EOP

TRIO

Admissions

OREP

Veterans

Student Success

Undocumented Students Services

Strat Comm

Housing

Academic Research

Donors

Etc....

CPP Implementation & Communication Plan

- Secured consulting services for system changes (Sierra-Cedar). **- DONE**
- Meeting with IT regularly to identify reports, queries, and modifications impacted and develop an implementation plan. **– UNDERWAY**
- Establish a cross-divisional workgroup to inform and prepare for the changes and impact on our campus, students, families, donors, etc. **– UNDERWAY**
- Developing a FAFSA Simplification website for information and FAQs. **– WIP**
- Providing workshops and training sessions for campus partners and students to understand changes and impact. **- WIP**
- Ensuring all campus websites and communications are updated to reflect the changes. **– WIP**
- Develop a University-wide Implementation and Communication Project Plan **– PLANNED (will have a draft by 9/14 Cabinet meeting)**
- Present at Cabinet and ULC. **- PLANNED**

What support does the Financial Aid Office need?

- Based on a recent CSU in-depth financial aid staffing survey:
  - 5 Campuses are fully staffed
  - 7 Campuses would be fully staffed if vacant positions filled
  - 11 Campuses are understaffed even if vacant positions are filled
    - Pomona is one of the campuses understaffed by **9 positions**
- IT Support
- Consulting Services
- EODA – Expedite hiring of vacant financial aid positions
- Temporary Staff - such as IT support, Financial Aid staff, and project managers
- Monetary Support - needed to ensure enrollment and staff sanity are not negatively impacted by the FAFSA changes.
- **Per Cal Works:** Consider investments in staffing, system modernization, marketing, equipment, and even catering to support staff who work long hours to implement the FAFSA changes.

Questions