

CARNEGIE

NACCAP Financial Aid Optimization Event

Preparing for the New FAFSA

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Presenter

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- Background in quantitative modeling, enrollment research, and financial aid
- Ph.D. in Political Science, knows little about politics
- The Influential and Resilient Energizer



agenda

1. What will change for students?
2. How will it impact you?
3. How can you prepare and adapt?
4. Resources
5. Q&A

The challenge

- A new FAFSA and a new measure of student aid eligibility increases complexity and introduces uncertainty for students, parents, and institutions.
- The delayed availability of the FAFSA - promised only to be available by the end of the 2023 calendar year - disrupts institutional planning and makes it more difficult for you to give a clear roadmap to your prospective populations.
- Those same delays create risk for vendors and institutions alike. Even without a new FAFSA, the process of updating systems and preparing to download & process ISIRs and package aid is a complex and time-consuming endeavor.
- Today: what can you do over the next 6 months to be ready?

The silver lining

- The new FAFSA:
 - ...will be shorter and easier to complete for most students and families.
 - ...makes it easier for families to directly share data between the IRS and the FAFSA.
 - ...will expand Pell Grant eligibility to more students, and qualify more students for the maximum Pell.
 - ...still preserves prior-prior year, so we're not going back to the Bad Old Days when the form was available January 1 and used tax data from the immediate prior calendar year.
 - ...won't materially affect federal, state, or institutional aid eligibility for many (even most) students, contingent on your student populations.

1

What will change for students?

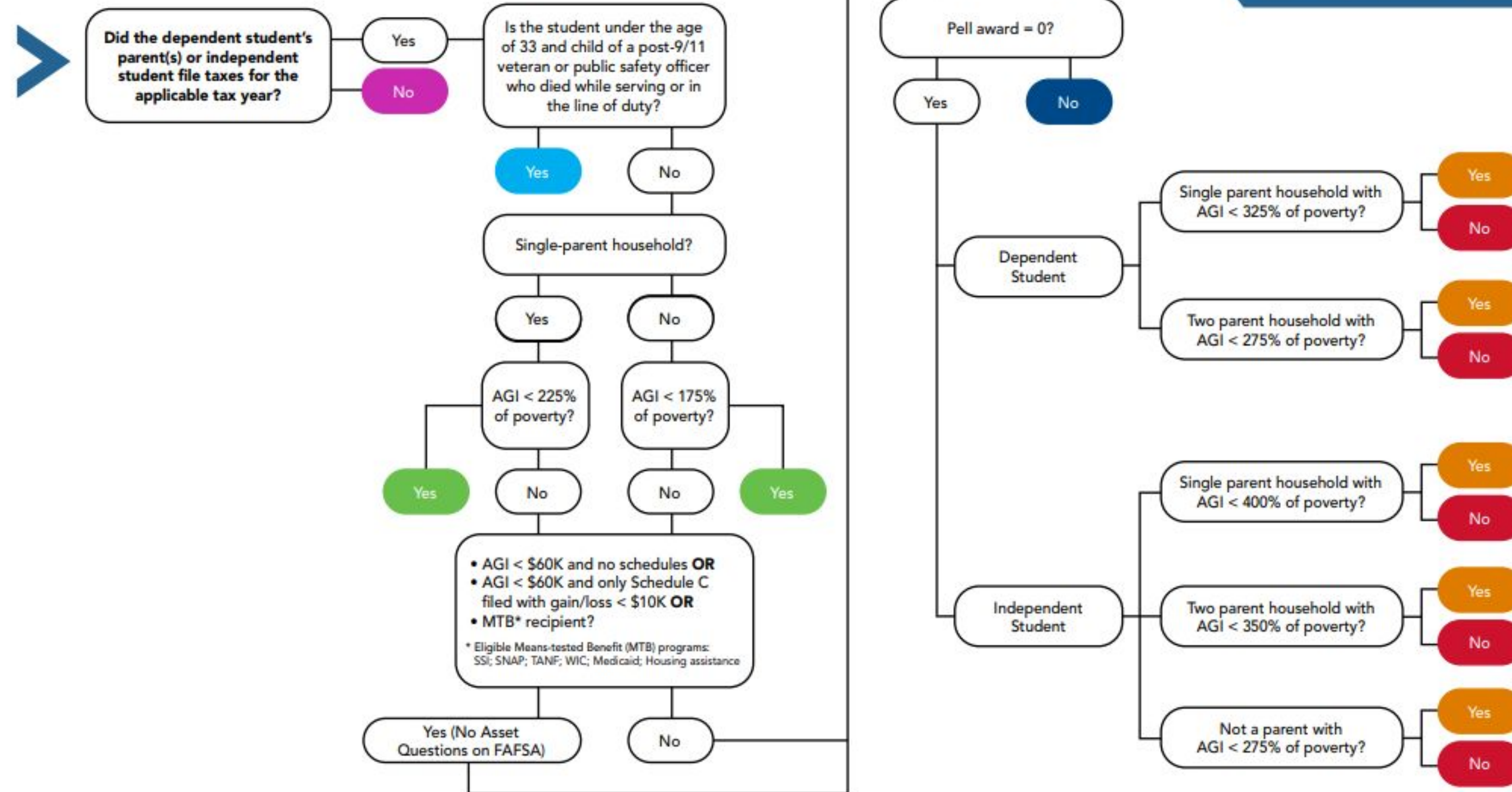
EFC to SAI

- A new measure of federal need-based aid eligibility: the Student Aid Index (SAI).
- For most students, the SAI will be similar to an EFC generated using prior need analysis methodology, though likely slightly lower on average because of the increase to the Income Protection Allowance (IPA).
 - How many is most? It depends - but you can find out.
- For students and families with the highest levels of financial need, the SAI will be -\$1,500. While this won't change the Pell Grant calculation, it will permit students to receive more than the Cost of Attendance in all forms of aid.

More paths to maximum Pell Grant eligibility

FEDERAL METHODOLOGY STUDENT AID ELIGIBILITY DETERMINATION EFFECTIVE 2024-25 FAFSA

This tool is intended to help FAAs visualize how eligibility for Pell grants and other aid will be determined under the provisions of the 2021 Consolidated Appropriations Act. This is not a representation of the applicant experience or actual FAFSA questions.



Maximum Pell:
Auto -1,500 SAI - Other aid types based on SAI.
No Asset Questions on FAFSA.

Maximum Pell:
Auto 0 SAI - Other aid types based on SAI. No asset questions on FAFSA.

Maximum Pell:
Other aid types based on SAI.

Pell Amount Stays at Calculated Amount:
Other aid types based on SAI.

Minimum Pell:
Other aid types based on SAI.

No Pell:
Other aid types based on SAI.

Removal of the “number in college” consideration

- While the new FAFSA will still ask students and families to indicate how many in their family will attend college in the 2024-25 academic year, this will not be taken into account in calculating aid eligibility.
- For some students, this will lead to a significant increase in SAI (compared to a hypothetical equivalent EFC) and could result in the loss of federal, state, and/or institutional aid.

Draft 2023-03-02 Do not submit

34 Family Size

How many people are in the parent's family?

Include the parent (and their spouse), the student, and the parent's dependent children, even if they live apart from the parent because of college enrollment. Also include other people if they live with the parent and the parent will provide more than half of their support between July 1, 2024, and June 30, 2025.

35 Number in College

How many people in the parent's family will be in college between July 1, 2024, and June 30, 2025?

Do not include the parent.

NASFAA Case Study

Example 2: Applicant Loses Pell Grant Eligibility Due to Change in Treatment of Multiple Family Members in College

Brooklyn is a dependent student. Brooklyn's parents have four children, three of whom are enrolled in college. Brooklyn's parents earn \$110,500 and have \$104,000 in investments.

	EFC formula	SAI formula
Applicant Dependency status	Dependent	
Parent marital status	Married	
Parent Household/Family Size/# in College	6 in household 3 in college	6 in household # in college n/a
Parent Total Income	\$110,500	
Parent Assets	\$104,000	
Student Total Income	\$3,700	
Student Assets	\$400	
EFC/SAI: calculated	5,600	18,400
Pell Grant	\$695	\$0

Brooklyn's SAI is about three times the EFC. This is primarily due to the elimination of consideration for multiple family members enrolled in college by splitting the EFC by the number enrolled. The full SAI will now apply to each family member enrolled in college.

2

How will it impact you?

Your dates and deadlines may need to change

- If you have FAFSA priority deadlines prior to December 31st, or if you begin packaging students with gift aid based on the FAFSA prior to December 31st, you will need to review and adjust those dates.
- If you have FAFSA deadlines early in the year (e.g. January 15th) those still may need to be adjusted to:
 - Give students/families enough time to complete the FAFSA
 - Ensure that you are ready to download and process ISIRs, and that you have thoroughly tested ISIR intake and packaging processes before you begin awarding federal, state, or institutional need-based aid.

Your institutional gift aid strategy may need review

- Do you award institutional financial aid (grants, loans, or work programs) based on EFC or groups defined partly by EFC (e.g. unmet need)?
- Do you award any institutional aid automatically based on Pell Grant eligibility?
- How can you assess expenditure risk for institutional aid based on FAFSA inputs?

EFC Range	Award Amount
0-5,711	\$1,000
5,712-30,000	\$750
30,001 and above	\$500

Amount per year:

- EFC is 0-1000: \$1,500
- EFC is 1001-2500: \$1,000
- EFC is 2501-6000: \$500

Eligibility:

- Complete the FAFSA
- Residential undergraduate student
- Must be enrolled full-time
- Need-based
- Must borrow full Subsidized Federal Direct Student Loan
- Based on Expected Family Contribution (EFC)
- Other criteria apply, subject to change

Your communication strategy will need to be agile

- Many colleges and universities have spent the last 5-7 years building communication campaigns designed to ensure that students and families know the “what, when, why, and how” of FAFSA filing.
- Uncertainty about the availability date for the new FAFSA creates challenges for communication - how can you motivate action when you don't know when the FAFSA will be available?
- Ideally, we will know a firmer availability date later this summer. If not: be transparent with students and families that while we don't know the *when*, we do know the *what, why, and how*.

3

How can you prepare and adapt?

NASFAA SAI Modeling Tool

- Downloadable Excel resource from NASFAA, updated as of mid-June 2023 (which means if you already ran it once, you may want to run it again).
- Utilizes inputs from aid year 22-23 or 23-24 ISIRS to simulate Pell eligibility and SAI using new need analysis methodology.
- Note: The tool requires 100+ input fields, and you may need to engage colleagues in IT or other campus resources to prepare.

NASFAA SAI Modeling Tool

	A	B	C	D	E	F	G	H	I	N	O
1	Student ID	Estimated SAI (\$)	2020-21 (current methodology) EFC (\$)	Difference	Increased/same	Decreased	2020-21 (current methodology) Auto zero flag	2020-21 (current methodology) Pell elig flag		Summary: estimated SAI	# in range
2	000000	-1,500	1,483	-2,983		1		2		-\$1500	366
3	000001	16,971	15,238	1,733	1			2		-\$1499 to -1	24
4	000002	14,950	9,940	5,010	1			2		\$0	5
5	000003	0	25,806	-25,806		1		2		\$1-6,000	17
6	000004	-1,500	2,554	-4,054		1		2		\$6,001-9,000	6
7	000005	19,120	28,223	-9,103		1		2		\$9,001-15,000	9
8	000006	968	15,172	-14,204		1		2		\$15,001-20,000	12
9	000007	11,302	7,403	3,899	1			2		\$20,001-30,000	18
0	000008	0	2,122	-2,122		1		1		\$30,001-40,000	13
1	000009	27,605	41,439	-13,834		1		2		\$40,001-50,000	13
2	000010	19,808	28,674	-8,866		1		2		\$50,001-60,000	5
3	000011	48,946	54,272	-5,326		1		2		\$60,001-70,000	5
4	000012	-1,500	0	-1,500		1	1	1		\$70,001-80,000	2
5	000013	-1,500	0	-1,500		1	2	1		\$80,001-90,000	2
6	000014	-1,500	0	-1,500		1	2	1		\$90,001-100,000	0
7	000015	-1,500	0	-1,500		1	2	1		\$100,001+	4

Actions to take now

- Utilize the NASFAA Modeling Tool to develop a student-level understanding of the changes from the new FAFSA and SAI.
- Using the outputs from the NASFAA Modeling Tool, work with internal teams and/or your financial aid optimization partners to assess the potential impact to both institutional gift aid strategies and federal aid eligibility.
- Prepare communication plans for all '24 prospective and continuing students that are flexible to accommodate potential changes in FAFSA availability, but give families some clarity on what to expect and when.
- Train financial aid staff at your institution on FAFSA changes, but extend this training to admission staff and other key members of your teams who will communicate with students and families. For staff members outside of financial aid, concentrate training on non-technical impacts to student eligibility and key questions that are likely to come from prospective students and families.

Actions to take this Fall

- Begin communicating more concrete details to students and families (both new and continuing), particularly if the FAFSA availability date is known by then. Provide clear dates and deadlines to ease confusion.
- Finalize any adjustments to institutional gift aid strategies based on analysis of student-level eligibility data.
- Communicate actively with your information technology colleagues and partners that provide or support key systems (e.g., student information systems, admission CRMs) to ensure that you clearly understand the timelines for implementation, testing, and “go-live” for the new FAFSA. Recognize that all parties (ED, state grant administrators, vendors, institutions) are adjusting and that delays and service interruptions are inevitable.

Don't forget continuing students

- For new prospective students and their families (especially those without older siblings who have gone to college) the 24-25 FAFSA is not “new” or a departure from the past – it is all they will know.
- **Continuing students** and their families will experience more uncertainty and may see change to eligibility (and for those with multiple children in college, it may be significant).
- Assess the total cost associated with guaranteeing that all continuing student grant amounts will not change from 23-24 to 24-25 (to the extent that your institution reduces or cancels grant aid for significant increases to EFC).
- Determine the total number of current (22-23 or 23-24) UG students reporting multiple family members in college and assess the potential anticipated loss of aid eligibility; consider establishing an appeal fund and proactively communicating to those students and families.

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Resources

Resources

- [NASFAA FAFSA Simplification Web Center](#)
- [Department of Education FAFSA Simplification Knowledge Center](#)
- [Brookings Article and Simulation](#) (especially for non-technical audiences at your institution)

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Q&A



2:00 PM EDT

Coming Up Next ...

**Aid Optimization
Special Topics for
Christian Institutions**