

FAFSA SIMPLIFICATION ACT

(The form is simplified...the new requirements for federal student aid administration are not)



HOW DID THIS HAPPEN?

The FAFSA Simplification Act was passed in 2021 and was amended via the Consolidated Appropriations Act of 2022, with provisions designed to be implemented across multiple aid years. 2024-25 brings the final, and most complicated, changes.



WHAT CHANGES ARE ALREADY IN PLACE?

- Beginning with the 2021-22 Award Year, elimination of limitations on student eligibility related to Selective Service registration and drug convictions, described in [DCL GEN-21-04](#)
- Beginning with the 2021-22 Award Year, elimination of the subsidized usage limitations on eligibility for Direct Loans, described in [Electronic Announcement EA ID: DL-21-04](#)
- Beginning with the 2023-24 Award Year, changes to the statutory definition of cost of attendance (COA), professional judgment requirements, determinations of independence, application process for unaccompanied homeless youth and foster care youth, and Pell Grant lifetime eligibility restoration described in [DCL GEN-22-15](#)
- Beginning with the 2023-24 Award Year, elimination of the ban on Pell Grant eligibility for confined or incarcerated individuals, described in [DCL GEN-23-05](#)



WHAT ARE THE CHANGES AHEAD?

- Free Application for Federal Student Aid (FAFSA) structure
- Expected Family Contribution (EFC) calculation replaced by the new Student Aid Index (SAI)
- Pell Grant eligibility formula
- Others



FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)



UNIVERSITY OF
South Carolina

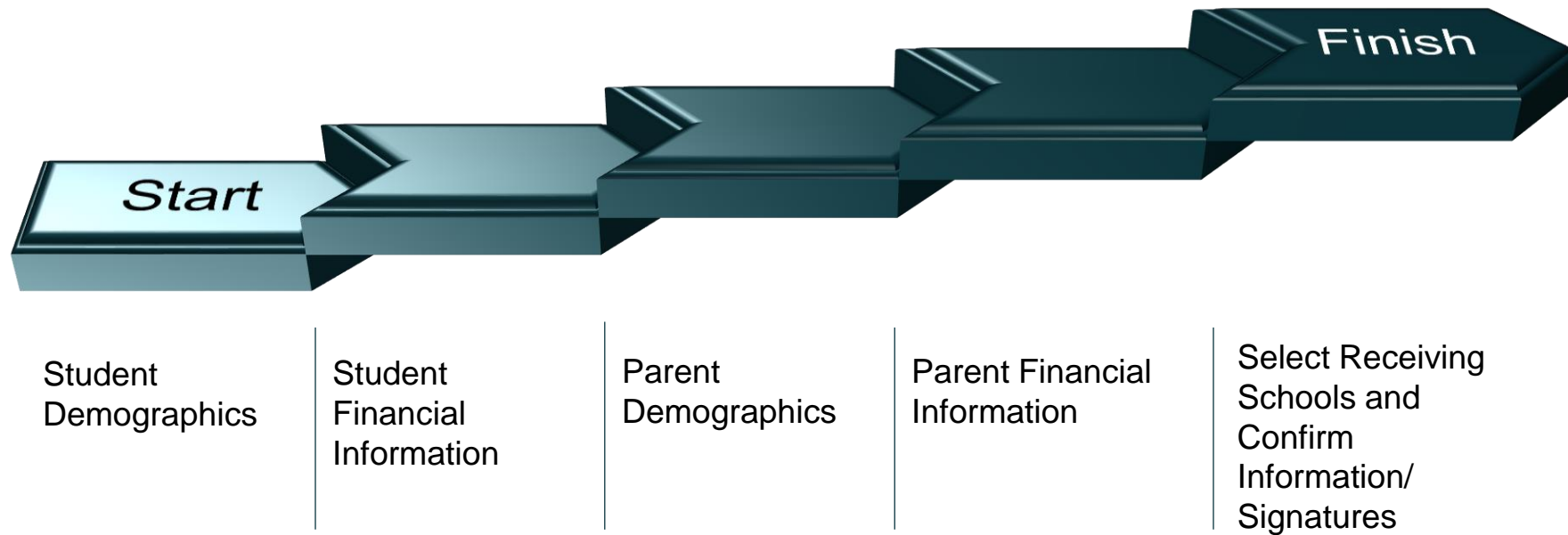
FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA)

- Reduced number of questions from 108 to 36
- Now structured for “contributors” rather than a one-time completion
- Can now be sent to a maximum of 20 schools
- IRS Data sharing agreement much more robust, with consent required to be considered for Title IV aid.



CURRENT FAFSA SEQUENCE

DEPENDENT STUDENT



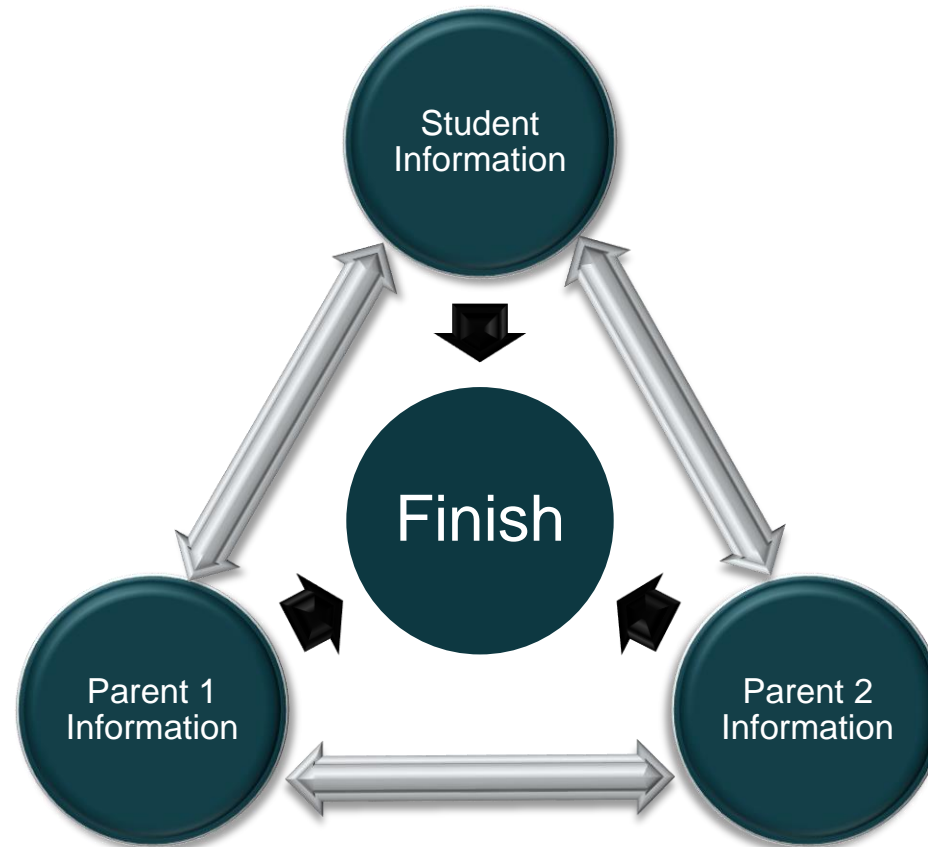
Source(s): [\(GEN-23-11\) FAFSA Simplification Act Changes for Implementation in 2024-25](#), [NASFAA FAFSA Simplification Web Center](#), [U.S. Department of Education FAFSA Simplification Questions and Answers](#)



UNIVERSITY OF
South Carolina

FAFSA SEQUENCE FOR 2024-25

DEPENDENT STUDENT



Source(s): [\(GEN-23-11\) FAFSA Simplification Act Changes for Implementation in 2024-25](#), [NASFAA FAFSA Simplification Web Center](#), [U.S. Department of Education FAFSA Simplification Questions and Answers](#)



UNIVERSITY OF
South Carolina

STUDENT AID INDEX (SAI)



UNIVERSITY OF
South Carolina

STUDENT AID INDEX (SAI)

Major Changes

- Removal of the number of family members in college from the eligibility calculation
- The possibility for an SAI to be a negative number, with a minimum SAI of -1,500 instead of zero
- Elimination of the Simplified Needs Test (SNT) and Auto-Zero calculations, which have been replaced with similar calculations



STUDENT AID INDEX (SAI)

Dependent Student Formula

| | |
|-------|--|
| EFC = | $\frac{\text{Parents' Contribution from Income and Assets}}{\text{Number in College}} + \text{Student's Contribution from Income} + \text{Student's Contribution from Assets}$ |
| SAI = | $\text{Parents' Contribution from Income and Assets} + \text{Student's Contribution from Income} + \text{Student's Contribution from Assets}$ |

Independent Student Formula

| | |
|-------|--|
| EFC = | $\frac{\text{Student's Contribution from Income} + \text{Student's Contribution from Assets}}{\text{Number in College}}$ |
| SAI = | $\text{Student's Contribution from Income} + \text{Student's Contribution from Assets}$ |



STUDENT AID INDEX (SAI)

| Expected Family Contribution (EFC) | Student Aid Index (SAI) |
|--|--|
| <p>Income</p> <ul style="list-style-type: none">• AGI (tax filers) or income earned from work (non-tax filers)• Deductible payments to SEP/SIMPLE/KEOGH/Other• Tax-exempt interest• Untaxed portions of IRA distributions and pensions (excluding rollovers)• Payments to tax-deferred pension and retirement savings plans• Child support received• Housing, food, and other allowances paid to members of the military, clergy, and others• Veterans noneducation benefits• Other untaxed income• Money received by or paid on your behalf (student income only) | <p>Income</p> <ul style="list-style-type: none">• AGI• Deductible payments to SEP/SIMPLE/KEOGH/Other• Tax-exempt interest• Untaxed portions of IRA distributions and pensions (excluding rollovers)• Foreign income exclusion |

Source(s): [\(GEN-23-11\) FAFSA Simplification Act Changes for Implementation in 2024-25](#), [NASFAA FAFSA Simplification Web Center](#), [U.S. Department of Education FAFSA Simplification Questions and Answers](#)



UNIVERSITY OF
South Carolina

STUDENT AID INDEX (SAI)

| Expected Family Contribution (EFC) | Student Aid Index (SAI) |
|--|---|
| <p>Allowances Against Income</p> <ul style="list-style-type: none">• Taxable college grant and scholarship aid reported as income• Education credits• U.S. income tax paid (or foreign equivalent)• Income protection allowance• Employment expense allowance• Taxable earnings from need-based employment• Social security tax allowance• Child support paid• Combat pay or special combat pay• Cooperative education employment earnings• State and other tax allowance | <p>Allowances Against Income</p> <ul style="list-style-type: none">• Taxable college grant and scholarship aid reported as income• Education credits• U.S. income tax paid (or foreign equivalent)• Income protection allowance• Employment expense allowance• Federal Work-Study• Payroll tax allowance |



STUDENT AID INDEX (SAI)

| Expected Family Contribution (EFC) | Student Aid Index (SAI) |
|--|--|
| <p>Contribution from Assets</p> <ul style="list-style-type: none">• Cash, savings, and checking• Net worth of investments, including real estate (excluding primary residence)• Adjusted net worth of business and/or farm (excluding family farms or businesses with fewer than 100 full-time employees) | <p>Contribution from Assets</p> <ul style="list-style-type: none">• Cash, savings, checking, time deposits, and money market funds• Net worth of investments, including real estate (excluding primary residence)• Adjusted net worth of business and/or farm• Annual child support received |
| <p>Allowances against Assets</p> <ul style="list-style-type: none">• Education savings and asset protection allowance | <p>Allowances against Assets</p> <ul style="list-style-type: none">• Asset protection allowance |



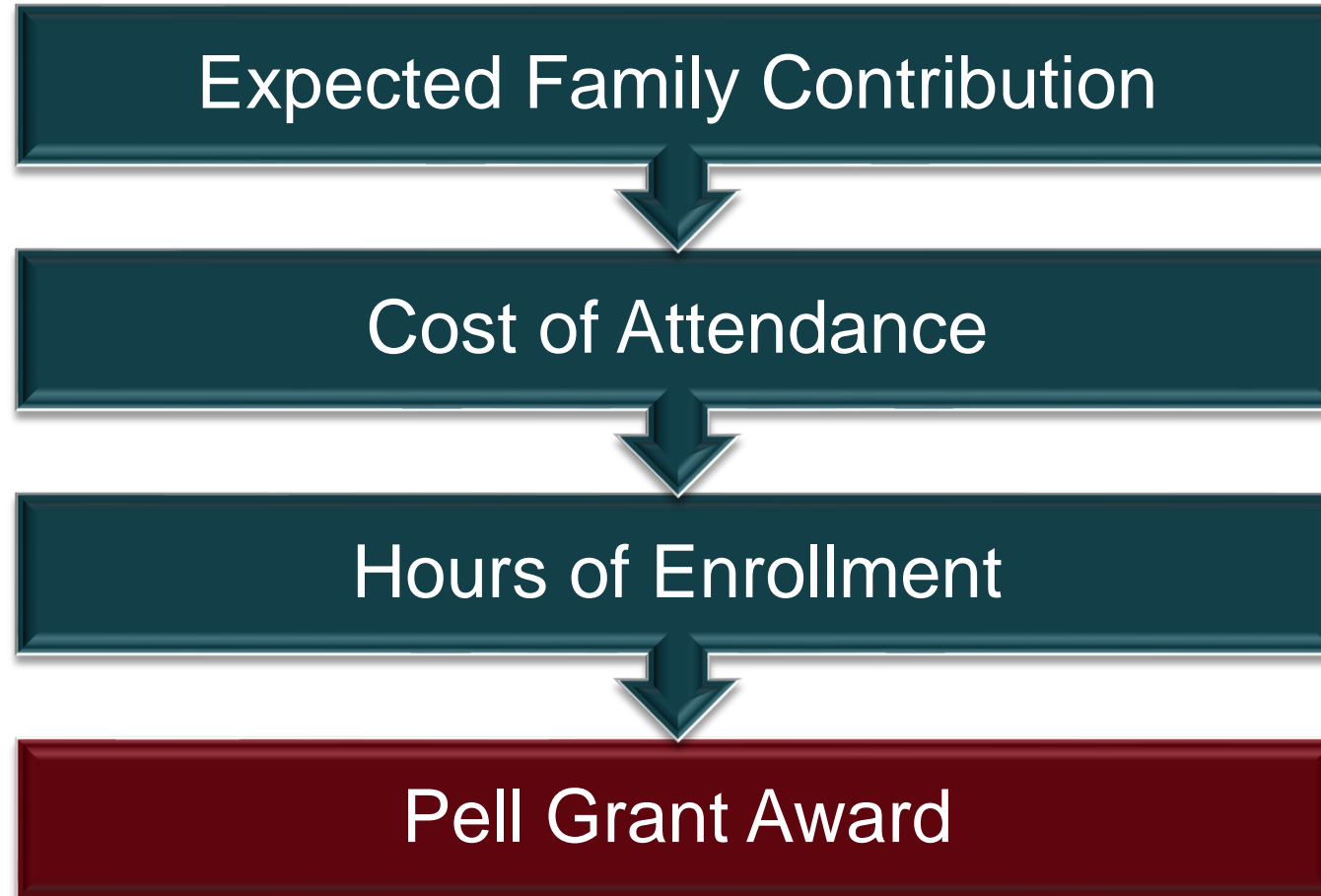
PELL GRANT ELIGIBILITY



UNIVERSITY OF
South Carolina

PELL GRANT

Current Eligibility
Determination



Source(s): [\(GEN-23-11\) FAFSA Simplification Act Changes for Implementation in 2024-25](#), [NASFAA FAFSA Simplification Web Center](#), [U.S. Department of Education FAFSA Simplification Questions and Answers](#)



UNIVERSITY OF
South Carolina

FAFSA SIMPLIFICATION PELL GRANT ELIGIBILITY AND SAI PROCESS FLOW

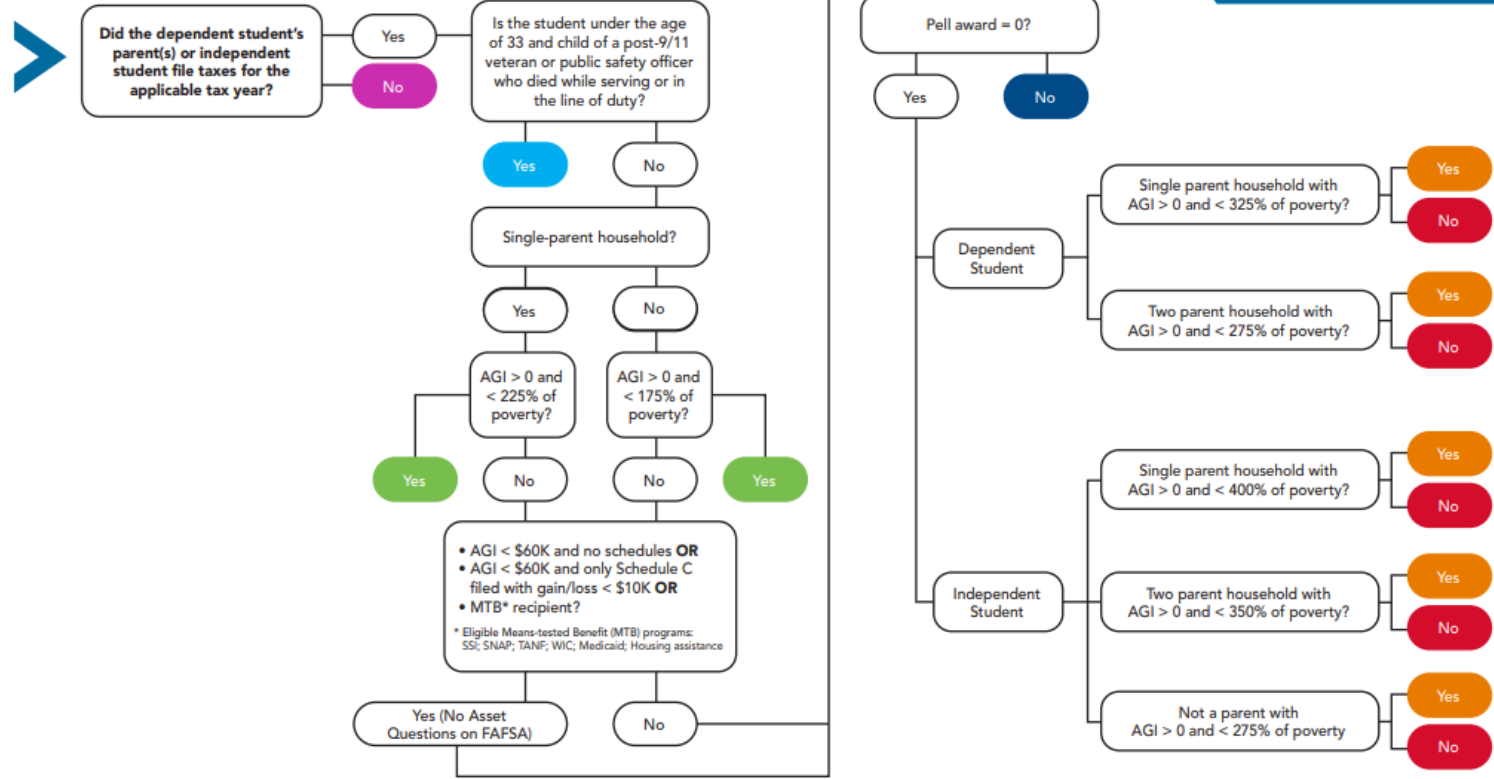
EFFECTIVE 2024-25 FAFSA



PELL GRANT

New Eligibility Determination

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.



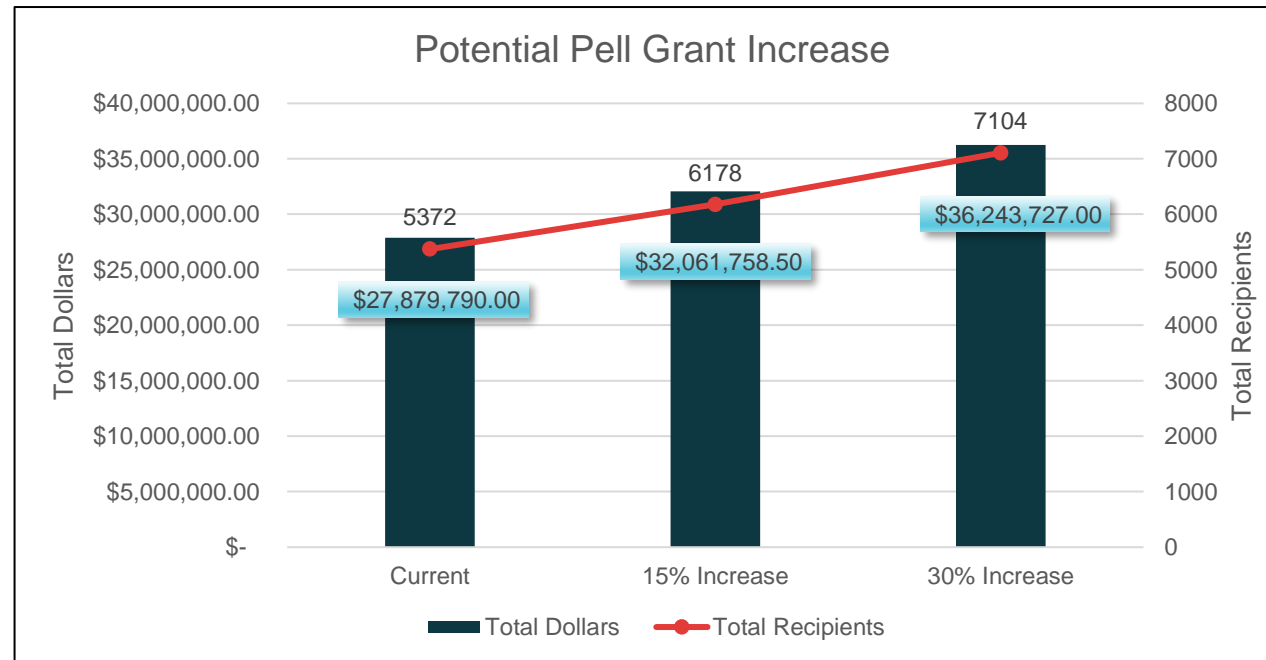
- Maximum Pell:**
 Auto -1,500 SAI. Other aid types based on SAI.
 No Asset Questions on FAFSA.
- Maximum Pell:**
 Auto 0 SAI. Other aid types based on SAI. No asset questions on FAFSA.
- Maximum Pell:**
 Other aid types based on SAI.
- Pell Amount Stays at Calculated Amount:**
 Other aid types based on SAI.
- Minimum Pell:**
 Other aid types based on SAI.
- No Pell:**
 Other aid types based on SAI.

Source(s): (GEN-23-11) FAFSA Simplification Act Changes for Implementation in 2024-25, NASFAA FAFSA Simplification Web Center, U.S. Department of Education FAFSA Simplification Questions and Answers



PELL GRANT INCREASE?

Most models indicate that Pell Grant awarding will increase by 15-30%. However, these are models based on numerous assumptions. We should take this as information, but not necessarily fact.



2024-25 AID YEAR TIMELINE

(SUBJECT TO CHANGE)



★ 2024-25 FAFSA Live

2024-25 Aid Year System Configuration (Banner, SSC, Data Warehouse, etc.)

Load 2024-25 FAFSAs

Award 2024-25 Aid



UNIVERSITY OF
South Carolina



UNIVERSITY OF
South Carolina

THANKS!



UNIVERSITY OF
South Carolina