

BIG CHANGES ARE COMING....IT'S TIME TO PREPARE NOW!

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HIGH LEVEL OVERVIEW OF CHANGES

CONSOLIDATED APPROPRIATIONS ACT, 2021

- There are many changes that will impact the landscape of financial aid eligibility
- We will focus on those related to FAFSA simplification and federal methodology for the purpose of this discussion
- Before doing that, here are some highlights of a few other areas changing:
 - Drug convictions and Selective Service Registration
 - Subsidized Loan Usage Limits
 - Pell Grants for Incarcerated Students
 - Professional Judgment
 - Provisional Independent Student Status
 - Cost of Attendance
 - Data Sharing (Authorized from the Future Act, 2019)

FREE APPLICATION FOR FEDERAL STUDENT AID (FAFSA) REDESIGN

- The 2024-25 FAFSA will be available in December 2023
- The FAFSA has been “simplified”
 - Removing existing questions (e.g., certain untaxed income fields, drug question, and others)
 - Adding new fields (e.g., untaxed foreign income that was exempt from U.S. tax or for which a foreign tax credit was received, capturing tax schedules, and others)
 - Redefining existing fields (e.g., number in college collected but no longer counts in FM calculation, small business/farm value, determination of custodial parent, calculation of number in the household, and others)
 - Federal Methodology changes (e.g., automatic -\$1,500 SAI for non-tax filers, use of federal poverty levels, lowest SAI can be -\$1,500 whereas EFC was \$0, qualifications to meet Simplified Needs Testing, and others)
 - Data sharing between the IRS and ED for tax information

STUDENT AID INDEX (SAI) REPLACES THE EXPECTED FAMILY CONTRIBUTION (EFC)

- The EFC will no longer exist
- A new SAI will be calculated as a result of the data on the FAFSA
- Broadly speaking, the SAI will create higher levels of financial need for most FAFSA filers
- Like many other federal programs, the federal poverty level thresholds will be used in many cases for the purposes of “means testing”
- One of the most impactful changes...the number in college is no longer factored into the need equation
- This will impact the financial need levels of students at JMU, as well as students across the country

BENEFITS

- A streamlined and easier FAFSA for students and parents
- Increase the number of Pell Grant students, as more students will be Pell Grant eligible based on these changes
- Potential reduction in the need to verify tax information on the FAFSA since the majority of it will come through a direct data sharing process between the IRS and ED

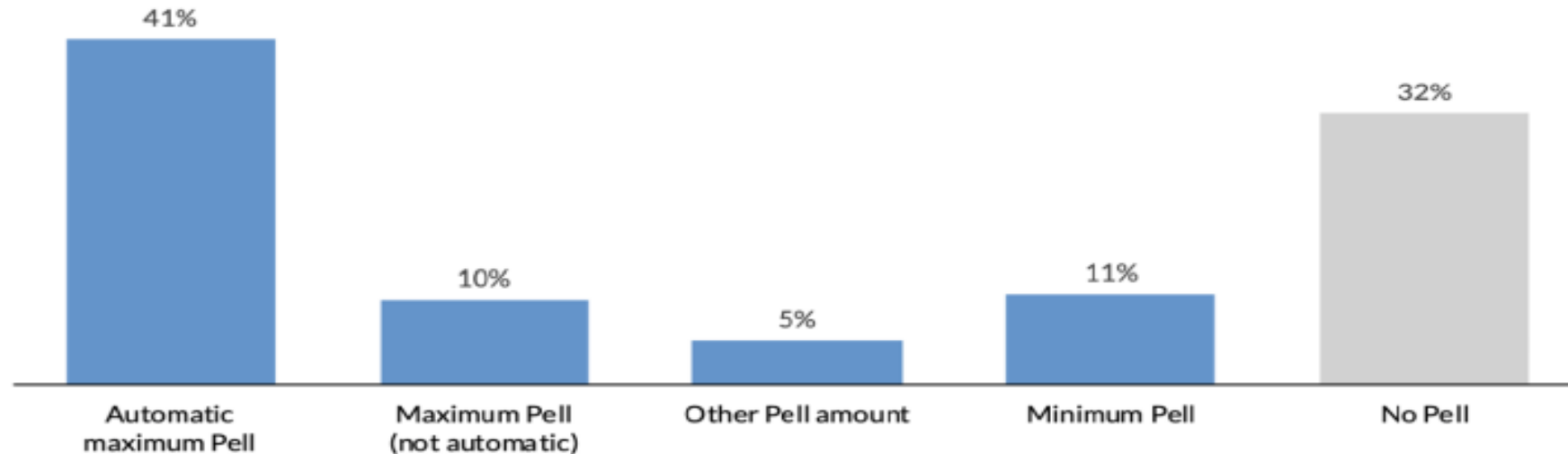
MORE PELL GRANT STUDENTS

- According to Urban Institute, under SAI approximately 2/3 of undergraduate FAFSA filers will be Pell eligible

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



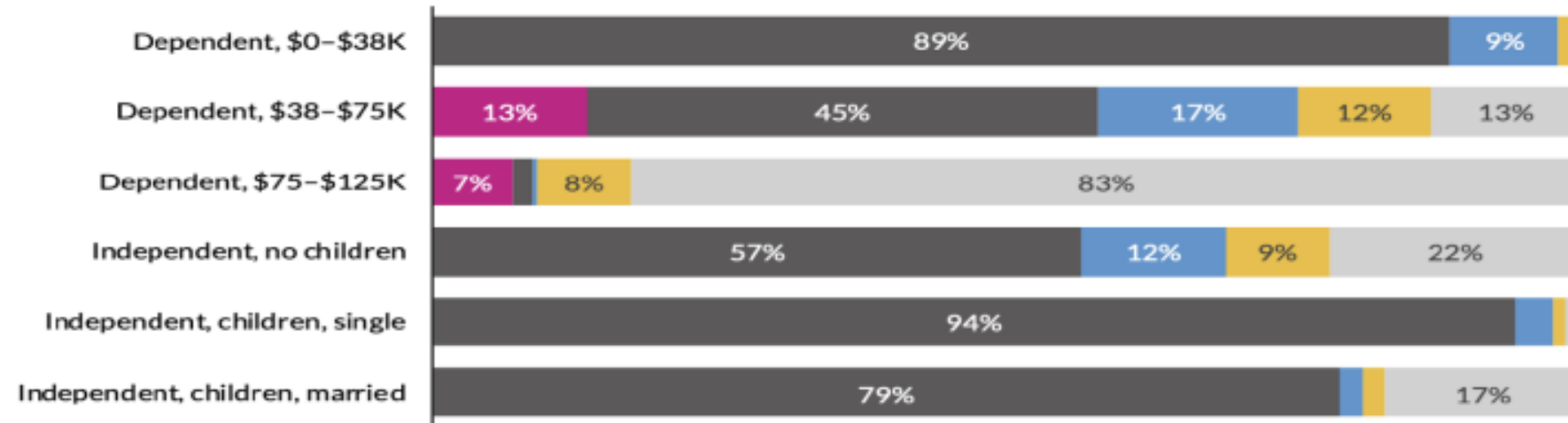
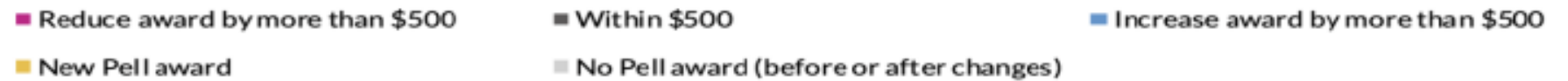
Source: Urban Institute analysis of 2016 National Postsecondary Student Aid Study data.

URBAN INSTITUTE

PELL GRANT DISTRIBUTION

Projected Changes to Pell Distribution

Implementing new maximum and minimum Pell rules and sibling adjustment



Share of students who applied for federal financial aid

CONCERNS

- Strain on the VSFAP and institutional grant programs with the addition of new students
- Some students who are currently receiving VSFAP and institutional grants will lose eligibility after already committing to JMU based on receiving an expected level of grant assistance
- Addition of the new FAFSA elements may create confusion for some, and potentially decrease financial aid eligibility for others (e.g., small business, family farms, foreign income, etc.)

COURSE OF ACTION

- JMU participated in the beta testing of the NASFAA SAI Tool that has since been rolled out to all NASFAA members (we've been a part of this from the beginning)
 - Use the tool to evaluate the potential impact on our students
- Consultation with SCHEV of the anticipated strain on VSFAP
 - Questions about the current allocation model
 - The 2024-25 allocations are based on two year old data, which will not show the same level of need we will see during that year
- Preparing the campus for a potential need of additional institutional grant dollars

PREPARATION IS KEY...ACROSS THE UNIVERSITY

- The new FAFSA and SAI are “game changers” as it relates to federal methodology and the associated financial need levels of our students
- The federal aid programs, state aid programs (VSFAP) and our institutional need-based grant/scholarship programs all use the federal methodology as defined by the FAFSA to determine the “financial need” of our students
- We will see an increased need for VSFAP and institutional grant dollars as a result of this change

SAI TOOL

- Data from the 2020-21 and 2021-22 undergraduate FAFSA's was loaded into the tool, providing us with two years worth of data to review
- The output gathered from the tool shows us:
 - Estimated impact on the number of Pell Grant eligible students
 - Estimated SAI for each student compared to their current EFC

SAI TOOL LIMITATIONS

- This can only provide an estimation and should not be considered an exact representation of what will happen
- There are data elements that will be on the new FAFSA that do not exist right now (e.g., small business value, farm value, specific tax schedules, federal housing assistance, etc.)
- Due to lack of certain data elements, the tool makes some assumptions regarding a student's status and eligibility (e.g., All AGI < \$60k will qualify for Simplified Needs Test, etc.)
- We need to wait until the end of the 2022-23 year to review the 2022-23 FAFSA data in the tool, so at this time we are unsure the impact the Common App will have at JMU as it relates to the FAFSA/SAI changes
- The tool does not account for a FAFSA Priority Filing Date

JMU EVALUATION

CURRENT GRANT AWARDING POLICY

- VSFAP and most institutional grants are awarded based on a percentage of remaining need
- VSFAP and institutional grants are awarded to qualifying in-state students with an EFC < \$15,500 and who meet the March 1st FAFSA Priority Filing Date
- The formula is:
$$\text{Cost of Attendance (COA)} - \text{EFC} - \text{Pell Grant} - \text{FSEOG} - \text{Institutional gift aid known at the time of packaging} = \text{Remaining Need} \times \text{VSFAP\%}$$
- Freshmen VGAP Example:
$$\$30,792 \text{ COA} - \$0 \text{ EFC} - \$6,895 \text{ Pell Grant} - \$500 \text{ FSEOG} - \$1,000 \text{ JMU Scholarship} - \$2,000 \text{ University Grant} = \$20,397 \text{ Remaining Need} \times 32\% \text{ VGAP} = \$6,527 \text{ VGAP award}$$

SAI ANALYSIS GOALS

The goal of the analysis is three-fold:

1. Discover the impact on the number of Pell Grant eligible students at JMU
2. Attempt to find a corresponding SAI to the EFC cutoff used for VSFAP and institutional grants (If a \$15,500 EFC is our cap now, what will that be when we move to SAI)
3. Calculate the estimated financial cost to the VSFAP and institutional grant programs based on the SAI

CURRENT PELL GRANT AND VSFAP POPULATION

- Percent of Current Students Receiving a Pell Grant:
 - Approximately 15% of the undergraduate student body
 - Approximately 25% of undergraduate FAFSA filers
- Percent of Current In-State Students Receiving a State Grant:
 - Approximately 20% of the in-state undergraduate student body
 - Approximately 31% of in-state undergraduate FAFSA filers
- This equates to approximately \$36m in annual disbursements between these programs (40% federal, 35% state, and 25% institutional = 100% of funding)

ESTIMATED CHANGE IN PELL GRANT POPULATION

- Estimated Pell Grant Population under SAI
 - A 30% increase in the number of Pell Grant eligible students
 - Approximately 20% of the undergraduate student body
 - Approximately 30% of undergraduate FAFSA filers
- It's important to keep in mind this is based on the evaluation of 2020-21 and 2021-22 FAFSA data
 - We do not know the impact going to the Common Application (Admissions) for the 2022-23 class will have at this time

LOSS OF PELL GRANT

- While the overall number of Pell Grant students will increase, there are some students who will fall out of eligibility based on the changes
- If the students in the aid years below were subject to the SAI calculation instead of the EFC, this is number that would not have received a Pell Grant
 - 2020-21 = 41 students (< 2% of the recipients)
 - 2021-22 = 51 students (< 2% of the recipients)

STUDENTS LOSING PELL GRANT ELIGIBILITY

- Students committed to JMU based on receiving grants, even though JMU has no discretion over who receives a Pell Grant and how much they receive
- Students will fall outside of grant range due to no fault of their own, and no changes in their family circumstances...it's just different math being used to calculate the SAI (life is the same)
- Options:
 - No longer fund them based on the overhaul to the FAFSA
 - Grandfather them until graduation
 - Grandfather them so they receive grants for a total of four years
 - Allow students to appeal for assistance based on the lost Pell Grant eligibility

PREFERRED PELL GRANT OPTION

- Due to the small number of students, allow students to appeal for assistance based on the lost Pell Grant eligibility
- Review each appeal individually to determine what, if any, assistance should be provided to account for the lost grant
- This will be handled through the Professional Judgment appeal process
- **CAVEAT:** We may individually reach out to these students by identifying those who received a Pell Grant in 2023-24 and lost eligibility in 2024-25.

CORRESPONDING SAI TO EFC

- Analyzed all 2020-21 and 2021-22 FAFSA's with an EFC of <\$16k
- Used \$16k instead of \$15,500 projecting for EFC increases in the awarding formula
- SAI range for this population:
 - 2020-21: -\$1,500 to \$51,036
 - 2021-22: -\$1,500 to \$55,584
- If we included all of the students with a SAI within these ranges in our grant packaging formula, it would add over 3,000 students to the population

Conclusion: There is no way to find an “across the board” corresponding SAI to EFC...the application and math are too different

SAMPLE REASONS FOR DIFFERENCES

- Exclusion of Number in College
- Simplified Needs Test (exclusion of assets)
- Assumption for <\$60k AGI
- Non-Tax Filing Status and automatic \$-1,500 EFC

SAI SELECTED FOR PACKAGING

- To make the remaining need formula work within our limited resources, we need to select a SAI cutoff to replace the current EFC cutoff
- Since no corresponding SAI can be found, we have selected \$16,000 as the new benchmark for these estimations
- This stays true to our "50% of COA" methodology

ESTIMATED IN-STATE "STATE GRANT" RECIPIENTS UNDER SAI

- Going to a \$16k SAI versus a \$16k EFC
 - 2020-21:
 - Increases the total pool of eligible students by 86
 - 460 of the eligible students did not have an EFC < \$16k (gaining grant eligibility)
 - 374 students had an EFC < \$16k and a SAI >\$16k (losing their grant eligibility)
 - 2021-22
 - Increases the total pool of eligible students by 68
 - 439 of the eligible students did not have an EFC < \$16k (gaining grant eligibility)
 - 370 students had an EFC < \$16k and a SAI >\$16k (losing their grant eligibility)

EFC TO SAI BREAKDOWN 2020-21

| Estimated SAI Summary | Number in range |
|-----------------------|-----------------|
| -\$1,500 | 2,028 |
| -\$1,499 to -1 | 324 |
| \$0 | 70 |
| \$1-6,000 | 889 |
| \$6,001-9,000 | 384 |
| \$9,001-15,000 | 694 |
| \$15,001-16,000 | 125 |
| Total | 4,514 |

54% SAI = \$0 or less

| Actual EFC Summary | Number in range |
|--------------------|-----------------|
| -\$1,500 | 0 |
| -\$1,499 to -1 | 0 |
| \$0 | 1,132 |
| \$1-6,000 | 1,576 |
| \$6,001-9,000 | 590 |
| \$9,001-15,000 | 974 |
| \$15,001-16,000 | 156 |
| Total | 4,428 |

26% EFC = \$0

EFC TO SAI BREAKDOWN 2021-22

| Estimated SAI Summary | Number in range |
|-----------------------|-----------------|
| -\$1,500 | 1,957 |
| -\$1,499 to -1 | 299 |
| \$0 | 98 |
| \$1-6,000 | 831 |
| \$6,001-9,000 | 318 |
| \$9,001-15,000 | 717 |
| \$15,001-16,000 | 122 |
| Total | 4,342 |

54% SAI = \$0 or less

| Actual EFC Summary | Number in range |
|--------------------|-----------------|
| -\$1,500 | 0 |
| -\$,1499 to -1 | 0 |
| \$0 | 1,125 |
| \$1-6,000 | 1,536 |
| \$6,001-9,000 | 526 |
| \$9,001-15,000 | 937 |
| \$15,001-16,000 | 150 |
| Total | 4,274 |

26% EFC = \$0

STUDENTS LOSING STATE GRANT ELIGIBILITY

- Students committed to JMU based on receiving grants and JMU's awarding policy for making those offers (institutional discretion for much of this)
- Students will fall outside of grant range due to no fault of their own, and no changes in their family circumstances...it's just different math being used to calculate the SAI (life is the same)
- Options:
 - No longer fund them based on the overhaul of the FAFSA
 - Grandfather them until graduation
 - Grandfather them so they receive grants for a total of four years
 - Allow students to appeal for assistance based on the lost state grant eligibility

PREFERRED STATE GRANT OPTION

Due to the number of students, automatically grandfather them so they receive grants for a total of four years

- Requirement that they meet the FAFSA Priority Filing Date
- Requirement that they continue to meet the general eligibility rules to receive financial aid
- Provide a flat award, such as \$6,000 - \$7,000 per year, as we cannot calculate an award based on the remaining need formula as many will not have any need based on the FAFSA/SAI changes
 - This means awards will go to students with no demonstrated need based on the FAFSA
- Send a direct communication to the students informing them of this change

PROCESS

Comparison query that looks for:

- 2023-24 state grant recipients with Number in College > 1
- Students on the 2023-24 list who:
 - Filed a 2024-25 FAFSA by the March 1st FAFSA Priority Filing Date
 - Have an SAI outside of grant range
- This will identify students who likely lost their state grant eligibility due to the number in college not being part of the SAI calculation
- We will individually communicate with these students

GRANDFATHERING ESTIMATED COST USING 2020-21 DATA

| Additional Cost Per Year | Extra Student Cost | Grandfather Student Cost | Total Cost |
|--------------------------|--------------------|--------------------------|-------------|
| 2024-25 | \$516,000 | \$2,244,000 | \$2,760,000 |
| 2025-26 | \$516,000 | \$1,481,040 | \$1,997,040 |
| 2026-27 | \$516,000 | \$740,520 | \$1,256,520 |
| 2027-28 (and on-going) | \$516,000 | \$0 | \$516,000 |

Assumes average award of \$6,000 per grandfathered student and equal distribution of students by grade level (e.g. sophomores, juniors, and seniors in 2024-25)

GRANDFATHERING ESTIMATED COST USING 2021-22 DATA

| Additional Cost Per Year | Extra Student Cost | Grandfather Student Cost | Total Cost |
|--------------------------|--------------------|--------------------------|-------------|
| 2024-25 | \$408,000 | \$2,220,000 | \$2,628,000 |
| 2025-26 | \$408,000 | \$1,465,200 | \$1,873,200 |
| 2026-27 | \$408,000 | \$732,600 | \$1,140,600 |
| 2027-28 (and on-going) | \$408,000 | \$0 | \$408,000 |

Assumes average award of \$6,000 per grandfathered student and equal distribution of students by grade level (e.g. sophomores, juniors, and seniors in 2024-25)

CLOSING

THE “ASK”

In order to fund the “grandfathered” students and newly eligible students, we are requesting an increase of the following in university grant dollar support:

- 2024-25 = \$3m
- 2025-26 = \$2m
- 2026-27 = \$1m
- 2027 and beyond = \$500k

Notes:

- It’s hoped this request will be more than is needed due to the assumptions made in the SAI Tool
- Many of these students will not have any financial need, which is important to consider when determining the source for these funds

RISKS OF NOT FUNDING THESE STUDENTS

- Students not being able to finish their education at education (e.g., transferring, dropping out, etc.)
- Lack of desire of impacted students to partner with JMU in the future
- Unpaid balances for students continuing (e.g., increase in receivables, collections, etc.)
- Student/parent complaints
- Reputational harm to JMU
 - Recruitment challenges in the future
 - News headlines of JMU's lack of support for impacted students
 - Others

CAVEATS ABOUT THE ASK

- The SAI Tool only provides estimated data based on the earlier discussion points, so the actual numbers in 2024-25 will be different (we cannot be certain as to what degree the variance will be)
- This is predicated on a relatively consistent number of students meeting the FAFSA Priority Filing Date (any increase in that headcount will increase costs)
- This does not take into account 2022-23 enrollment so we do not know the impact the Common Application may have on these figures
- At this time, we do not know if Virginia will be providing any increases in VSFAP to account for these changes

TIMELINE

- The new FAFSA will be available in December 2023
- JMU will start receiving questions about eligibility once students/parents begin submitting the application
- Students/parents who are likely to be concerned the most are those who will see higher SAI's than EFC's and are worried about losing their grant eligibility
- In an ideal situation, JMU will have a decision made on the “ask” and funding by July 1, 2023 so we have time to train staff, prepare for the anticipated questions we will receive from students/parents, and craft our communications (APPROVAL WAS RECEIVED!)

THANK YOU