

# KATIE CASHMAN'S, BRAD BUCKMAN'S, & DANIEL MONEYMAN'S TOP 10 THINGS YOU MIGHT HAVE MISSED FROM THE FAFSA SIMPLIFICATION PROCESS

Daniel T. Barkowitz,  
University of Miami

Brad Barnett,  
James Madison University

Katie Conrad,  
Florida International University







# TOP 10 THINGS YOU MIGHT HAVE MISSED FROM THE FAFSA SIMPLIFICATION ACT

10. DOLLARS DON'T MAKE SENSE ANYMORE...



# COA CHANGES

- Housing – what exactly is the average?
- Food – do college students eat breakfast on the weekends?
- Computer Allowance – is this the new book?
- Obtaining Professional License – you have a license to practice the liberal arts
- Publishing COA on the Web (everywhere tuition is listed, or linking)
- Housing question removed from FAFSA – what is your plan?



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9. MIN, MAX, MEDIAN, AND MODE – GET ME OUT OF INTRO TO ALGEBRA
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# PELL GRANT CHANGES

- Max and Min Pell determined by income, family size and poverty levels
  - SAI if neither Max or Min Pell eligible.
  - Payment formula vs. Pell table
  - ISIR will include Max/Min Pell indicators
- Year round Pell – no more halftime requirement!
- Less than FT Pell – changed the methodology of reduction



# PELL GRANT CHANGES

- The FSA amendments require that “awards be reduced in direct proportion to the degree to which the student is not enrolled full-time, rounded to the nearest whole percentage point.”
- Introduction of “Enrollment Intensity” or Pell by the credit hour.

Pell Proportions	
Credits	% of Full-Time Award
12	100%
11	92%
10	83%
9	75%
8	67%
7	58%
6	50%
5	42%
4	33%
3	25%
2	17%
1	8%

# IASG / CFHS

- No longer separate programs
- Max age is 33
- Eligible for Maximum Pell
- SAI remains as calculated
- Schools must verify eligibility (question on FAFSA as well)
- Schools must report using the Partner Portal



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8. WORKING IN/ON YOUR PJS
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# PROFESSIONAL JUDGMENT & DEPENDENCY OVERRIDE CHANGES

- Provisional Independent Student Status
  - Student can complete FAFSA as an independent student and will receive an unofficial SAI.
  - FA office must notify students who request provisional status about the process for dependency override.
  - 2023-2024 Outreach requirements
- Terminology matters – reference the correct terms for Title IV purposes. (GEN 22-15)
  - Special Circumstances – financial situations (PJ)
  - Unusual Circumstances – unique situations leading to dependency override
- Students with approved unusual circumstances determinations will carry forward for subsequent years if their circumstances remain unchanged.
- Homelessness is NOT a professional judgement!! (GEN 23-06)
  - Will roll forward



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# PJ FOR NUMBER IN COLLEGE

- Adding number in college as one of a possible list of reasons for a family to request a Special Circumstances PJ
- How do you do this?
  - Dividing by the number is not an option. Why?
  - Allocating for costs paid.
- If you use Institutional Methodology, what will you do?
  - IM Flooring



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6. WHO'S YOUR DADDY?
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# CHANGES TO DEFINITION OF FAMILY

- Role-Based FAFSA - Forget custodial vs. non-custodial
  - Each person filing will do their own section – Special case for married filing separately
  - Signature and consent are needed
  - Parent/Spouse will be sent an invitation to complete the form
  - Parent/Spouse without SSN can get an FSA ID
- Parent who provides the greater portion of the student's financial support is used on the FAFSA
  - Parent who provides child support gets to consider that as a financial contribution to the student
  - We don't need to verify this; but be careful of conflicting information
- Family size is based on dependents claimed on tax return
  - Student/parent can override this when completing the FAFSA
  - Will this trigger verification?



# TOP 10 THINGS YOU MIGHT HAVE MISSED FROM THE FAFSA SIMPLIFICATION ACT

5. WORKING 5 TO 9, WHAT A WAY TO MAKE A LIVING!
6. WHO'S YOUR DADDY?
7. TOO BAD FOR THE OCTOMOM!
8. WORKING IN/ON YOUR PJS
9. MIN, MAX, MEDIAN, AND MODE – GET ME OUT OF INTRO TO ALGEBRA
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# FWS EARNINGS

- Reporting on FWS earnings due to the Fed in December using COD.
- We are being asked to report on calendar basis, not on award year basis.
  - Option 1: Calendar year - January through December earnings
  - Option 2: Calendar year by award year
    - Spring 2022 – January through June 30<sup>th</sup>
    - Fall 2022 – July 1 to December
- Information required:
  - Last name
  - Date of Birth
  - SSN
  - CPS Transaction Number
  - Total FWS Earnings
  - Calendar Year
- Reporting is based on the pay date, not the work dates.



# TOP 10 THINGS YOU MIGHT HAVE MISSED FROM THE FAFSA SIMPLIFICATION ACT

## 4. IPAS ON DRAFT



# CHANGES TO ALLOWANCE IN SAI FORMULA

- The FSA amendments increase IPA levels above current levels
- The FSA amendments eliminate the state and other tax allowances
- Employment expense allowance will be based on total earnings. Will allow married couples with one spouse not earning wages to qualify
- Number in college eliminated from formula
- FICA allowance now based on combined income and is much more complicated
- Have you modeled your results?
- Side note → no adjusted SAIs (bye bye to other than 9 month EFC)



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3. THERE'S JUST NO A-COUNT-ING FOR THE IRS
4. IPAS ON DRAFT



# IRS DRT MEET IRS DDX

- If it ain't on the tax return, we don't want it.\*
- Eliminating cash support for dependent or independent students.
- Child support moving from income to assets.
- Reduction of types of excludable income.
- \*Well, kind of:
  - Foreign Income Exclusion (oh boy! – see the next slide!)
  - Verification – doesn't change
    - But most selected will likely be those who enter tax information (don't have to verify if not selected)
    - Same V1, V4, V5 Groups
    - Will need documentation for Rollover
  - We can accept tax returns again! HOORAY!!!



# Q&A ON FOREIGN INCOME EXCLUSION

- **SAI-Q6:** What is “foreign income exempt from federal taxation” and how are institutions to handle it?
- **SAI-A6:** “Foreign income exempt from federal taxation” refers to the amount of the foreign earned income exclusion claimed by U.S. citizens and permanent residents on their U.S. Federal Tax Return. This amount currently appears on line 8d of Schedule 1 (Form 1040). Because this data will not come automatically from the IRS with other FTI, an applicant must manually enter it on the FAFSA form. Beginning with the 2024-25 Award Year, it will count as untaxed income in the SAI calculation but will not be included in the eligibility calculation for the maximum Pell Grant award.
- FAAs must review eligibility for applicants (and their spouse or parent) who reported receiving a foreign earned income exclusion and are eligible for the maximum Pell Grant award. If an ISIR contains both a Maximum Pell indicator flag and a valid value in the “Foreign Earned Income Exclusion” data field, we will flag the ISIR for the FAA to review. The FAA will determine—via manual or estimated SAI calculation—if adding the exempted foreign income to the adjusted gross income (AGI) would make the student ineligible to receive the maximum Pell Grant award. If that would occur, the FAA must determine whether it is appropriate to use PJ to account for the foreign income in determining the student’s eligibility for the maximum Pell Grant. If the FAA decides that it is appropriate, the FAA may move the foreign earned income amount from untaxed income to AGI or request additional documentation of the foreign income prior to performing the adjustment. [Guidance issued 08/04/2023]
- <https://www2.ed.gov/policy/highered/reg/hearulemaking/2009/fafsa-q-and-a.html>

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2. SENDING OUT AN SOS!
3. THERE'S JUST NO A-COUNT-ING FOR THE IRS
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# EFA IS NOW OFA

- Estimated Financial Assistance becomes Other Financial Aid
- Institutions can ignore emergency financial aid part of OFA (or does it?)
- This must be for funds specifically related to an unexpected expense (see OPE Q&A):
  - **OFA-A5:** Emergency financial assistance includes any payment of grant or loan aid to a student for **unexpected expenses** that are included in one of the components of COA, as defined under HEA Sec. 472. For example, payments can support any **unexpected expense** for food; housing; course materials or equipment; or transportation (e.g., between campus and home for a death or family emergency). **Institutions determine whether an unexpected expense is associated with a COA component.**
  - Prior to providing emergency financial assistance to a student, an institution **should document the student's request for assistance, including the unexpected expense that prompted the request.** The institution should retain such documentation in the student's file for the normal record retention period.

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1. WHAT THE F...TI
2. SENDING OUT AN SOS
3. THERE'S JUST NO A-COUNT-ING FOR THE IRS
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# FEDERAL TAX INFORMATION...

## THE MODULE

- Consent to share tax information is now required from every contributor.
- Lack of consent will still produce an ISIR but cannot be used to award.
- Consent cannot be withdrawn once given for the academic year.
- FTI is tax information and NOT FAFSA data (even when it is used on the FAFSA).
- FTI carries special rules for protection and cannot be redisclosed.
- Some parents / students will still be entering income information on the FAFSA (foreign wage earners, PR tax returns, IMF / UN / World Bank).
- Everyone will need a new SAIG mailbox specifically for FTI (in the ISIR data).

# TOP ~~10~~ 11 THINGS YOU MIGHT HAVE MISSED FROM THE FAFSA SIMPLIFICATION ACT

- AND A BONUS ONE!!! → IT'S TIME TO STUDY FINAID AGAIN ON DUOLINGO
1. WHAT THE F...TI
  2. SENDING OUT AN SOS
  3. THERE'S JUST NO A-COUNT-ING FOR THE IRS
  4. IPAS ON DRAFT





# RESOURCES

- NASFAA's [FAFSA Simplification](#) page
- [November 4, 2022 Dear Colleague Letter, GEN-22-15](#)
- [Congressional Research Service Report](#)
- FSA's [FAFSA Simplification](#) page
- 2024-25 [Draft Student Aid Index \(SAI\) and Pell Grant Eligibility Guide](#)
- 2024-25 [Draft FAFSA Specification Guide](#)
- GEN 23-11 – [FAFSA Simplification Act Changes for Implementation in 2024-25](#)
- CB 23-13 – [Reporting FWS Earnings to COD System](#)
- OPE [FAFSA Simplification Questions and Answers](#)