

# FAFSA Simplification

# 2023 FACT SHEET

## ABOUT

In December 2020, Congress passed the FAFSA Simplification Act, which makes several significant changes to the FAFSA form and to Pell eligibility criteria. The overall goal of this act is make the FAFSA easier to complete (through a reduction in the number of questions on the form) and to make need-based aid eligibility easier to understand and predict.

## TIMELINE

The U.S. Department of Education will be implementing these changes in a phased approach, starting with the 21-22 award year and continuing through the 24-25 award year.

**WHAT'S CHANGING?** *There are several significant changes as a result of the FAFSA Simplification Act. These include:*

### DRUG-RELATED CONVICTION INFORMATION

- Questions related to drug offense convictions will no longer impact financial aid eligibility (effective 2021-22 award year; Question will remain on the FAFSA through 2022-23)

### SELECTIVE SERVICE STATUS NOT REQUIRED

- Selective Service registration status will no longer impact financial aid eligibility (effective 2021-2022 award year though the question will remain on the FAFSA)

### EFC REPLACED WITH SAI

- The Expected Family Contribution (EFC) calculation is replaced with a Student Aid Index (SAI) to determine need for need-based programs.

**Important note:** The SAI will allow for a negative number (minimum SAI is -\$1,500) while the EFC bottomed out at zero; will allow for neediest students to get more non-Pell aid.

### PELL GRANTS FOR INCARCERATED STUDENTS

- Extend Pell Grant usage for incarcerated students in eligible Prisoner Education Programs

### PELL GRANT PROTECTION

- Pell Grant lifetime eligibility restored to students whose school closed while they were enrolled or if the school is found to have misled the student.

### HOUSEHOLD MEMBERS WON'T AFFECT AWARD

- The number of household members in college will no longer play a role in the determination of an applicant's aid eligibility when the SAI is implemented

### CHANGES FOR DIVORCED PARENTS

- Changes who is required to report income/assets from the parent who the student lived with the most, to the parent who provided the most financial support to the student.

## IMPACT ON MINNESOTANS

A simplified FAFSA should be easier for all Minnesotans to complete, so that is a good thing. Not all Minnesotans will financially benefit equally.

### **Minnesotans who will financially benefit most from FAFSA simplification:**

- Those who were previously ineligible due to being incarcerated or having a drug conviction that disqualified them or had not registered for Selective Service (and were previously required to do so)
- Those with the highest levels of financial aid may become eligible for more non-Pell aid due to having a negative SAI
- Those who exhausted Pell eligibility at a school that misled them

### **Minnesotans who may not financially benefit or see no difference:**

- Middle income families with more than one member in college who benefited from the EFC being divided by multiple family members
- Middle and higher income Minnesotans who were not previously Pell eligible based on EFC will likely not become Pell eligible based on SAI
- Some students with divorced parents may have to switch which parent's income is considered, which may change their eligibility if there is an income and asset difference between the parents

## IMPACT ON OHE

Office of Higher Education staff have been working for over a year to prepare for all of these changes.

### **Work has included:**

- Identifying changes need to State Grant and other OHE administered programs to be compliant, which informs the agency's agenda for this legislative session.
- Updating FAFSA related publications, trainings, and other materials
- Convened external stakeholders (financial aid directors and staff) to answer questions, get feedback on State Grant, etc.
- Working with SHEEO and other states to test new FAFSA award models, but models are still being modified based on FSA guidance updates – our future aid projections and budgets may shift as new data elements are available or updated.