

Federal Methodology and Other Changes

Consolidated Appropriations Act 2021

Effective
October 1, 2022
For 2023-2024 AY

Student Aid Index (SAI) to replace Expected Family Contribution (EFC)

What this means: SAI, defined as “an index that reflects an evaluation of a student’s approximate financial resources to contribute toward the student’s postsecondary education for the academic year “ will replace the EFC defined as “a measure of how much the student and his or her family can be expected to contribute to the cost of the student’s education for the year.” in determining a student’s “need” .

$$\begin{array}{r} \text{Cost of Attendance} \\ - \quad \text{EFC} \\ \hline = \text{Need/Financial Aid} \\ \text{Eligibility} \end{array} \quad \longrightarrow \quad \begin{array}{r} \text{Cost of Attendance} \\ - \quad \text{SAI} \\ \hline = \text{Need/Financial Aid} \\ \text{eligibility (except Pell)} \end{array}$$

* Need Analysis formula

- * The Needs Analysis formula remains similar to determine both EFC/SAI
- * There are noticeable changes to some tables (Income protection , taxes paid, and asset protection) for allowances against income /assets.
- * SAI can go as low as -\$1500 (EFC could never go below \$0)
- * **No adjustment to # in college affecting SAI (the FAFSA will still ask about # in college so schools will get this info)**

* Application Changes

- * In the case of divorced/separated parents, the FAFSA should be completed by “the parent who provides the greater portion of the student’s financial support.” Previously it was the parent with whom the child lived with more.
- * An otherwise dependent students will be able to complete the FAFSA as a “provisional” independent student if they believe they may qualify for independent student status due to unusual situations such as parental abandonment, abuse, neglect, legally granted asylum, or student or parental incarceration, and would likely meet the criteria for a dependency override. After completing the FAFSA, the student would receive an estimate of their federal Pell Grant award and other information based on an independent status. In turn, aid administrators would be required to notify these students of the institution’s process, requirements, and timeline for an adjustment to be completed under a PJ review. The aid office would also be required to provide a final status determination for the student as soon as practicable after all requested documentation is received.
- * Untaxed income items will be updated to only include those that can be verified from the tax return
- * Child Support received would be moved from ‘untaxed income’ to ‘assets’

* Financial Aid Eligibility

- * Pell Grants will now be based on the number in parent household and parent income (for dependent students)
- * Students eligible for the Maximum Pell Grant will automatically have a \$0 SAI (unless their calculated SAI is negative, then it shall be -\$1500)
- * Selective Service status and drug convictions will no longer play a part in determining financial aid eligibility.
- * Repeal the limitation on lifetime subsidized loan eligibility (SULA) requirement (currently 150% of program length)

* **Pell Grant Determination**

- * A student will be eligible for a maximum Pell Grant if
 - * the student (or student's parent(s) in the case of a dependent student) is not required to file a tax return for the year reported on the FAFSA;
 - * The student (or in the case of a dependent student whose parent is a single parent) has AGI greater than \$0 but less than or equal to 225% of the poverty line.
 - * The student (or in the case of a dependent student whose parent is not a single parent) has AGI greater than \$0 but less than or equal to 175% of the poverty line.
- * A student will be eligible for a Pell Grant if
 - * Their SAI is less than the maximum Pell grant and would be equal to the Maximum Pell grant, less their SAI rounded to the nearest \$5 (exception: a student with an SAI less than \$0 shall be zero for determining their Pell Grant)
- * Students not receiving Pell awards under either of the above methods could receive the minimum Pell award amount if their incomes or parent incomes fell below a set percentage of the poverty line, ranging from 275% to 400% of the poverty line.

* **Professional Judgement**

- * The bill imposes some limitations around professional judgment (PJ), including a new rule that would prohibit institutions from maintaining a policy of denying all professional judgment requests.
- * Financial aid administrators will have the option to offer a dependent student an unsubsidized loan without requiring the parents to fill out the FAFSA if the student does not qualify for, or does not choose to have a professional judgment review and the financial aid administrator determines that the parent or parents of the student ended support or would not fill out the form.
- * During a qualifying emergency, financial aid administrators may use PJ to zero out income earned from work if the applicant can provide paper or electronic documentation of receipt of unemployment, or can provide proof that an application for unemployment benefits was submitted.

* **The Cost of Attendance**

- * Requires room and board (whether on campus/off campus or at home) to include an allowance for meals that is based on 3 meals per day.
- * The actual cost of loan fees (rather than an average amount)
- * Institutions will be required to provide the components of the Cost of Attendance on their website and must disclose these figures in any area of the website that mentions tuition and fees.

The Department has also been tasked with providing outreach campaigns to low income students on FAFSA filing as well as Pell grant eligibility.