What you need to know about the Better FAFSA

May 17, 2023

NCSEAA | CFNC®

1. Ask questions

2. Share on social media

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NCSEAA
North Carolina State Education Assistance Authority

Helping North Carolina Students Plan and Pay for Their Education

CFNC

Help with the college-going process

- College applications
- Transcripts
- FAFSA resources
- Scholarship portal
- Residency Determination Service
- State Education Loan Servicing
- Career exploration
- 529 Savings Plan

NCSEAA

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FAFSA *Simplification?*

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KUDOS TO NORTH CAROLINA

	Rank	% Change
Puerto Rico	1	18.9%
Maine	2	10.8%
California	3	10.3%
Washington, D.C.	4	9.0%
Washington	5	8.0%
Idaho	6	7.8%
Oklahoma	7	6.1%
New Mexico	8	6.1%
North Carolina	9	5.7%
Georgia	10	5.5%

- *Class of 2023 up 5.7% as of April 21*
- *North Carolina Class of 2022 was 15th in the country last year*
- *Currently ranked 26th for Class of 2023*
- *Headed in the right direction*

CHANGES ARE COMING! ARE YOU READY?

Two pieces of federal legislation were passed that enabled the coming changes

Future Act: *Expands access to federal student aid, and mandates Federal Student Aid to use data directly from the IRS-Passed December 2019*

FAFSA Simplification Act *included with the Consolidated Appropriations Act – Passed December 2020*

Was to have started this year but an amendment moved to next FAFSA cycle

Simplifying the FAFSA

ChiefFamilyOfficer.com

FSA ID & TWO-STEP VERIFICATION PROCESS

FSA ID CHANGES

In July 2022, a Multi-Factor Authentication(MFA) process was added for anyone who is establishing their first FSA ID

Students and parents will be affected by this process if they are new to logging into the studentaid.gov website

Starting with the 2024-2025 FAFSA, you will not be able to access the FAFSA without an FSA ID set up prior to starting the form. EVERYONE NEEDS ONE!

SUGGESTION: Host FSA ID set-up workshops for students AND parents this spring, summer and fall.

FSA ID PROCESS FOR ALL USERS

- *It will be critical moving forward that <u>information entered for the FSA ID match what is entered into the FAFSA</u>. Users may receive a message to update information if different information is entered. Begin messaging to your students/parents/spouses that the data contained in the FSA ID should be updated any time there is a change in address, phone number, email address, etc.*

- *People without social security numbers will be able to get an FSA ID. The new process may not launch until the new FAFSA does. Transunion knowledge-based questions will be used to verify identity.*

- *Everyone using an FSA ID will eliminate the need for a signature page when submitting the form*

- *It is highly likely that everyone who sets up or has an FSA ID will need an email address. If hosting FSA ID workshops, <u>you may need to include setting up email addresses</u> for people before you begin the FSA ID process.*

- **SUGGESTION: If your organization provides an FSA ID cheat sheet to write down all information when setting up the FSA ID, you may wish to issue an updated sheet to all those you serve that includes a field to write down any updated information they put in the FSA ID and add a field to write down the back up code provided.**

Enable Two-Step Verification

Protect Your Account with Two-Step Verification

Whenever you sign in, we'll send a secure code to make sure it's really you. To keep your account protected, make sure your phone number and email are verified. We also suggest setting up verification using a secure authenticator app.

✔ Your verified method(s) can now be used to log in.

📱 **SMS Verification**
5554324567 ✔ Verified

✉ **Email Verification**
johndoe.original@gmail.com ✔ Verified

🔑 **Authenticator App**

✔ Verified

✔ Your authenticator app can now be used to log in.

13

Previous   Continue

Create an Account (FSA ID)

Step 7 of 7

Enable Two-Step Verification: Backup Code

> ℹ We recommend storing your backup code in a safe place.

Your backup code is a special code that lets you access your account in the event that you cannot use any other two-step verification method.

Your Backup Code Is:

CK3H1SM5MRET

☐ I have stored this backup code somewhere safe.

Previous   **Continue**

Log In ⇥

FSA ID Username, Email, or Phone

testuser001 ⑦

Forgot My Username

Password

•••••••• Show Password ⑦

Forgot My Password

Log In

or

Create an Account

(No changes to the log in screen)

Two-Step Verification

You have the following two-step verification methods enabled. Select one to finish logging in.

Authenticator App (Most Secure)

Use the authenticator app you set up to use with your account to get a secure code.

Enter Code

SMS Verification

******4567

Send Code

Email Verification

jo***************@gmail.com

Send Code

Help me access my account

Two-Step Verification

Enter Secure Code

Enter the secure code we sent in a text message to your mobile phone: ******4567

Enter the secure code below

Resend code

Having Trouble? Try a different method.

Submit

or

Two-Step Verification

Enter Secure Code

Enter the secure code we sent to your email: jo****************@gmail.com

Enter the secure code below

Resend code

Having Trouble? Try a different method.

Submit

or

Two-Step Verification

Enter Secure Code

Open the authenticator app installed on your device to generate a secure code.

Enter the secure code below

Having Trouble? Try a different method.

17

Submit

Two-Step Verification

You have the following two-step verification methods enabled. Select one to finish logging in.

Authenticator App (Most Secure)

Use the authenticator app you set up to use with your account to get a secure code.

Enter Code

SMS Verification

******4567

Send Code

Email Verification

jo***************@gmail.com

Send Code

Help me access my account

18

Sign In a Different Way

✓ ——————————————— ②
Enter Backup Code   Answer Challenge Questions

Answer Your Challenge Questions

To finish logging into your account, answer the questions below.

After submitting, you will be taken to your account dashboard.

What was the name of your first pet?

•••	Show Answer

In what city did your parents meet?

••••	Show Answer

Previous   **Continue**

BACK-UP CODES

- *If a user realizes they use or lose their backup code they can now go into Settings->Two-Step Verification and generate a new one. This will only work for users who can log in to their accounts.*

Backup Code

Your backup code lets you access your account in the event that you cannot use any other two-step verification method. Each backup code can only be used once.

Generate a New Backup Code

FAFSA FORM & FORMULA CHANGES

SIMPLIFICATION INCLUDES

Implementation for 2024-2025

Streamline the FAFSA Form

Expanding access to IRS information for majority of filers

Two ways to determine Pell eligibility- SAI formula or Federal Poverty Tables

Replacing the Expected Family Contribution(EFC) with the Student Aid Index(SAI)

STREAMLINING THE FORM

➢ **EVERYONE** *will be required to click a permission box at the beginning of the form to allow their financial information to be transferred into the FAFSA form- including non-tax filers. EVERYONE HAS TO CLICK THE PERMISSION BOX OR THE STUDENT IS NOT ELIGIBLE FOR ANY FEDERAL AID.*

➢ *Process* **REQUIRES** *transferring of data from IRS whenever possible*

➢ *Since this is federal tax information being transferred, you will not see this data in the FAFSA or on the FAFSA Submission Summary(new SAR)*

➢ *Very limited paths for people to manually enter their financial data-separated couples, non-US tax filers, undocumented parents*

➢ *Number of questions has been reduced*

➢ *Will confirm Non-filers which could reduce verification burden*
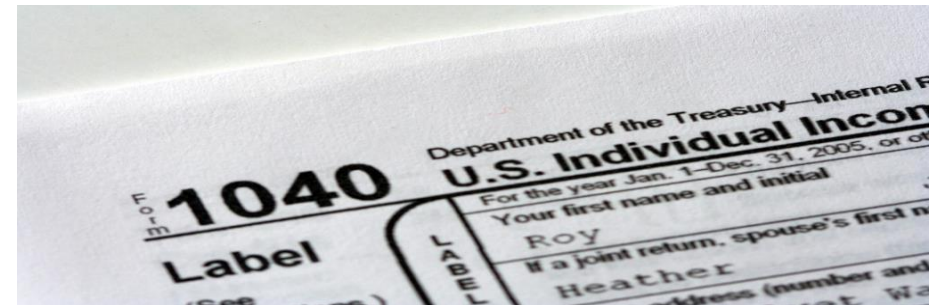
THE STUDENT AID INDEX (SAI)

*New name for the **EFC***

> *Better reflects the output from the FAFSA as an index, not as a reflection of what a family can or will pay*

*SAI could be as low as **-$1500**, allowing neediest students to receive aid in excess of the Cost of Attendance*

> *Non-tax filing families will receive automatic -$1500 SAI*

SAI determines eligibility for all other types of federal student aid except maximum and minimum Pell awards from the Federal Poverty Tables

PELL GRANT –DETERMINING ELIGIBILITY

- *Two ways to qualify for a Pell grant*
- Will use federal Poverty Tables that match the income year to be reported on the FAFSA- next year 2022 income information and 2022 Poverty Table
- *Pell eligibility determination:*
  - *Is the student eligible for Max Pell per the Poverty Table?*
  - *Is the student eligible for Pell by SAI?*
  - *Is the student eligible for Min Pell per the Poverty Table?*
- *Max/Min Pell is determined by family size, family composition, and AGI*
  - *Family composition- one or two parent household- for dependent students*
  - *Different tables for independent students-married or with dependents*
- **Students will receive the most generous Pell Grant for which they are eligible, either by SAI or the new min/max Pell measures**

SAI FORMULA CHANGES

- *Family size(not household size anymore) <u>will be based on number of people claimed as exemptions on tax forms</u> filed for the people being reported on the FAFSA*
- *Will be an option to modify that number if it no longer is an accurate reflection of family size.*
- *Parent info to be provided on the FAFSA will no longer be defined as primary custodial parent. New definition is <u>"parent which provided the greater portion of the student's financial support"</u>. Online form contains a "parent wizard" to help identify whose information belongs on the form.*

SAI FORMULA CHANGES

- *SAI will no longer be divided by number in college*
- *If required to report assets, the family would have to report the net value of any business or family farm –no more exemptions for number of business employees or farms on which the family residence is located. Families will need to do their best at estimating the net value.*
- *Income Protection Allowance table has been modified to adjust for state income tax allowance not being used any more in the formula.*
- *Modeling tools project more students will gain aid eligibility but multiple sibling families may lose some aid eligibility.*

FORMULA CHANGE IMPLICATIONS

- *With number in college removed from the formula-many students may have SAI double or triple with no change in family income*

- *Student may see reduction or loss of Pell Grant or state need-based grant*

- *For dependent students-income reported and family size may be for a household that they do not reside in*

- *Will states make any adjustments? To be seen.*

- *Will colleges make any adjustments for current students so to not lose enrollments?*

- *Families required to report assets may see large increases in SAI even though there may have been no or only a modest income change*

- *Enrolled college students may need to report different information than on their current FAFSA*

ITEMS NO LONGER REQUIRED

- *Cash support and other money paid on behalf of the student(529s in other people's names)*
- *Veteran's education benefits*
- *Workman's compensation*
- *Selective Service question*
- *Drug Conviction question*
- *Payments to tax-deferred pensions not on the federal tax return*
- *Other untaxed income sources*
- *Child support PAID out of the household*
- *Living plans for each college listed*

- *NOTE: Child support received will be moved to asset section of the form-families that do not need to report assets means this won't be reported. Child support will be requested for the most recent completed calendar year.*

MISCELLANEOUS QUESTION CHANGES

- *Demographic survey questions will be part of the FAFSA form-not a survey at the end and will likely have expanded ethnicity and race options(over 30 choices). There is a choice given if student prefers not to answer these questions.*

- *Students will be able to list up to 20 colleges on the online form*

- *Parents/spouses will be aske to provide a full set of demographic information-full mailing address, email and phone number*

- *There will be no SAVE key any longer as everyone needs an FSA ID to log into the form*

ch-ch-ch-changes

STUDENT SUPPORT CONSIDERATIONS

- *Organizing events when FAFSA opens for setting up FSA IDs for those without social security numbers*

- *Offering FAFSA completion workshops starting in January(perhaps December once we know the date)*

- *Best strategies for completing the form when only the student or parent(s) are present*

- *Learning and sharing what adjustments to deadlines were made by colleges in your state*

- *Learning and sharing what adjustments were made, if any, by state aid agencies*

- *Prioritizing student activities that can happen prior to FAFSA opening-college list compiled, completing admission applications, scholarship applications, FSA ID set up, campus visits*

- *Strategies for a compressed timeline for FAFSA completion, verification, and award letter review*

PROCESS CHANGES

PROCESS CHANGES

- *Opening date for the FAFSA has been announced as December 2023-no specific date*

- *When a student, parent or spouse logs into the FAFSA, if they do not check the "permission to transfer IRS data" box, they will be presented with a set of questions to manually enter but no SAI will be calculated. Colleges will receive an "unprocessed FAFSA" and need to contact the person to go back in and give permission or there will be no eligibility for federal aid.*

- **Everyone** *has to check the permission box-non-filers, people who file foreign tax returns, undocumented parents who do not file a tax form*

- *When a person is completing the FAFSA, the form will ask who else will contribute information to the form and request their information and email address. They will be sent a communication indicating that there is a FAFSA that needs their information.*

- *Pertinent parties will be labeled "contributors" for the form. Parents will now be known as Parent and Other Parent, not Parent 1 and Parent 2*

MORE PROCESS CHANGES

- *If a student is the first person into the form, they will be required to answer asset questions because the parent section is not completed and the system does not know if they are exempt from reporting assets. Once the parent or spouse completes their section, if they are not required to report assets, the student answers will not be used in the calculation.*

- *If no tax information is found at the IRS, FSA will continue to send the file for a match until a date in which the IRS indicates that tax filing is complete for that calendar year. This is more likely to affect those who file the form close to the opening date versus those who file after the date the IRS makes the indication.*

- *If the marital status for parents is not married but living together or the tax filing status is married filing separately, each person will be required to have an FSA ID to log in and have their financial information transferred over. This could also happen for a married students that file separately. Yes- each person will go through the FSA ID MFA process when they log in.*

- *The form will ask if the parent or student spouse is the one they were married to for the tax year being reported.*

STILL MORE PROCESSING CHANGES

- *FSA will need to write "business rules" for family size based on the number of exemptions that come over from the IRS. Example-Student lives with divorced parent who is not remarried. The divorce decree indicates that the non-custodial parent can claim the student and/or siblings. The custodial parent only claims one exemption. FSA will convert family size to 2(parent and student filing the form). This is a prime example of using the question to modify family size to reflect the total number of people in the student's household.*

- *NCAN continues to await additional information and guidance to determine if we will recommend that every student answer the alternative family size question.*

- *Any information transferred from the IRS(should be referred to as Federal Tax Information or FTI) will never be seen by the student, spouse or parent(s) in the FAFSA process-not on the screen as the transfer happens, not on final review before submitting page, or on the Student Aid Report. The questions and the "Transferred from the IRS" answers will completely disappear from the process.*

- *Do not reference the IRS Data Retrieval Tool with the new form. The new process is a direct transfer from the IRS-not a process where you have to enter the FSA ID in the middle of the form and have the address match what was on the tax return.*

STILL EVEN MORE PROCESSING CHANGES

- *Renewal FAFSAs will bring over much more limited information due to question changes, definition of which parent belongs on the form, etc.*

- *When a student enters either parent demographic information or spouse information-when that person attempts to log-in with their FSA ID, it must match what the student typed in. If not, they will not get access to the form to complete their part. It will required the student to go back into their part and place the correct information that matches the parent FSA ID.*

- *How will completing the CSS Profile differ from the FAFSA? Not all answers are available. College Board has indicated that they will continue to use the number in college in the Institutional Methodology formula which creates potential for a wide variance in the federal SAI and IM calculation. The Profile will open on October 1.*

Let the new ride begin:

IMPLICATIONS & CHALLENGES WITH A NEW FORM AND PROCESS

IMPLICATIONS

- *It is very likely that most or all of your resource materials related to the FSA ID or FAFSA will need to be revised. Accurate revisions may require waiting for FSA to release information and/or FSA producing updated resources for us to use.*

- *It is very likely that most or all of your website information related to the FSA ID or FAFSA will need to be updated when accurate information is available. Will you need or want to retain information about the 2023-2024 FAFSA as your clientele may continue to need that information if they are enrolling this fall?*

- *What messaging or supports will you provide to your current college students who are actually the ones who will experience the "changes" to the process and form?*

MORE IMPLICATIONS

- *Your high school seniors and families that have never filed a FAFSA before will only know the "new" process as "the process". That is good news in that the changes will cycle out over the next few years.*

- *For families that experience an increase in their SAI as a result of reporting assets or the number in college not being used in the formula, what counseling strategies will you incorporate? How will you secure information about what your state aid agency is doing or if your local area colleges will make any modifications/professional judgements for these students?*

- *What changes, if any, will College Board make to the Profile or a simplified Profile that we understand they are developing? Will there be colleges that add completing the Profile due to a reduced amount of information coming on the FAFSA? Unintended consequence.*

POTENTIAL CHALLENGES

- *Timing of information and resources released by FSA – how quickly can organizations, advisors, counselors, etc. respond and prepare for and deliver FAFSA assistance?*

- *Since there is a delayed release of the form-what are the rippling effects for state agencies, colleges, organizations, school districts(especially those with the FAFSA as a graduation requirement), students and families?*

- *Adequate training and resources-how and what will training everyone at your organization look like? How will retraining every school counselor in the country get accomplished? What collaborations can be done in your state to scale training efforts?*

- *What if there are flaws in the system? We have experienced system flaws in the last few years with FAFSA processing, FSA ID verifications, etc. What and how will FSA be able to address with system challenges?*

- *FSA has indicated that the verification process for 2024-2025 will revert to a random selection process. What percentage of students will be selected and what percentage of students you serve will be selected?*

CLOSING THOUGHTS

➢ *NCAN has advocated for a simplified FAFSA for over a decade and we are thrilled to see it come to fruition.*

➢ *We will continue to advocate and collaborate with key partners for a smooth implementation of a new system, process and form.*

➢ *We are committed to our members to provide training, resources and tools so that you may assist the students and families you serve.*

➢ *We will be "Better Together" to deliver a "Better FAFSA Better Future"*

QUESTIONS & DISCUSSION

Questions?