



National Association of Student  
Financial Aid Administrators

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# NASFAA Update

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Justin Draeger  
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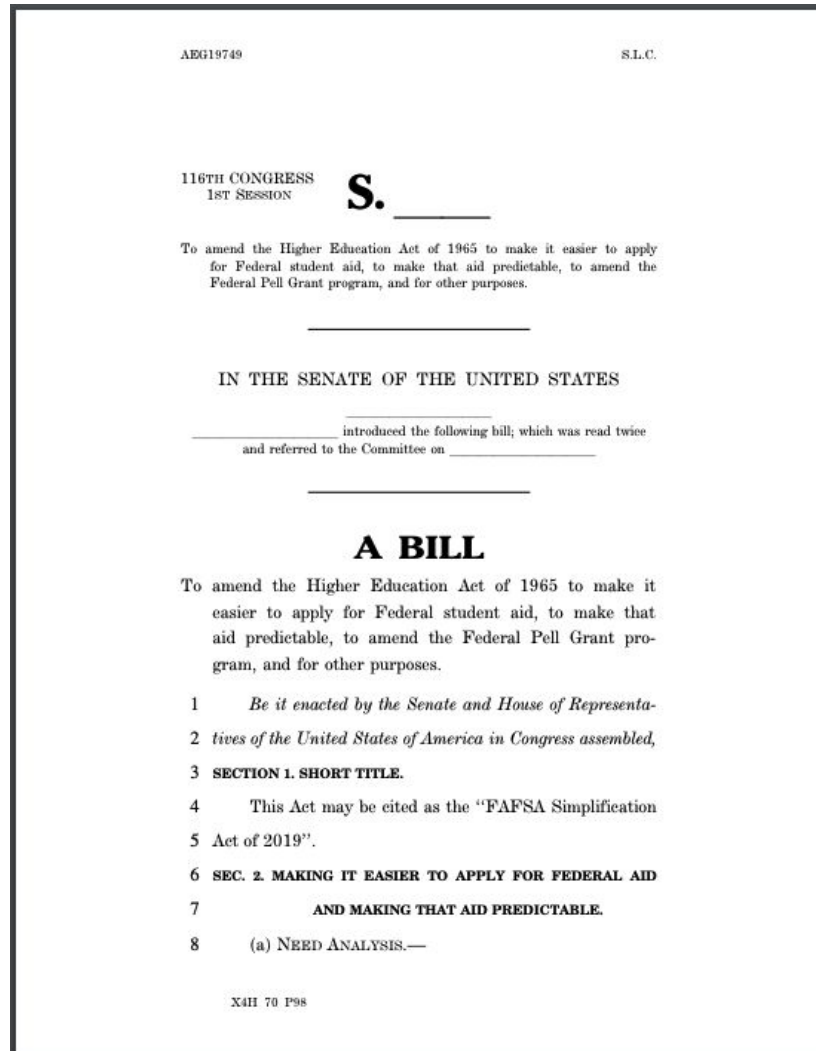
# Introductions

- **Justin Draeger**
  - President & CEO
- **Karen McCarthy**
  - Director of Policy Analysis

# Year End Legislation

- The “Coronavirus”
  - Fiscal Year 2021 appropriations
    - \$73.5 billion in discretionary funding appropriated for ED
    - \$150 increase to the maximum Pell Grant award
      - New maximum for 2021-22 award year will be \$6,495
    - \$25 million increase for campus-based aid programs
  - Additional COVID-relief funds
    - \$23 billion for institutions of Higher Education
  - FAFSA simplification and other student aid provisions
    - “Mini HEA”

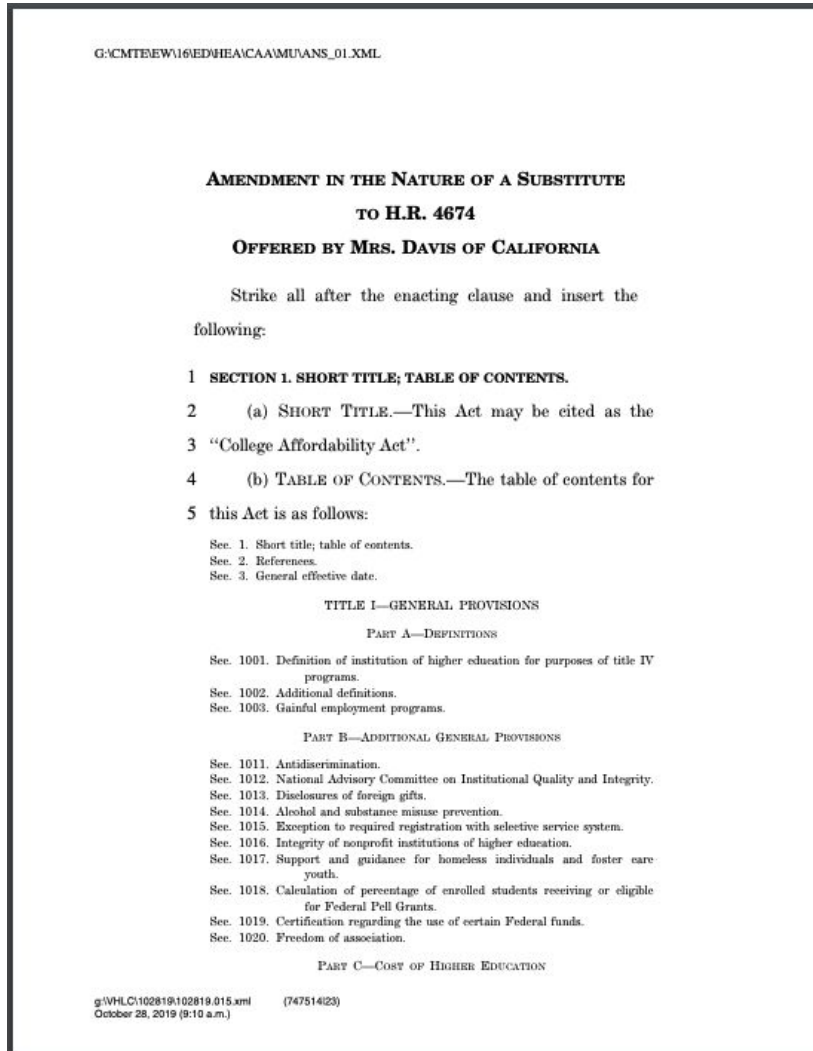
# How We Got Here: FAFSA Simplification



## FAFSA Simplification Act of 2019

- Bipartisan bill
- NASFAA supported
- Redefined students’ eligibility for need-based federal student aid programs
- Made significant changes to the need analysis formula
- Would allow students to preview their eligibility for the Pell Grant award using their adjusted gross income and household size
- Rids the FAFSA of a significant number of questions

# How We Got Here: FAFSA Simplification



## College Affordability Act

- House Democrats Bill
- Opened federal aid to new populations of students
- Tweaked pivotal grant and loan forgiveness programs
- Established a new institutional accountability metric, among other changes
- Created a “one-time FAFSA,” allowing Pell-eligible students to complete the FAFSA a single time
- Simplified repayment plans

# Future Changes

- The omnibus, passed on December 21st, incorporated elements of Sen. Alexander's previous FAFSA simplification legislation
- The large majority of changes in this bill will not go into effect until the 2023–24 award year



# Maximum Pell Grant Eligibility

- **Nonfilers**

- Independent student (and spouse, if applicable) tax nonfilers
- Dependent children of nonfiling parent(s)

- **Children of certain deceased veterans and public safety officers**

- Students under age 33 whose parent died serving in the armed forces after Sept. 11, 2001
- Students under age 33 whose parent died in the line of duty as a public safety officer

- **Low income students:**

- Independent students who are single parents and whose student AGI is below 225% of the poverty level
- Dependent children of a single parent whose parent AGI is below 225% of the poverty level
- Independent students who are not single parents whose student AGI is below 175% of the poverty level
- Dependent students with parents who are not single parents whose parent AGI is below 175% of the poverty level

# Need Analysis & Pell Grant Eligibility

- Expected Family Contribution (EFC) is now Student Aid Index (SAI)
- SAI can be as low as -\$1,500
- SAI determines eligibility for all Title IV aid except maximum and minimum Pell grant awards.
  - Student is considered for max Pell first
    - Based on # of parents in hh and AGI vs. poverty
  - If no qualification for maximum Pell:
    - [Maximum Pell amount - SAI = Pell amount]
      - still rounded to nearest \$5
      - still subject to statutory minimum
  - If no max Pell and no Pell award from the SAI calculation, student is considered for minimum Pell
    - Based on # of parents in hh and AGI vs. poverty



# Other Formula Changes

- Fewer untaxed income items factored into FM formula
  - Child support received now reported with assets
- Change to who is reported as parent in cases of divorce/separation
- State/other tax allowance removed
- Small business/family farm exclusion eliminated
- No SAI split for number in college
- No asset questions for:
  - MTB recipients
  - AGI < \$60K and no tax schedules
  - AGI < \$60K and only Schedule C, provided Schedule C gain/loss < \$10K

# Drug Convictions and Selective Service Registration

- Eliminates the suspension of Title IV aid eligibility for applicants with drug-related convictions
- Removes the requirement that male students must register with the Selective Service before the age of 26 in order to be eligible for federal aid
- Questions on drug convictions and Selective Service eligibility would be removed from the FAFSA.
- Requires ED to implement the repeal by July 1, 2023 at the latest but allows for early implementation by ED.

# Subsidized Usage Limit Applies (SULA)

- Repeals the maximum lifetime subsidized loan limit (SULA) of 150% of published program length
- Requires ED to implement the repeal by July 1, 2023 at the latest but allows for early implementation by ED

# Pell for Incarcerated Students

- Restores Pell Grant eligibility for incarcerated individuals who are currently prohibited from accessing Pell Grants
- Institutions must be approved to participate
  - Optional
  - Proprietary institutions not eligible
- Requires ED to implement by July 1, 2023 at the latest but allows for early implementation by ED

# Professional Judgment (PJ)

- Prohibits institutions from maintaining a policy of denying all PJ requests
- Allows FAAs 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
  - FAA would have to determine that the parent(s) of the student ended support **or** would not fill out the form
- Allows FAAs during a qualifying emergency to 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

# Provisional Independent Status

- Allows otherwise dependent students to complete the FAFSA as a “provisional” independent student if they believe they may qualify for independent student status due to unusual situations and would likely meet the criteria for a dependency override
- Allows an EFC to be calculated and the student would receive an estimate of Pell Grant eligibility on SAR
- School would be required to notify these students of the institution's process, requirements, and timeline for professional judgment

# Dependency Overrides

- Schools must presume any student who received a dependency override for any preceding award year to be independent for each subsequent year at the same institution unless:
  - They are informed by the student of changes to their circumstances; or
  - The school has conflicting information.

# Cost of Attendance (COA)

- Gives ED the authority to regulate all COA components except tuition and fees
  - Currently forbidden by the Higher Education Act
- Requires the food allowance for on-campus or off-campus to provide the equivalent of at least three meals per day
- Requires the inclusion of the one-time cost of obtaining the student's first professional licensure, if applicable
  - Currently optional
- Requires actual federal loan fees in COA and removes the option to include private loan fees
- Institutions will be required to make publicly available a list of all the elements of the COA
  - Must also disclose those figures on any portion of the website describing tuition and fees





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NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS