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- 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**”

- The omnibus, passed on December 21st, incorporated elements of Sen. Alexander's previous FAFSA simplification legislation
 - Reduces the number of questions from **108 to about 36**
 - Reduced likelihood of verification - fewer questions and **more data transferred from the IRS**
- The large majority of changes in this bill will not go into effect until the **2023–24 FAFSA (available 10/1/22)**



- Goodbye EFC!
 - The Expected Family Contribution (EFC) becomes the Student Aid Index (SAI)
 - The term “EFC” can be misleading, since many families incorrectly believe that the EFC is all they pay
- Simplified Needs Test (SNT) becomes Applicants Exempt from Asset Reporting

- 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.

- **Two Pathways** to Federal Pell Grant Eligibility
 - Formula **similar to current formula** that uses the SAI.
 - Second formula overlays the standard formula and is **based on the poverty line table** and is used to determine maximum and minimum Pell eligibility.

- Here's how it works:
 1. Student is considered for **maximum Pell first**
 2. If student doesn't qualify for maximum Pell, eligibility will be **determined based on SAI**:
 - [Maximum Pell amount - SAI = Pell amount]
 3. If student doesn't qualify for the maximum Pell and no Pell awarded from the SAI calculation, student is considered for **minimum Pell**.
 - Based on # of parents in household and AGI vs. poverty
 - Minimum Pell Grant = 10% of Maximum Pell Grant

- Who qualifies for the maximum Pell Grant?
 - **Federal Tax Nonfilers** - dependent children of nonfiling parent(s) and independent student (and spouse, if applicable) nonfilers
 - Student Aid Index will be set to **-1,500**
 - **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

- Students qualifying based on income:
 - **Dependent** students with parents who are **not single parents** whose parent AGI is below **175%** 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
 - **Independent** students who are **single parents** and whose student AGI is below **225%** of the poverty level

New Formula	Maximum Pell Grant
Dependent Student	≤ 175% of poverty line
Dependent Student (Single Parent)	≤ 225% of poverty line
Independent Student (No Dependents)	≤ 175% of poverty line
Independent Student (With Dependents)	≤ 175% of poverty line
Independent Student (Single Parent)	≤ 225% of poverty line



Pell Eligibility Based on the SAI

- If not eligible for maximum Pell, eligibility will be determined based on the Student Aid Index (SAI).
 - [Maximum Pell amount - SAI = Pell amount]
 - For example, assume:
 - Maximum Pell = \$6,495
 - SAI = 4,250
 - $\$6,495 - 4,250 = \$2,245$ in Pell eligibility



Pell Eligibility Based on Minimum Pell

- If not eligible for the maximum Pell and no Pell awarded from the SAI calculation, student is considered for minimum Pell.
 - Based on # of parents in household and AGI vs. poverty

New Formula	Maximum Pell Grant	Minimum Pell Grant
Dependent Student	≤ 175% of poverty line	≤ 275% of poverty line
Dependent Student (Single Parent)	≤ 225% of poverty line	≤ 325% of poverty line
Independent Student (No Dependents)	≤ 175% of poverty line	≤ 275% of poverty line
Independent Student (With Dependents)	≤ 175% of poverty line	≤ 350% of poverty line
Independent Student (Single Parent)	≤ 225% of poverty line	≤ 400% of poverty line

Minimum Pell Grant = 10% of Maximum Pell Grant

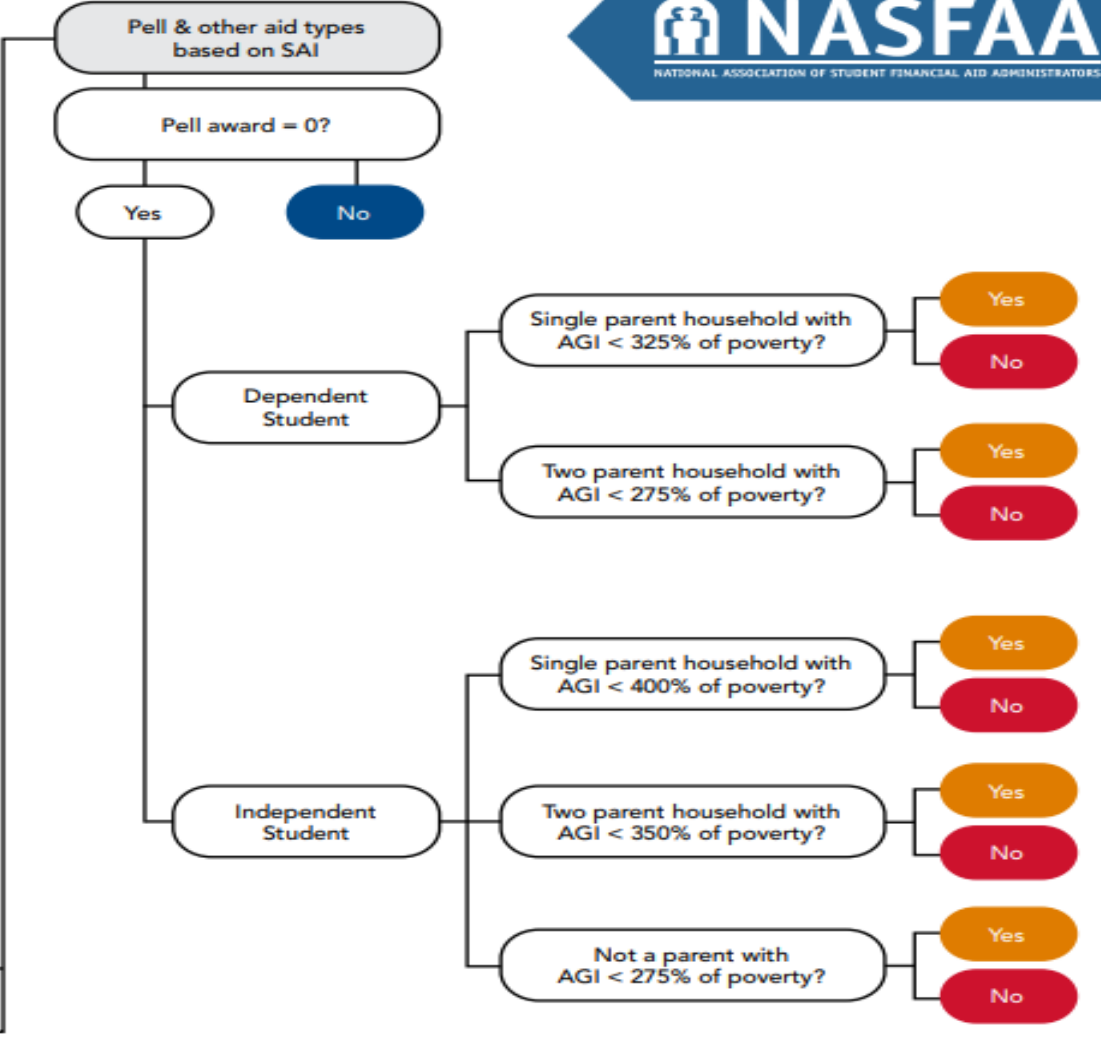
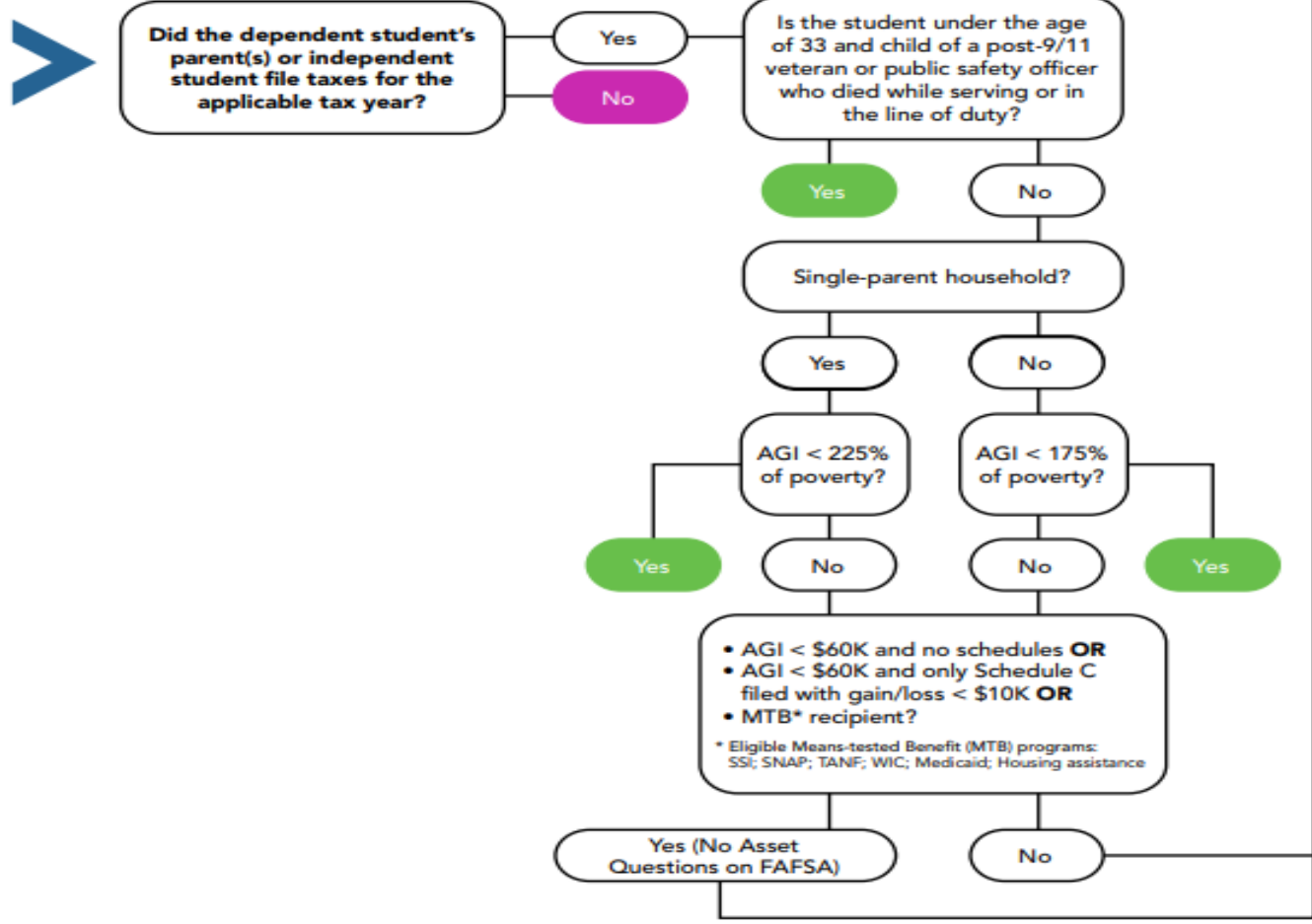
Example Pell Tables (2020 Poverty Lines)

Maximum Federal Pell Grant	Family Size				
	1	2	3	4	5
Dependent Student	NA	NA	≤ \$38,010	≤ \$45,850	≤ \$53,690
Dependent Student (Single Parent)	NA	≤ \$38,790	≤ \$48,870	≤ \$58,950	≤ \$69,030
Independent Student (No Dependents)	≤ \$22,330	≤ \$30,170	≤ \$38,010	≤ \$45,850	≤ \$53,690
Independent Student (With Dependents)	NA	NA	≤ \$38,010	≤ \$45,850	≤ \$53,690
Independent Student (Single Parent)	NA	≤ \$38,790	≤ \$48,870	≤ \$58,950	≤ \$69,030

Minimum Federal Pell Grant	Family Size				
	1	2	3	4	5
Dependent Student	NA	NA	≤ \$59,730	≤ \$72,050	≤ \$84,370
Dependent Student (Single Parent)	NA	≤ \$56,030	≤ \$70,590	≤ \$85,150	≤ \$99,710
Independent Student (No Dependents)	≤ \$35,090	≤ \$47,410	≤ \$59,730	≤ \$72,050	≤ \$84,370
Independent Student (With Dependents)	NA	NA	≤ \$76,020	≤ \$91,700	≤ \$107,380
Independent Student (Single Parent)	NA	≤ \$68,960	≤ \$86,880	≤ \$104,800	≤ \$122,720

FEDERAL METHODOLOGY STUDENT AID ELIGIBILITY DETERMINATION EFFECTIVE 2023-24 FAFSA

This tool is intended to help FAAs visualize how eligibility for Pell grants and other aid will be determined under the provisions of the 2021 Consolidated Appropriations Act. This is not a representation of the applicant experience or actual FAFSA questions.



Maximum Pell:
Auto -1,500 SAI - Other aid types based on SAI.
No Asset Questions on FAFSA.

Maximum Pell:
Auto 0 SAI - Other aid types based on SAI. No asset questions on FAFSA.

Pell Amount Stays at Calculated Amount:
Other aid types based on SAI.

Minimum Pell:
Other aid types based on SAI.

No Pell:
Other aid types based on SAI.



Which Parent(s) Must Complete the FAFSA?

- Currently, if a dependent student's parents are divorced or separated, the parent the student lived the most during the 12 months before filing the FAFSA is responsible for completing the FAFSA.
- Starting with the **2023-2024 FAFSA**, the **parent who provides the greater portion of the student's financial support** will be responsible for completing the FAFSA.
 - In the case where both parents provide equal financial support, the parent with greater income is responsible for completing the FAFSA.
- If this parent has remarried as of the date the FAFSA is filed, the stepparent's information is required as well.

- The **parent SAI will no longer be divided by number of children in college** at the same time
 - Small impact on low-income families with multiple children in college
 - Bigger impact on middle- and high-income families with two or more children in college at the same time
- The **income protection allowance (IPA) is being increased**, which should result in lower SAIs and will help offset this change a bit.
 - Increases by 20% for parents
 - Increases by up to about 35% for most students
 - Increases by up to about 60% for students who are single parents

- Dependents include qualifying children and qualifying relatives
 - Qualifying children
 - Must live with the parent for more than half the year
 - Must not provide more than half of their own financial support
 - Financial aid no longer counts as part of the student's self-support
 - Must be under age 19 (24 if a full-time student)
 - If the child is married, they must not file a joint return with their spouse
 - Qualifying relative
 - Dependents may include other people if they receive more than half their support from the parent



Applicants Exempt from Asset Reporting (was SNT)

- The Simplified Needs Test is now known as “Applicants Exempt from Asset Reporting”
 - No asset questions for:
 - Means Tested Benefits recipients
 - Free and Reduced Lunch removed
 - Federal Housing Assistance added
 - No additional income threshold
 - AGI < \$60K and no lettered tax schedules
 - AGI < \$60K and only Schedule C, provided Schedule C gain/loss < \$10K

- Several types of untaxed income will no longer be reported on the FAFSA
 - Veterans' education benefits
 - Worker's Compensation
 - **Cash support and other money paid on the student's behalf**
 - This change means that:
 - Gifts to the student will no longer be reported as untaxed income
 - Qualified distributions from 529 plans that are owned by a grandparent, aunt, uncle, etc. will no longer affect aid eligibility
- **Child support received** (annual) will be reported as an **asset** instead of income



Changes in Reportable Assets

- Certain **exclusions from assets** have been **dropped**
 - The small business exclusion
 - Exclusion for a family farm



Drug Convictions and Selective Service Registration

- Eliminates the suspension of federal 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.



Pell Grants and Incarcerated Student

- Pell Grant eligibility for incarcerated individuals has been restored.
 - 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

- Provisional Independent Status
 - Allows otherwise dependent students to complete the FAFSA as a “provisional” independent student if they believe they have **unusual situations** and believe they meet the criteria for a dependency override.
 - **SAI to be calculated** and student would receive estimated Pell Grant on SAR
 - School would be required to notify these students of the institution's process, requirements, and timelines review.



Dependency Override Changes

- **Dependency overrides will be assumed to continue** for the duration of the student's entire college enrollment unless school:
 - is informed by the student of changes to their circumstances; or
 - has conflicting information.

- Schools may **no longer have a policy of denying all financial aid appeals.**
- New examples of special circumstances:
 - Unusual business, investment and real estate losses
 - Severe disability of the student, parent or spouse
- **Income** earned from work may be **set to zero due to unemployment** during a qualifying emergency.
- Eligibility for unsubsidized Federal Direct Stafford Loans no longer requires parents to cut off financial support.



Changes to Cost of Attendance

- Changes to room and board
 - Schools **cannot zero out room and board** for students who live with their parents.
 - The allowance for board (food) must provide the equivalent of at least **three meals per day**.
- Transportation expenses include travel between home, school and work.
- Changes to loan fees:
 - **Actual loan fees** for federal loans must be included in the cost of attendance.
 - Loan fees for **private student loans may no longer be included**.
- Cost of professional licensing, certification or first professional credentials incurred during the academic year must be included in cost of attendance (currently optional).

- **Emergency** financial aid **funds will not reduce** the student's other financial aid.
- New question about the student's race or ethnicity.
- The allowance for state and other taxes has been dropped.
- **Paid FAFSA preparation will no longer be permitted.**
- FAFSA will identify eligibility for other means-tested benefits.



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