

# FAFSA Simplification 2023



In an effort to streamline the Free Application for Federal Student Aid (FAFSA), the FAFSA Simplification Act was passed in 2022. The goals of the act are to expand eligibility for federal financial aid, reduce barriers for certain student populations and offer better user experience for the FAFSA form.

## How does it impact your application timeline?

Rather than completing your FAFSA starting Oct. 1, there is a one-time delay in the FAFSA. For the 2024-25 academic year, you will complete the FAFSA when it becomes available, which is anticipated to be in December 2023. You'll return to the Oct. 1 timeline for the 2025-26 academic year.

There are some changes to the terms, processes and formulas.\*

## Terminology Changes

Old	New
EFC (Expected Family Contribution)	SAI (Student Aid Index)
Household Size	Family Size
Parent(s)	Contributor(s)
Student Aid Report	FAFSA Submission Summary
Dependency Status	Student Personal Circumstances
IRS Data Retrieval Tool	Direct Data Exchange

## Process Changes

Old	New
Contributor could access the FAFSA without creating FSA ID first.	Contributor must create FSA ID to access the FAFSA.
Parent without Social Security number could not create FSA ID. Signature page required.	Parent(s) without Social Security number must create an FSA ID.
Using IRS Data Retrieval Tool was optional.	Everyone has to click a permission box allowing their financial information to be transferred from the IRS, including non-tax filers.
Parent info provided was determined by "whom the student lived with more out of the year."	New definition of parent is "parent who provides the greater portion of the student's financial support."
Student could enter up to 10 colleges.	Student can enter up to 20 colleges.

## Formula Changes

Old	New
Household size reported by student applicant.	Family size based on number of people claimed as exemptions on tax forms.
Businesses and farms with fewer than 100 employees not counted as an asset.	Net value of businesses and farms of any size counted as an asset.
Number of dependents in college included in EFC calculation.	Number of dependents in college NO LONGER included in SAI calculation. Question still appears for institutional purposes.
Families with adjusted gross income (AGI) greater than \$50,000 required to report asset information.	Families with AGI greater than \$60,000 are required to report asset information.
Lowest EFC is 0.	Lowest SAI is -1500.

## Other Items to Note

### Contributors

A contributor is anyone who is required to provide information on the FAFSA; that means the student, parent(s) and spouse might all be referred to as "contributors" in the FAFSA form.

### FSA ID

EVERY contributor will need an FSA ID to access the FAFSA. Parents without Social Security numbers will now be able to create FSA IDs.

**Tip:** Ensure every contributor creates an FSA ID before the FAFSA becomes available.

### Multi-Factor Authentication

All contributors will need to set up at least one form of multi-factor authentication. It could be a phone (device), email address or via an authentication app.

**Tip:** Set up ALL forms of multi-factor authentication.

### Family Size

For tax filers, family size will be automatically calculated based on the number of individuals claimed on the tax return. If the family size is different from the tax return, there will be an option to enter it manually.

**Tip:** Have a copy of the tax return or tax transcript on hand to check who was claimed.

### Number in College

The number of dependents in college will no longer impact the federal formula for aid distribution. However, questions about the number of dependents in the household attending college may still appear for institutional purposes.

### EFC vs SAI

Household size reported by student application	<b>vs.</b>	Family size automatically calculated based on tax forms
Number in college impacts EFC	<b>vs.</b>	Number in college no longer considered in SAI
Businesses and farms with fewer than 100 employees not counted as an asset	<b>vs.</b>	Net value of businesses and farms of any size counted as an asset
Lowest EFC is 0	<b>vs.</b>	Lowest SAI is -1500

*\* This information was originally compiled by the College and Career Access team at the Office of the Idaho State Board of Education, with help from Federal Student Aid, UAspire, NCAN, UNC, and others and slightly revised by BND. Financial aid information is constantly changing. The content presented in this document reflects the best understanding at the time of publication.*

### Federal Tax Information

Direct Data Exchange (DDX) will replace the IRS Data Retrieval Tool (DRT) as the process for transferring tax information from the IRS. This will reduce the number of financial questions that most families will see on the FAFSA.

All contributors must consent to having their tax information transferred, even if they did not file taxes for the required year. There will be few exceptions for manual entry. If consent is not granted, the student will be ineligible for federal financial aid.

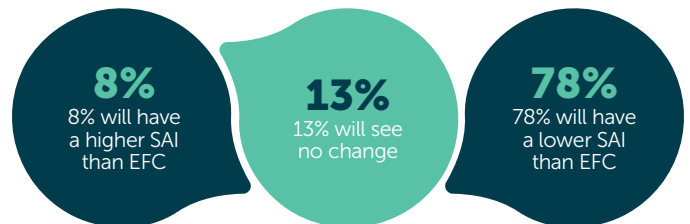
### Reporting Assets

Families with an adjusted gross income (AGI) greater than \$60,000 will be required to report asset information. The net worth of businesses and farms of any size will now be included.

### Potential Impact on Students

The new formula allows a minimum SAI of negative 1,500 to give financial aid administrators more insight when making determinations for students with especially challenging situations.

Some applicants will be able to determine Pell Grant eligibility prior to enrolling in college based on their family size, household income and state's poverty standards.



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