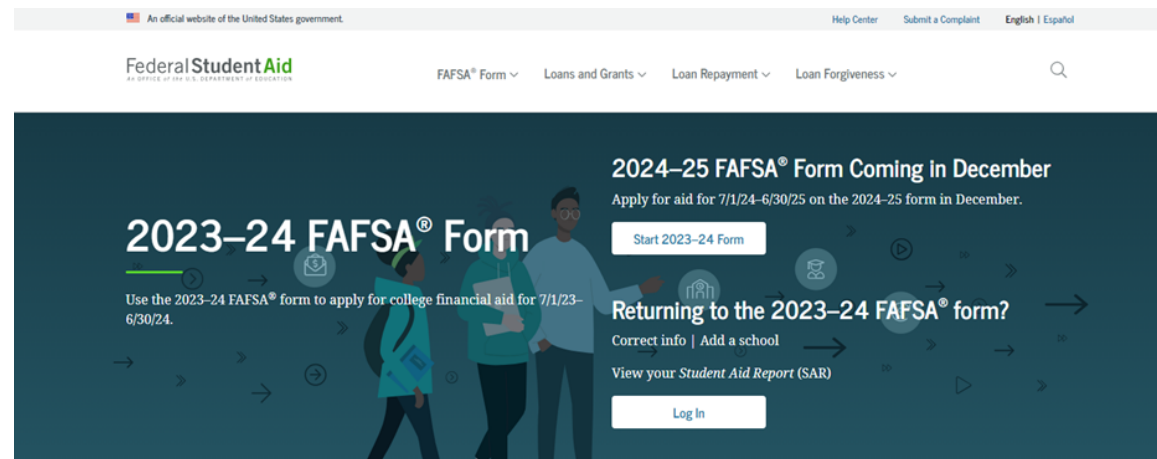


Thank you for taking the time to read our fall 2023 parent newsletter. As some families may have heard, the FAFSA and federal financial aid process are going through significant changes which will be implemented for the 2024-2025 academic year and beyond. While this newsletter is not comprehensive in covering all changes and aspects of this "FAFSA Simplification" process, we hope that it will provide families with a helpful guide to navigate these changes. In particular, we've highlighted differences between the FAFSA that you completed in prior years, and the FAFSA you will be completing for 2024-2025 and beyond.

The Department of Education expects to make the 2024-2025 FAFSA available for completion in December 2023. Our deadline for students to submit their financial aid application for 2024-2025, including the FAFSA, is March 15. Email reminders will be sent to students as that deadline approaches, letting them know what documents are required. If you have any concerns about submitting your application on time, please [contact your financial aid counselor](#). We are here to help navigate the new FAFSA and federal aid process and look forward to working through that process with you and your student.

FAFSA



The screenshot shows the Federal Student Aid website homepage. At the top, it says "An official website of the United States government." and includes links for "Help Center", "Submit a Complaint", and "English | Español". Below this is the "Federal Student Aid" logo and navigation links for "FAFSA® Form", "Loans and Grants", "Loan Repayment", and "Loan Forgiveness". The main banner features the text "2023-24 FAFSA® Form" and "2024-25 FAFSA® Form Coming in December". It includes a "Start 2023-24 Form" button and a "Returning to the 2023-24 FAFSA® form?" section with links for "Correct info | Add a school" and "View your Student Aid Report (SAR)". A "Log In" button is also present.

As you read this newsletter, and eventually complete your student's FAFSA, you will see many

new terms and references that have not been used in the federal aid process in prior years. Additionally, familiar terms you may remember from this process in the past are no longer in use. This terminology guide is intended to help you understand both the new and familiar language you will see in this newsletter, and in reference to the FAFSA and federal financial aid moving forward.

Term	Definition
Base Year	The tax year from which the FAFSA will request income information. For the 2024-2025 FAFSA, the base year is 2022.
Consent*	Formal authorization provided by a student, parent, or parent's spouse (stepparent) to use their personal identifying information (PII) on the FAFSA.
Contributor*	Anyone who must provide consent and authorize transfer of PII, including tax information, into the FAFSA; contributors are also required to provide their signature on the FAFSA.
FAFSA Submission Summary*	Summary of FAFSA data delivered to applicant after FAFSA completion, including estimated federal aid offer and disclosure of Student Aid Index; replaces Student Aid Report (SAR).
Federal Student Aid (FSA) ID	Log-in credential to access FAFSA and other federal aid processes; all contributors must have an FSA ID to sign and submit FAFSA.
Federal Tax Information (FTI)	All information related to a contributor's federal tax return, including income, demographic, and contact information; contributors must provide consent for the FAFSA to use this data.
IRS Direct Data Exchange*	The process by which, after consent is provided, a contributor's FTI is transferred to the FAFSA; replaces the IRS Data Retrieval Tool.
Personal Identifying Information (PII)	Name, date of birth, and Social Security Number; used to match contributor(s) with their IRS record, and confirm applicant meets federal eligibility requirements.
Student Aid Index (SAI)*	Calculated figured based on family income, family size, and other demographic information; replaces the Expected Family Contribution (EFC) in determining student federal aid eligibility.

*These terms are newly introduced for use in the 2024-2025 FAFSA and related materials, and in some cases replace previously used terms.

Application Process

The student/family experience of completing the 2024-2025 FAFSA has changed. Families will notice many familiar questions and components, but also see new steps, requirements, and terminology throughout the FAFSA completion process. In this section, we will highlight and explain these changes, as well as review what steps have remained consistent.

The changes to the student experience in the FAFSA are primarily in two areas: the introduction of "contributors" and their role in the process, and the new requirement for these contributors to provide consent for use of their information. Contributors comprise the individuals whose information is required for completion of the FAFSA. This includes: the student; the custodial biological or adoptive parent(s); and a custodial biological or adoptive parent's spouse (stepparent). All FAFSA contributors must have a Federal Student Aid (FSA) ID and must provide consent for use of their personal and tax information on the FAFSA in order for the application to be processed. Contributors' signatures are also required for the FAFSA to be submitted.

Some parts of the FAFSA completion process will be familiar to families who are returning to the application after completing it in the past. In brief, the items below have not meaningfully changed in terms of what questions are asked and how to answer them.

- Signing into the FAFSA with an FSA ID
- Student/parent personal information, e.g., Social Security Number, home address
- Student/parent demographic information, e.g., education level, citizenship status
- Search/selection process for college(s) which FAFSA will be submitted to
- Students/parents self-report assets such as cash, savings, investments, and business net worth*

**While still self-reported as in prior years, the rules for reporting business net worth as an asset on the FAFSA have changed. See below for more information.*

There are several places through the FAFSA completion process where families will see new requirements, sections, and steps. These changes are reviewed below with explanations on

when in the process they will be found, and how to navigate them.

The review below assumes that the student and a parent are completing the FAFSA together. Please see the section below for additional information on completion of the FAFSA by a parent without the student present.

- **Role:** A contributor (student, parent, or stepparent) will be asked to select their role in completing the FAFSA.
- **Onboarding:** When a contributor logs in to the student's FAFSA for the first time, they will first be directed to an onboarding tutorial based on their selected role, featuring a review of FAFSA changes and accompanying video.
- **Student Consent:** The student will be required to provide their consent for use of their personal and tax information in processing of the FAFSA. Consent must be provided, regardless of whether the student filed taxes in the FAFSA's base year.
- **Unusual Circumstances:** Students will be asked if they have unusual circumstances preventing them from contacting their parents.
- **Student Financials:** Having provided consent, the student's tax information will be transferred to the FAFSA via the IRS Direct Data Exchange (DDE), a new feature which replaces the IRS Data Retrieval Tool (DRT). Students who are non-tax filers must self-report any income received from work, and self-report their assets such as cash and savings. Students will then review their input data, and sign the FAFSA with their FSA ID.
- **Parent Contributor Invitation:** After the student enters a parent or parents' personal information, including an email address, the parent will receive an email invitation to complete their portion of the FAFSA process. The parent will log in with their FSA ID, and review information on being a contributor to the FAFSA.
 - **Parent Onboarding:** Parents logging in after receiving the contributor invitation will be brought to the FAFSA onboarding review and video.
- **Parent Consent:** The parent will be required to provide their consent for use of their personal and tax information in process of the FAFSA. Parents who are married or in a domestic partnership and file taxes separately will each be required to log in as contributors and provide consent. Consent must be provided, regardless of whether the parent(s) filed taxes in the FAFSA's base year.
- **Parent Household Size:** The FAFSA will now determine a family's household size by using the number of dependents claimed on the parent or parents' federal tax return. If there are additional dependents who were not claimed on the tax return, but for whom the parent or parents are providing at least 50% of their living support, these

dependents can be manually added to the household size by the applicant or parent completing the FAFSA.

- **Parent Financials:** Having provided consent, the parent or parents' tax information will be transferred to the FAFSA via the IRS Direct Data Exchange (DDE). Parents who are non-tax filers must self-report any income received from work, and self-report their assets such as cash & savings, investments, non-home real estate equity, and business value*. Parents will then review their input data, and sign the FAFSA with their FSA ID.
- **Child Support:** In prior years, child support received by a student's parent was reported as income in the same base year as other reported. For example, the 2023-2024 FAFSA was based on 2021 tax information, so families reported the child support they received as untaxed income in 2021. Beginning with the 2024-2025 FAFSA, child support will be reported as an asset as of the end of the most recently completed calendar year. For example, the 2024-2025 FAFSA will request 2022 tax and other income information, but families will report child support they received in either 2022, 2023, or 2024, depending on when the FAFSA is completed. The child support will be counted in the SAI calculation as an asset, rather than income.
- ***Business Value:** For federal financial aid purposes, business value refers to the current net worth (the current market value minus the debt owed on it) for land, buildings, machinery, equipment, livestock, and inventories. In prior years, only businesses with one hundred (100) or more full-time employees were required to be reported in the FAFSA's business value question. Starting with the 2024-2025 FAFSA, business value must be reported for all business regardless of the number of full-time employees.
- **Family Farm Value:** Beginning with the 2024-2025 FAFSA, the net worth of a family farm must be reported as a parental asset. Family farms were not required to be reported in prior years. Net worth of a farm includes the fair market value of land, buildings, livestock, unharvested crops, and machinery used for the farm, minus any debt held against the assets included in the value. Investment and other non-family farm net worth must be reported, as was the case in prior years.
- **FAFSA Submission Summary:** After submission of the FAFSA, with all required contributor consent and signatures provided, a FAFSA Submission Summary will be generated. This document replaces the previously used Student Aid Report (SAR). The Summary features four sections which allow the student to review their input information and preview the processing of the FAFSA from there. The sections are:
 - **Eligibility Overview:** Features an estimate of federal grant and student loan aid for which the student may be eligible. This is only an estimate; final eligibility will be determined upon review of your FAFSA by the Financial Aid Office. Students

will also be able to view their Student Aid Index (SAI), used to determine their federal aid eligibility.

- **Form Answers:** A comprehensive record of all questions and answers on the submitted FAFSA.
- **School Info:** A summary of the college(s) you submitted the FAFSA to, including the housing plans you reported (i.e., on campus, commuter, etc.).
- **Next Steps:** Features of list of comments on the FAFSA. Some comments are information for your knowledge. Others may notify you of updates you may need to make to your FAFSA, or additional documentation you may need to submit.

Parents can complete a significant portion of the FAFSA without the student being present. In these cases, the parent(s) will be tasked to input all student personal information, as well as the financial information which is self-reported. For students who are tax-filers, student consent will be required for the use of their tax information in the FAFSA, and therefore required for FAFSA completion. Parents will proceed with providing consent and inputting their requested information, and complete their portion of the FAFSA with a review and signature using their FSA ID. At a later date, the student must log into the FAFSA, provide their consent and signature, and submit the student portion of the FAFSA. The FAFSA will be completed and processed only after student consent and signature have been provided.

SAI vs. EFC

One of the most commonly known and used terms in federal financial aid is the Expected Family Contribution, often shortened to EFC. The EFC represented a calculated amount which a family could be expected to contribute to a student's education on a yearly basis, based on the family's income, assets, household size, and other information. EFCs were used to calculate a student's eligibility for federal aid programs including grants and loans, and could be used as the basis for aid eligibility offered by state agencies, some colleges, and third parties that offer financial aid.

Starting with the 2024-2025 FAFSA, the EFC will no longer be used in the federal financial aid process. Instead, federal financial aid eligibility will be based on a student's Student Aid Index, or SAI. While the SAI serves a similar function to the EFC, there are multiple distinctions, both in how the SAI is calculated, and in how the SAI figure is used to determine

eligibility.

Like the EFC, a student's SAI will be determined based on the student and their parent or parents' income, assets, family size, and other financial and demographic information. As with the EFC, the SAI calculation factors in various allowances against a family's income and assets representing, for example, daily household expenses, and savings and retirement contributions. However, there are several differences in the data used to determine the family's SAI compared to the EFC formula. These changes may impact a family's eligibility for federal aid programs relative to prior years, even if their financial and other information has not meaningfully changed. Some* of these changes are also covered in the Application Process portion of this newsletter, and so are covered here in brief.

- ***Household size:** Initially, the FAFSA will automatically populate the household size question based on how many dependents were claimed on a parent or parents' federal tax return. Families will have the option to update this number to include any other dependents for whom they are providing at least 50% of living support.
- **Number of enrolled college students:** While the FAFSA will continue to ask how many students in the applicant's household will be enrolled in college for a given academic year, the SAI formula will not take that into account in determining a student's SAI. This may result in a change to a family's federal aid eligibility relative to the prior year if that family has multiple enrolled students in both years. The University of Rochester will continue to use this data in awarding institutional aid such as the Rochester National Grant. In some cases, Rochester students who lose federal grant eligibility from one year to the next due to this change may see a relative increase to their institutional need-based aid.
- ***Business Value:** Beginning with the 2024-2025 FAFSA, the market net worth of all businesses owned by a student or their parent(s) must be reported as an asset. Previously, only businesses with at least one hundred (100) full-time employees were required to have their net worth reported on the FAFSA.
- ***Child Support Received:** Child support received by a student's parent(s) must be reported as an asset, using the annual value received in the most recently completed tax year. Child support was previously reported as income from the FAFSA's base tax year.

Unlike the EFC, the SAI will sometimes be calculated as a negative number, with a floor of -\$1,500. Like the EFC, there is no maximum SAI. The information below broadly covers how

the SAI determines and impacts federal and other aid eligibility similar to how the EFC was used, as well as more specifically explains how the SAI is used to determine Federal Pell Grant eligibility.

The basic financial aid formula remains mostly unchanged, with the EFC replaced by the SAI:

Cost of Attendance (COA) - Student Aid Index (SAI) = Financial Need**

Also consistent with the financial aid process from the past, a student's need-based financial need cannot exceed their financial need. Financial need can be met, partially or in full, by a combination of scholarships, grants, need-based loans, and work expectations. Some loans and other types of financial aid are not considered need-based and can exceed a student's financial need. A student's total combined financial aid, whether need-based or otherwise, cannot exceed their cost of attendance. This overall aid formula is the same in principle as always, regardless of the changes to the FAFSA beginning in 2024-2025.

***If a student's SAI is a negative number, it is treated as a \$0 in this formula*

The way that the SAI determines a student's Federal Grant Pell eligibility, however, is meaningfully different than how the EFC was used. Three steps have been established which determine if a student is eligible for Pell Grant funding and for how much. The information below relates only to the process for dependent students whose SAI will factor in their parent or parents' income and other information.

- **Maximum Pell Eligibility:**

- Applicants whose parent or parents are not required to file taxes are assigned an SAI of -\$1,500. They will automatically be eligible for the maximum Pell Grant for that academic year.
- If the applicants' parent is a single parent, and their AGI is between \$0 and 255% of the federal poverty guideline for the applicant's family size and state of residence, the applicant will have an SAI of \$0 or less, and will be eligible for the maximum Pell Grant for that academic year.
- If the applicants' parent is not a single parent, and their AGI is between \$0 and 175% of the federal poverty guideline for the applicant's family size and state of residence, the applicant will have an SAI of \$0 or less, and will be eligible for the maximum Pell Grant for that academic year.

- **SAI Calculation**

- Applicants who do not qualify for Maximum Pell Eligibility will have their SAI calculated based on their family's income, assets, household size, and other financial information. Their Pell Grant eligibility will be determined by subtracting the SAI from the maximum Pell Grant for that academic year, with the difference representing their Pell eligibility.
- **Minimum Pell Eligibility**
 - If the applicants' parent is a single parent, and their AGI is less than or equal to 325% of the federal poverty guideline for the applicant's family size and state of residence, the applicant will be eligible for the minimum Pell Grant for that academic year.
 - If the applicants' parent is not a single parent, and their AGI is less than or equal to 275% of the federal poverty guideline for the applicant's family size and state of residence, the applicant will be eligible for the minimum Pell Grant for that academic year.

Impact relative to Rochester

As the changes to the 2024-2025 FAFSA come into effect, many Rochester families may be wondering how their student's need-based aid eligibility will be impacted for future years. Generally speaking, the University's policies for awarding need-based institutional aid will not be changing. If nothing has meaningfully changed in the family's financial circumstances from one year to the next, including the number of enrolled college students in the family, Rochester students can expect a similar overall amount of financial aid.

Due to the changes in determining Pell Grant and other federal eligibility, Rochester students may see less Pell eligibility, or only be eligible for Direct Unsubsidized Loan funding where they were previously eligible for Direct Subsidized Loans. Rochester students who lose Pell eligibility due to the FAFSA's changes, but have consistent financial circumstances and receive need-based institutional aid, may see a relative increase to their institutional aid to account for the reduction or loss of Pell funds. Overall, our goal is for families to be kept "whole" throughout these changes, meaning their overall out-of-pocket expenses should not meaningfully change if their financial circumstances are similar from one year to the next.



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