

California Student Aid Commission
Student Impact, Outreach and Communications Committee

Item 5

(Information Item)

Update on FAFSA and CADAA simplification

SUMMARY:

This item provides an update on the 2024-25 Free Application for Federal Student Aid (FAFSA) and California Dream Act Application (CADAA) simplification and the steps that the California Student Aid Commission (Commission) staff are taking to prepare for the upcoming changes.

RECOMMENDATION:

This is an information item; no action is required.

BACKGROUND:

Under the [FAFSA Simplification Act](#), the 2024-25 FAFSA will be simplified as communicated through the Better FAFSA Better Future campaign. This simplified version is the first major redesign of the FAFSA form in over 40 years. The goal is to make applying for federal student aid easier for students and families by asking fewer and less complex questions and estimating financial aid eligibility upfront.

As communicated earlier, some of the main changes of the Better FAFSA include among others:

- Expected Family Contribution (EFC) will be replaced with the Student Aid Index (SAI) as the new measure to indicate a family's ability to pay for college. Colleges, Universities and State Aid programs will use SAI to determine need-based financial aid.
- New Pell Grant formula is being implemented using SAI and Adjusted Gross Income (AGI).
- Streamlined FAFSA application that will rely on the data exchange between Federal Student Aid and Internal Revenue Service, reducing tax information errors caused by incorrect responses and complexity of the tax related questions.
- The number of the overall questions will be reduced based on financial status, household type and other skip logic determinations.
- Simplified application process is instituted for former and current foster youth, homeless and unaccompanied youth.
- FSA ID requirement is established for all contributors to the application.
- Changes have been made in reportable income and assets, including the elimination of exclusions to small business and family farms values.

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Commission staff continue to work on the following projects to prepare for the upcoming FAFSA and CADAA changes.

2024-25 FAFSA Enhancements

The team working on this project is focused on preparing the Commission's Grant Delivery System (GDS) database to be able to import students' FAFSA data and process need-based financial aid awards under the new SAI. This is a very critical project as it directly impacts the Commission's ability to deliver 2024-25 financial aid awards to students.

Once a student completes the FAFSA and the application is processed by the Central Processing System, the Institutional Student Information Record (ISIR) is made available electronically to the schools the student listed on the FAFSA form and their state agency. To integrate all the changes from the Better FAFSA, the ISIR layout has undergone significant changes and will likely continue to change as additional FAFSA Simplification requirements are determined. State agencies and institutions of higher education will have to make important changes to their systems to be able to import FAFSA data correctly.

Commission staff continue to review and analyze the draft versions of the ISIR file specifications that have been released to date by the U.S. Department of Education and have completed about 70 percent of the control file layout changes. The team is currently awaiting the final version of the 2024-25 ISIR file specifications currently scheduled to be released in October 2023. The team is also evaluating the GDS updates needed to switch the student's need calculation from EFC to SAI.

2024-25 California Dream Act Application Enhancements

This project is focused on evaluating and implementing important changes to the 2024-25 California Dream Act Application (CADAA) administered by the Commission. Main changes are derived from the following two sources:

1. **Better FAFSA changes.** Commission staff is working on identifying all the new changes to the CADAA per the new FAFSA such as the expansion of the ISIR layout and the change from EFC to SAI to calculate students' financial need. Although the Commission will incorporate most changes of the Better FAFSA, there are several elements unique to the CADAA.

Commission staff released a draft version of the 2024-25 California Dream Act Institutional Student Information Report (Cal ISIR) in June 2023, to give institutions an early look at the new fields and organization of data that will be collected from the 2024-25 CADAA. This draft version closely mirrors the draft version of the FAFSA ISIR which will simplify the schools' system updates to import student data from FAFSA and CADAA applicants.

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2. **Renewing the Dream report.** Several CADAA enhancements were identified to better support undocumented students as they apply for state financial aid. The Commission convened a work group representing campus practitioners, higher education leaders, immigrant rights advocates, and students to examine the unique challenges that undocumented students face in accessing financial aid. This report outlines their recommendations for addressing those challenges.

Commission staff are currently doing additional research and working on business requirements to address several of the recommendations focusing on these main areas:

- Improving the process for the parental signature on the CADAA. Some of the considerations for this enhancement include building the parental signature into the original submission to eliminate the separate PIN creation process and reducing/refining the application transactions that would require parent signature.
- Text enhancements to make the application more user-friendly, increase visibility of Help & Hints button, enhance resources for CADAA applicants, and other updates to ensure consistency of the Commission's branding within the application and the application's landing page.
- Potential changes to integrate the nonresident tuition exemption application and affidavit, commonly known as AB 540, into the CADAA. This is pending legislation through Assembly Bill 1540, but this would be a significant enhancement and the team is evaluating all the applicable requirements should the bill move forward.

2024-25 Cal Grant Awards

This project is focusing on the impacts to the 2024-25 Cal Grant awards from the changes to the FAFSA and CADAA, as well as the critical changes per the Cal Grant Reform proposal adopted in the 2022 State Budget under the new Cal Grant Equity Framework and that is pending the funding trigger for May 2024. Commission staff continue to evaluate and complete business requirements for all needed changes to be able to process Cal Grant awards under the new Cal Grant Equity Framework, or the Cal Grant legacy model per the May 2024 funding determination.

Commission staff continue to meet with segment and campus representatives and are working on a modified version of the Cal Grant High School Entitlement award process to ensure that incoming freshmen students receive timely information on their potential eligibility for state financial aid ahead of the May 2024 revenue trigger. This modified process will consider the eligibility variables of the two Cal Grant models, and only offer preliminary awards to students that meet the eligibility criteria under both.

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Training and Outreach Efforts

As part of this project, Commission staff have been working on designing a landing page within the Commission's website to serve as a one main repository of all resources and key information about the upcoming changes to the FAFSA and CADAA. This landing page is intended to support the Commission's K-12 and higher education partners as they prepare for these changes.

The Commission hosts the Annual Statewide Financial Aid Workshops in partnership with the California Association of Student Financial Aid Administrators (CASFAA), the California Community Colleges Student Financial Aid Administrators Association (CCCSFAAA) and the Educational Credit Management Corporation (ECMC). These workshops provide crucial financial aid information, updates, and resources to high school counselors, advisors, student advocacy groups, outreach specialists and community education partners. This year, main topics will center around the upcoming changes to the Better FAFSA and CADAA to prepare counselors to assist high school seniors and their families to apply for financial aid. Given the delay in the availability of the applications this year, students and families will have a much shorter timeframe to apply by the state's priority deadline.

The Commission's training team will be providing sessions to understand the changes of the Better FAFSA and the CADAA at the 4th California College Affordability Summit in partnership with the Riverside County Office of Education, and the Education Trust-West on November 7 and 8, 2023 at the Riverside Convention Center in Riverside, CA. The team will provide K-12 educators, high school counselors, college financial aid administrators, student advocates, and policy leaders with updates, resources, and tools for the upcoming 2024-2025 application cycle.

RESPONSIBLE PERSON(S):

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ATTACHMENT(S):

Better FAFSA, Better CADAA Presentation Presented on September 6, 2023