

California Student Aid Commission  
Student Impact, Outreach and Communications Committee

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## Item 5

### (Information Item)

#### Update on Better Free Application for Federal Student Aid

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**SUMMARY:**

This item provides an update on the 2024-25 Free Application for Federal Student Aid (FAFSA) process changes 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:**

The Free Application for Federal Student Aid (FAFSA) process has changed to implement provisions of the FUTURE Act and the FAFSA Simplification Act. At a high level, the FAFSA changes are a significant overhaul of the FAFSA system, including an updated FAFSA form, need analysis, and provisions to many of the policies and procedures used by schools. This is the first major redesign of the FAFSA form in over 40 years.

The changes will provide:

- a more streamlined application process,
- expanded eligibility for federal student aid, and
- a new user experience for the FAFSA form.

The FAFSA changes are being implemented in phases, with full implementation of major provisions in the 2024–25 award year as communicated through the Better FAFSA Better Future campaign.

As communicated previously, 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).

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- 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 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.

### 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 on 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 have completed review of the final version of the 2024-25 ISIR file specifications which were released late October 2023. Recommended updates to the ISIR control file layout and GDS database to switch the student's need calculation from EFC to SAI have been completed. Commission staff are in the process of developing the analysis and code updates. The testing phase will take place afterwards and will include quality assurance (QA), user acceptance testing (UAT), and post implementation verification (PIV).

### 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.

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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.

In addition, Commission staff have collaborated with segment and campus representatives to address the changes to information gathered on the streamlined FAFSA application. For example, the housing plans question was removed from the 2024-25 FAFSA. Housing plans are used to determine financial need for Cal Grant eligibility. The Commission received housing data and feedback from institutions and after significant discussion proposed changes to the college cost estimates submitted for both incoming freshman and returning students. This solution offers greater flexibility for institutions and the Commission to calculate awards based on each student's cost of attendance.

### Training and Outreach Efforts

Commission staff have designed 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 ([www.csac.ca.gov/better-fafsa-better-cadaa](http://www.csac.ca.gov/better-fafsa-better-cadaa)). This landing page is intended to support parents, students, and the Commission's K-12 and higher education partners as they prepare for these changes. Resources include a timeline, counselor toolkit, links partner websites, Better FAFSA demo video, various training options, and Better FAFSA, Better CADAA Bulletins.

The Commission has also developed several different notifications across various communication platforms to update parents and students of upcoming FAFSA and CADAA changes. The Better FAFSA Planning team has instituted or expanded the following messaging tools.

- Linked the Commission's 'How To Apply' webpage to Better FAFSA, Better CADAA resources.
- Implemented a website banner highlighting the delayed application opening.
- Increased Listserv options to Students & Families which is the primary tool the Commission utilizes to send communications to various stakeholders.
- Updated email auto responses from the Commission's various program email boxes to alert users about FAFSA and CADAA changes.
- Added FAFSA and CADAA messaging to the Interactive Voice Response (IVR) for incoming calls to Student Support.
- Built responses to FAFSA and CADAA questions posed to Grant, the Commission's chatbot.
- Posted monthly Better FAFSA, Better CADAA bulletins featuring different topics about FAFSA simplification.

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The Commission hosted 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 provided 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 centered 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 which has been extended to April 2, 2024. The Commission held 61 in-person and 5 virtual training events with approximately 8,600 attendees between August and November 2023. Additional workshops are planned for 2024 after the official FAFSA and CADAA application opening.

### **RESPONSIBLE PERSON(S):**

Tae Kang, Deputy Director  
Program Administration and Services Division

Terry L. Artica, Program Administration Branch Manager  
Program Administration and Services Division

### **ATTACHMENT(S):**

Better FAFSA Update Presentation Presented on November 29, 2023