

Item 7

(Information Item)

Update on 2024-25 Better FAFSA and CADAA

SUMMARY:

This presentation will provide an update on the 2024-25 Free Application for Federal Student Aid (FAFSA) and the California Dream Act Application (CADAA).

RECOMMENDATION:

This is an information item; no action is required.

BACKGROUND:

Better FAFSA

The 2024-25 financial aid application season is underway. Both the Free Application for Federal Student Aid (FAFSA) and California Dream Act Application (CADAA) launched on December 30, 2023. The FAFSA was periodically available during its “soft launch” period and became available 24/7 on January 8, 2024. The wholesale changes to the 2024/25 FAFSA, as a result of the [FAFSA Simplification Act](#), have resulted in several programmatic and system issues, which Federal Student Aid (FSA) is actively resolving. The complex nature of the changes has resulted in delays and last-minute changes to the elements needed to calculate a Student Aid Index (SAI) that replaced the Estimated Family Contribution (EFC). In some instances, certain students and contributors are unable to start or submit their FAFSA.

The 2024-25 FAFSA was released with outdated Income Protection Allowance (IPA) tables used to protect an amount of a family’s income and assets used in the calculation of the SAI by inflation-adjusted amounts. On January 30, 2024, the FSA released the final draft of the SAI and Pell Grant eligibility guides and the updated IPA tables that accounted for inflation. As a result of the IPA table updates, the FSA will be updating the Federal Processing System to include the updated IPA tables and re-process completed FAFSAs to generate updated Institutional Student Information Records (ISIR). This will further delay the release of the ISIR to state agencies and colleges until the first half of March.

Due to the corrections being made to the 2024-25 IPA tables, federal ISIR data will not be transmitted to CSAC until later this month. Without the ISIR, CSAC cannot process any Cal Grant, Middle Class Scholarship, Chafee and other Specialized Program’s preliminary awards that use the ISIR data and SAI to determine program eligibility.

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Better CADAA

The 2024-25 CADAA opened on December 30, 2023, and as of mid-February, the Commission has received over 7,700 successful applications to date. Another 3,900 applicants have started the CADAA but have yet to complete and submit the application.

The 2024/25 CADAA underwent several changes as a result of aligning the application to the Better FAFSA and recommendations from the [*“Renewing the Dream Report.”*](#) Some of the most notable changes and enhancements include revised help text, embedding the AB 540 affidavit, simplified parent signature process, and reducing the percentage of CADAA applications selected for verification. As the Better FAFSA transitioned from the Expected Family Contribution to SAI measure, the CADAA also made the conversion to SAI. With the recent updates to the FAFSA Income Protection Allowance (IPA) tables, the Commission staff will correct outdated table values and re-process all CADAA applicants that applied prior to the updates. Consequently, the California Institutional Student Information Records (Cal ISIR) will be delayed as the Commission revises the IPA tables and corrects the CADAA records.

FAFSA System Issues

One of the major FAFSA system issues is the inability for a student's parents/contributors without a Social Security Number to apply for a contributor FSA ID and complete their portion of the application. These students are U.S. Citizens and FAFSA eligible, but come from mixed-status families (i.e. a family whose members include individuals with different citizenship or immigration statuses). Currently, students from mixed status households can only complete the student portion of the application. This is an Open Issue on FSA's [*2024-25 FAFSA Issue Alerts*](#) website, but it is unknown when it will be resolved.

The Commission is actively looking for a solution for these California students that would create a pathway for FAFSA eligible students in California of mixed-status families to complete a financial aid application, such as the CADAA. This solution gives FSA time to fix the system issues with the FSA ID, while at the same time, ensuring that these otherwise FAFSA eligible students of mixed-status families can submit a financial aid application by the state priority deadline of April 2, 2024. Commission staff are in conversations with the segments and other community leaders to determine the best solution for these students.

Managing the FAFSA Issues

The Commission continues to navigate this period of change and has equipped its staff with regular updates and training opportunities to ensure proper guidance and updates are relayed to students, families, high schools, colleges, and community partners. The Commission's call centers have managed the extra call volume that has come over from Federal Student Aid and have maintained strong and consistent call metrics throughout the initial financial aid application cycle. The Commission's trainers

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and Cash for College teams continue to provide financial aid trainings on FAFSA/CADAA updates, CADAA line-by-line and [Cash for College Train-the-Trainer](#) programs across the state. This includes a revamped outreach and communications strategy comprised of targeted outreach to students via email and text messaging, the creation of a newsletter for students and families, as well as a growing presence on social media.

The long term-impact to students and families resulting from the changes to the FAFSA and CADAA, whether positive or negative, is yet to be seen and something the Commission will continue to monitor and be ready to pivot and develop solutions to support all California students.

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