



June 8, 2023

The Honorable Miguel Cardona
Secretary
U.S. Department of Education
400 Maryland Avenue SW
Washington, DC 20202

Dear Secretary Cardona:

On behalf of the undersigned higher education associations, I write to request that the Department of Education (Department) and the office of Federal Student Aid work closely with institutions to help them better serve students given the changes to the need analysis formula in the Free Application for Federal Student Aid (FAFSA) Simplification Act of 2020. This is of major concern to campuses across the country, even as they prepare for the more immediate impact of the imminent ending of the payment pause on student loans.

The Department has made notable efforts to provide transparency into the likely impact of the changes to the FAFSA form and methodology,¹ but institutions still lack a clear understanding of how these changes will impact current and future aid-eligible students. This is of particular concern given the fact that the FAFSA for academic year 2024-2025 will not be released until mid-December at the earliest, and some reports have indicated that the Department may not be able to meet the statutory deadline of January 1, 2024.

As institutions often package aid offers to students well before December, having the clearest possible understanding of the likely impact of changes to the FAFSA is critical in determining how institutional resources should be best allocated to support students. In the absence of clear, comparative data (which we appreciate is in the Department's plans), more information is needed.

The FAFSA Simplification Act was signed into law on December 27, 2020. This bill included a number of positive provisions, including:

¹ Office of Federal Student Aid. (2023). *Publication of the 2024-25 Draft Student Aid Index (SAI) and Pell Grant Eligibility Guide (Updated May 19, 2023)*. U.S. Department of Education. <https://fsapartners.ed.gov/knowledge-center/library/electronic-announcements/2022-11-21/publication-2024-25-draft-student-aid-index-sai-and-pell-grant-eligibility-guide-updated-may-19-2023>

- Changing the current Expected Family Contribution to a Student Aid Index (SAI);
- Allowing a student to receive a negative SAI of \$1,500;
- Removing the suspension of Title IV eligibility for drug-related offenses;
- Removing the 150 percent limit on subsidized loans;
- Allowing incarcerated students to receive a Pell Grant;
- Forgiving the outstanding loans of Historically Black Colleges and Universities (HBCUs) in the HBCU Capital Financing Loan program;
- Making the FAFSA form simpler and quicker to complete;
- Removing the notice to students regarding penalties for drug violations; and
- Creating a new formula for determining Pell Grant recipients.

Your remarks before the Senate Committee on Appropriations subcommittee hearing on May 11, 2023, indicated that the new need analysis formula will result in 600,000 more students becoming eligible federal student aid.² It is our understanding that the large majority of this increased eligibility is through the Federal Pell Grant program and that 1.7 million more students will receive the maximum Pell Grant through these changes.

While we support the increases in Pell Grant recipients and the number of students receiving the maximum award, the need analysis formula and the new SAI may alter eligibility for subsidized loans and aid received from campus-based aid programs. It may also alter the impact of state-based aid programs and institutional aid.

Given the December 2023 launch of the new FAFSA and the need for institutions to be able to appropriately integrate the new federal aid formula with other programs as well as help students and families plan for financing their postsecondary education, we request that the Department share data, in addition to data on the positive impacts of the new Pell Grant formula, on how the following will impact student aid eligibility:

- The removal of “numbers in college;”
- The inclusion of family farm assets and small business assets with not more than 100 full-time, or full-time equivalent, employees;
- The inclusion of a new payroll tax allowance in replace of an allowance for state and other taxes and social security taxes;
- The new requirement that only a married student who is not separated can be considered an independent student versus current law indicating that being married, whether separated or not, can qualify a person as an independent student; and

² A review of the president’s FY 2024 funding request and budget justification for the Department of Health and Human Services: Hearing before the U.S. Senate Committee on Appropriations Labor, Health and Human Services, Education, and Related Agencies subcommittee, 118th Cong. (2023).
<https://www.appropriations.senate.gov/hearings/a-review-of-the-presidents-fiscal-year-2024-funding-request-and-budget-justification-for-the-department-of-education>

- The decrease in items excluded from income, especially special combat pay.

Given that the changes to the need analysis formula take effect on July 1, 2024, we believe that it is urgent for the Department to do this comprehensive analysis.

Thank you for your time and consideration of this request.

Sincerely,



Ted Mitchell
President

On behalf of:

American Association of Collegiate Registrars and Admissions Officers
American Association of Community Colleges
American Association of State Colleges and Universities
American Council on Education
American Indian Higher Education Consortium
Association of American Universities
Association of Governing Boards of Universities and Colleges
Association of Jesuit Colleges and Universities
Association of Public and Land-grant Universities
Council for Christian Colleges & Universities
Council for Opportunity in Education
Hispanic Association of Colleges and Universities
National Association for Equal Opportunity in Higher Education
National Association of College and University Business Officers
National Association of Independent Colleges and Universities
State Higher Education Executive Officers Association
UNCF