



PRESENTATION HANDOUT



The Student Aid Index
Shifting our Thinking on Financial
Aid Eligibility

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Today's Topics

1. What is the Student Aid Index (SAI)?
 - Other Important Changes to Aid Eligibility
2. Implications on Aid Eligibility
3. RNL Approach
4. On-campus Implementation Considerations



Changes to Aid Eligibility

Consolidated Appropriations Act 2021

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Changes to
determine aid
eligibility.

- FAFSA simplification
- Student Aid Index
- Pell calculation

FAFSA Simplification

Making it easier to apply for aid.

Full implementation for 2024-2025 award year

Phased implementation started October 2021.

Reduce the FAFSA questions from 108 to 33

Data automatically transferred from IRS

Changes to Need Analysis

Student Aid Index

Section 473 (a) of the Higher Education Act of 1965 (20 U.S.C. 1087kk)

“For the purpose of this Act, the term ‘student aid index’ means, with respect to a student, an index that reflects an evaluation of a student’s approximate financial resources to contribute toward the student’s postsecondary education for the academic year...”

In plain English: It’s the new way we’ll talk about student eligibility. EFC is gone.

Re-thinking Need

Student Aid Index

- EFC now Student Aid Index .
- The SAI will be used to calculate need.
- A negative SAI will identify the neediest students.
 - The negative SAI establishes a framework to allow the very neediest students to receive aid in excess of COA.
- Similar to current need-analysis formula.
- Used to calculate eligibility for campus-based and institutional funds.

Re-thinking Need

Pell

- Students can preview Pell eligibility using AGI and household size.
- Maximum and minimum Pell will be based on SAI. Pell Grant awards in the middle ranges of eligibility would be determined by subtracting the SAI from the maximum Pell Grant amount.
- Award amount reported on Student Aid Report.
- Can be easily estimated prior to filing a FAFSA.
- Calculation based on tax filing status, number of parents in household, and income.



Implications to Aid Eligibility

How will student eligibility change?

EFC vs. SAI

- Shift in thinking – No more “expected family contribution”.
- Student Aid Index - To be used by financial aid administrators to calculate financial aid options.
 - Determination of Pell grant eligibility wills change.
 - Maximum amount of financial need will change (SAI can be as low as -\$1,500).

How will student eligibility change?

Current Pell Eligibility

- **EFC Pell grant eligibility for 2022- 23**
 - EFC 0 = \$6,895
 - EFC from 1 to 6,206 = Pell between \$6,895 and \$692
- **EFC Calculation**
 - Simplified Formula = combined parental income \$49,999 or less
 - Automatic 0 EFC = combined parental income \$27,000 or less

How will student eligibility change?

New Maximum Pell Eligibility

- **Non-filers (not required to file)**
 - Independent student (and spouse, if applicable).
 - Dependent children of non-filing parent(s).
- **Children of certain deceased veterans and public safety officers**
 - Students under age 33 whose parent died serving in the armed forces after Sept. 11, 2001.
 - Students under age 33 whose parent died in the line of duty as a public safety officer.

Source: <https://rules.house.gov/sites/democrats.rules.house.gov/files/BILLS-116HR133SA-RCP-116-68.pdf>



How will student eligibility change?

New Maximum Pell Eligibility

- **Low-income students:**
 - Independent students who are single parents whose AGI is below 225% of the poverty level.
 - Dependent children of a single parent whose parent AGI is below 225% of the poverty level.
 - Independent students who are not single parents whose AGI is below 175% of the poverty level.
 - Dependent students with parents who are not single parents whose parent AGI is below 175% of the poverty level.

How will student eligibility change?

If student does not qualify for maximum Pell..

- **Maximum Pell amount - SAI = Pell amount**
 - Rounded to nearest \$5
 - Subject to statutory minimum
- **No maximum Pell and no Pell award from the SAI calculation**
 - Student is considered for minimum Pell based on number of parents in household and AGI vs poverty level

How will student eligibility change?

EFC vs. SAI Sample Aid Strategy (percent of need met)

COA — EFC = Financial need

- $\$42,500 - \$0 = \$42,500$ (max financial need)
- Meet 60% of need with gift from all sources = **\$25,500**

COA — SAI = Financial need

- $\$42,500 - (-\$1,500) = \$44,000$ (financial need increases)
- Meet 60% of need with gift from all sources = **\$26,400**



RNL Approach

AFAS Implications

How SAI will impact financial aid leveraging.

- Solicit campus partners to submit ISIR data.
- Determine SAI
- Extrapolate the difference between EFC and SAI.
- Determine how the difference impacts econometric modeling and aid leveraging.
- Work with campus partners to determine adjustments necessary to meet their goals.



On-campus Implementation Considerations

Institutional Lift

Implementation of SAI

- Staff training
- FinAid operationalization
- Campus updates (admission, athletics, bursar, others?)
- SIS updates
- Integration into communication flow
 - Specific COA requirements on web
 - Award notification language, etc.



Items for Consideration



Institutional Lift

Items for Consideration

Calculating institutional need-based gift

- Budgeting for institutional gift changes
- Consideration of NTR impact to operating budget
- Impact on student awards



Institutional Lift

Next Steps

1

Conduct an internal communications audit.

2

Perform an analysis of current student population to estimate NTR impact.

3

Determine if changes to awarding strategy will be necessary.



What haven't we
covered?

What is on your mind?

