



The Student Aid Index: Shifting Our Thinking on Financial Aid Eligibility

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Disclaimer

A Note of Caution

The implementation of the Student Aid Index and new Pell eligibility criteria are exciting and challenging changes for the financial aid industry.

The goal of this presentation is to provide an overview of the changes brought on by the implementation of the FAFSA Simplification Act. This is an evolving landscape and guidance is still being issued. Information in this presentation is subject to change.

Today's Topics

1. Student Aid Index (SAI) and Other Changes to Aid Eligibility
2. Implications on Aid Eligibility
3. RNL Approach and Findings
4. On-campus Implementation Considerations



SAI and Other Changes to Aid Eligibility

Consolidated Appropriations Act 2021

3



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...”

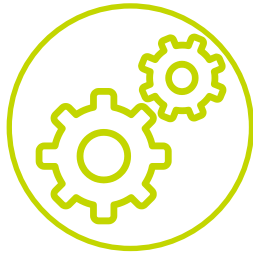
In plain English: It’s the new way we’ll talk about student eligibility. EFC is gone.

Re-thinking Need

Student Aid Index



EFC now Student Aid Index.



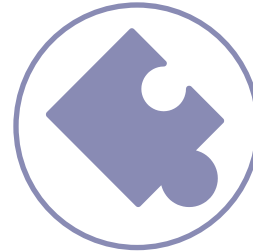
The SAI will be used to calculate need.



A negative SAI will identify the neediest students.

The negative SAI establishes a framework to allow the very neediest students to be identified.

It is the new zero.



Similar to current need-analysis formula.



Used to calculate eligibility for campus-based and institutional funds.



Need calculation similar:

$$\text{COA} - \text{SAI}^* = \text{Need}$$

*Negative SAI is treated as zero.

Re-thinking Need

Pell



Students can preview Pell eligibility using AGI and household size.



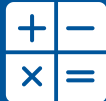
Award amount reported on Student Aid Report.



Maximum and minimum Pell will be based on Pell calculation. Pell Grant awards in the middle ranges of eligibility would be determined by subtracting the SAI from the maximum Pell Grant amount.



Can be easily estimated prior to filing a FAFSA.



Calculation based on tax filing status, number of exemptions, and income.



Implications to Aid Eligibility

How will student eligibility change?

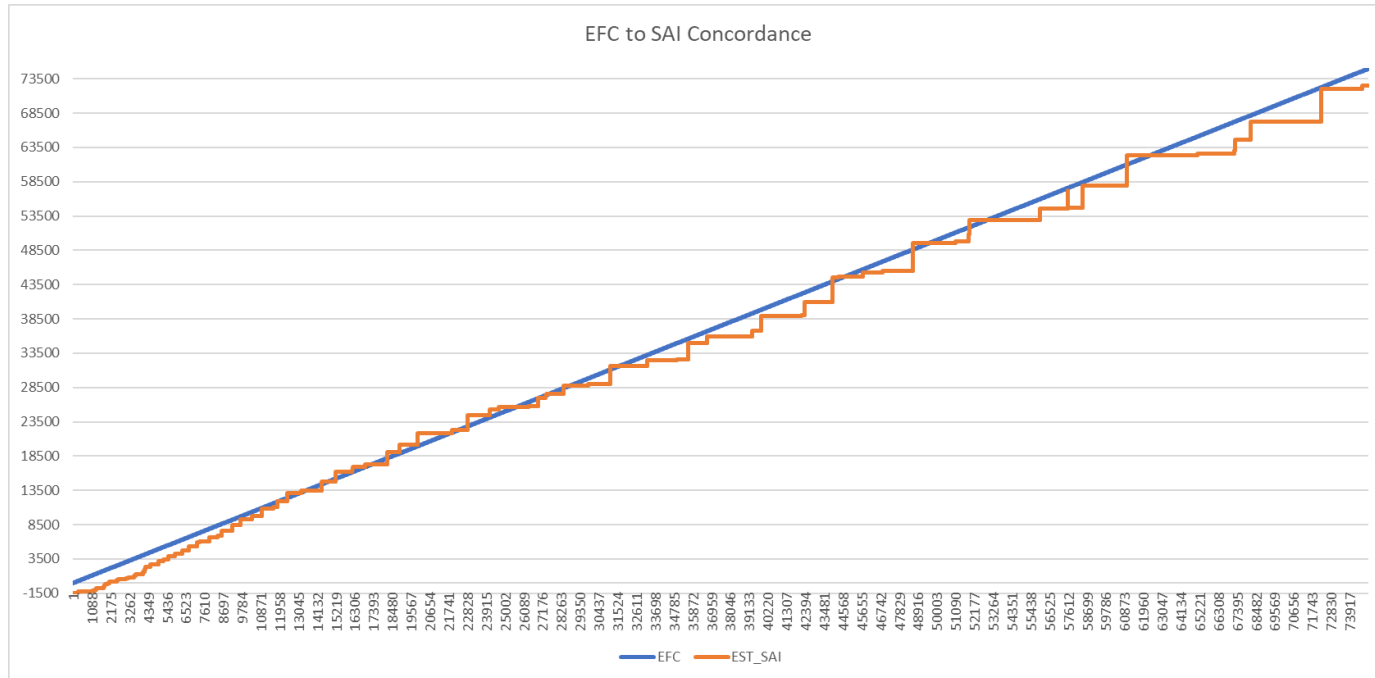
Shifting our thinking.



- No more “expected family contribution”.
- **Student Aid Index** - To be used by financial aid administrators to calculate financial aid.
- Determination of Pell grant eligibility will change.
 - Not tied to SAI.

EFC to SAI Concordance

The most significant changes occur where need is highest



How will student eligibility change?

Shifting Need Bands



More Pell?

Need Levels			
Current EFC Band	Fall 2022 Admit	Fall 2022 Enrolled	2022 % of Enrolled Total
FC: \$0	293	46	7%
FC: \$1 - \$6,207	308	64	10%
FC: \$6,208 - \$15,000	287	48	7%
FC: \$15,001 - \$30,000	395	57	9%
FC: \$30,001 and above	622	93	14%
No-Need/Merit/Full Pay	2592	337	52%
Total	4497	645	
Actual	2022 Recipients	2022 Amount	2022 Average
Pell	124	\$ 626,230	\$ 5,050

Proposed Need Levels based on SAI			
SAI Cut-offs	Fall 2022 Admit	Fall 2022 Enrolled	2022 % of Enrolled Total
-1,500 - 0	510	90	14%
1 - 6,656	195	44	7%
6,657 - 17,999	262	33	5%
18,000 - 31,999	328	44	7%
32,000 and above	538	85	13%
No-Need/Merit/Full Pay	2664	349	54%
Total	4497	645	
Estimated	2022 Recipients	2022 Amount	2022 Average
Pell Eligibility Changes	158	\$ 885,727	\$ 5,606

How will student eligibility change?

Shifting Need Bands



Winners and Losers

2022 First-year Enrolled

		EFC Need Tiers								Grand Total
		1	2	3	4	5	6	7	8	
SAI Need Tiers	1	43	35	7	1	3		1		90
	2	0	25	16	3	0		0		44
	3	0	4	19	10	0		0		33
	4	0	0	4	25	14		1		44
	5	0	0	2	11	22		0		35
	6	0	0	0	7	38		5	0	50
	7	3	0	0	0	16		203	44	266
Grand Total		46	64	48	57	93	0	210	44	562

	96
No Change	419
	47

How will student eligibility change?

Pell or no Pell



Winners and
Losers

Estimated SAI (\$) <input type="text"/>	Estimated f.t. scheduled Pell award, based on any method (\$) using new Pell methodology <input type="text"/>
6032	845.00
6219	689.50
6228	
6229	
6247	689.50
6254	689.50
6282	689.50
6323	
6333	689.50
6437	689.50
6531	689.50
6588	689.50
6613	
6614	689.50
6678	689.50
6749	
6828	
6862	689.50
6924	689.50
6962	689.50
6988	
7016	



RNL Approach and Findings

AFAS Implications

How SAI will impact RNL financial aid leveraging?

- Two-prong approach
 - NASFAA SAI Tool
 - EFC to SAI Concordance
- Implement revisions that impact econometric modeling and aid leveraging.
 - Changes to need levels
 - Pell eligibility
- Work with campus partners to determine adjustments necessary to meet their goals.

Analyzing EFC vs. SAI

Sample metrics to compare.

	2023 Admits	2023 Confirmed	Yield	SAI	Admits/ Avg Gift	Confirmed/ Avg Gift	Yield
EFC: \$0	936	115	12.3%	Negative and 0	1282 - \$19,542	161 - \$19,998	12.6%
EFC: \$1 -6,206	876	114	13.0%	1 - 7,000	549 - \$21,359	72 - \$21,299	13.1%
EFC: \$6,207 - \$11,500	352	42	11.9%	7,001 - 14,000	316 - \$23,882	31 - \$24,010	9.8%
EFC \$11,501 - \$23,500	515	62	12.0%	14,001 - 26,000	472 - \$23,826	75 - \$25,009	15.6%
EFC \$23,501 - \$47,500	642	83	12.9%	26,001 - 50,000	641 - \$22,378	80 - \$22,550	12.5%
EFC \$47,501 & Above	172	24	14.0%	50,001+	256 - \$21,230	34 - \$20,059	13.2%

Analyzing EFC vs. SAI

Assessing the shift in eligibility.

		Original Financial Tiers										
Count of Yield		Column Lab										
Row Labels		1	2	3	4	5	7	8	9	10	11	Grand Total
New SAI Tiers	1	1579	275	109	48	56	41					2108
	2	26	152	235	56	14	5					488
	3	3	89	431	626	398	7					1554
	4			64	241	573	33					911
	5		1	23	375	1468	271					2138
	7			1	57	1074	4560					5692
	(blank)	1		1	2	2	4794	75	174	58	77	
Grand Total		1609	517	864	1405	3585	9711	75	174	58	77	18075

Analyzing the Impact

Assess the impact on the number in college changes.

Two or More in College					
Total First-Year excl International, Athletes & Employee Benefit Records with estimated SAI					
Total FY		In-State		Out-of-State	
Total Confirmed	2295	Total Confirmed	407	Total Confirmed	1888
# with 2 or More in College	842	# with 2 or More in College	119	# with 2 or More in College	723
# with 2 or More in College with Need	629	# with 2 or More in College with Need	101	# with 2 or More in College with Need	528
Average Need (Current)	\$34,373	Average Need (Current)	\$23,745	Average Need (Current)	\$36,450
# with 2 or More in College with Need - SAI	425	# with 2 or More in College with Need - SAI	79	# with 2 or More in College with Need - SAI	346
Average Need (New)	\$32,446	Average Need (New)	\$23,826	Average Need (New)	\$34,414
# with decrease in Need > \$5,000	277	# with decrease in Need > \$5,000	34	# with decrease in Need > \$5,000	243
Average Institutional Gift	\$22,966	Average Institutional Gift	\$10,718	Average Institutional Gift	\$24,680
# w/Institutional Need-Based Gift	248	# w/Institutional Need-Based Gift	30	# w/Institutional Need-Based Gift	218
Average Institutional Need-Based Gift	\$10,362	Average Institutional Need-Based Gift	\$5,586	Average Institutional Need-Based Gift	\$11,326
# Pell Eligible	7	# Pell Eligible	3	# Pell Eligible	4
# with 2 or More in College that no longer have need	206	# with 2 or More in College that no longer have need	23	# with 2 or More in College that no longer have need	183
Average Need (current with EFC)	\$17,574	Average Need (current with EFC)	\$10,985	Average Need (current with EFC)	\$18,332
Average Institutional Gift	\$15,328	Average Institutional Gift	\$6,998	Average Institutional Gift	\$16,385
# w/Institutional Need-Based Gift	59	# w/Institutional Need-Based Gift	8	# w/Institutional Need-Based Gift	51
Average Institutional Need-Based Gift	\$7,373	Average Institutional Need-Based Gift	\$2,771	Average Institutional Need-Based Gift	\$7,993



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
 - Award notification language, etc.



Items for Consideration



Institutional Lift

Communicating the changes

- Messaging about delayed FAFSA
- Estimated awards?
- Articulating changes to the process.
- Value and affordability messaging.
- Encourage all FSA contributors (parents/students) to get an FSA ID.
- Make sure campus leadership understands implications.



Items for Consideration



Institutional Lift

Items for Consideration



Calculating institutional financial impact

- Budgeting for institutional gift changes
- Consideration of NTR impact to operating budget
- Impact on student awards
- Developing policies for returning students (retention risk)
 - What fund source will you use?
- Understand changes in state programs

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?

Thank you

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