

# AN OVERVIEW OF THE RECENT CHANGES TO THE HIGHER EDUCATION OPPORTUNITY ACT AND THEIR IMPACT ON FINANCIAL AID

## WHITE PAPER REPORT

The Higher Education Opportunity Act went into place in 2008 and made substantial changes to the way students obtained financial aid.

It amended the Higher Education Act of 1965 and reauthorized components of it. It also created changes for schools that had to help prospective students and consumers understand the net price of their education.



There are significant changes coming to the Free Application for Financial Student Aid (FAFSA) process that financial aid directors at each school must be up to date on. Ultimately, the process will simplify providing aid to students, but getting to that point will require numerous steps.

### Aid Application Processes

One of the most significant changes to the financial aid process is an adjustment to the FAFSA for 2024–2025. Simplifying it continues to be a focus for many reasons, including making it more efficient for students and families to complete. A redesigned FAFSA application form is the most significant update in decades, and while it may seem straightforward, it will take financial directors some time to teach faculty and families how to use it. A few changes have early implementation requirements for the 2023 to 2024 school year.

Changes include:

- Language updates regarding the costs of purchasing equipment, materials, and supplies
- Transportation expenses explained
- Living expenses explained
- Institutions may no longer include loan fees for non-federal student loan programs that students borrow

All organizations will need to update their staff and policies associated with these changes.

### How Administrators Can Prepare for FAFSA Changes

The Office of the U.S. Department of Education released a Roadmap, of implementation timeline for the adoption of these changes for the coming year. All administrators are likely to need to put time into modernizing their efforts to meet the ambitious changes put in place.

The changes to the FAFSA process will require administrators to focus on a wide range of new steps. Some of those include:

- Adapting to the new need analysis formula tools: These tools will help move educators towards the use of the new Student Aid Index (SAI) (which replaces the Expected Family Contribution (EFC) component).
- Software updates to enhance student aid eligibility: The Department of Education is rolling out new tools that will make it easier for software developers to create tools to speed up the student aid eligibility process.
- Policy guidance and updates: The FAFSA Simplification Act and FUTURE Act require numerous changes to Federal Pell Grants, including for homeless youth, incarcerated students, and others. Schools will need to work towards adjusting internal requirements to meet these changes.

- **Administrator training:** It will be necessary for all administrators to complete detailed training through webinars related to the changes in the application process, eligibility requirements, and how data can be used. FA Solutions and Educational Compliance Management will be conducting webinars throughout the year for financial aid administrators. The Department of Education expects this guidance to be ready by the Summer of 2023.

These changes go into effect with the 2024 to 2025 school year which means students, parents, school faculty, and administrators need to be ready for these changes. The look of the FAFSA changes along with terminology and perhaps even student eligibility. Administrators will need to focus on updating in house procedures and steps to minimize student and staff confusion. Organizations should monitor updates issued by the department over the coming months.

Schools must:

- Create policy guidelines that explain the expanded Federal Pell Grant eligibility of students as well as how data is used. Enhancement of cyber security policies and transitioning to the Student Aid Index will all require updates to existing policies.
- Technical references and specifications must be modernized to include new language and Pell formula changes.
- Websites will need to provide updated information and specs on the FAFSA Simplification process and potential timing of availability for the 2024-2025 FAFSA.
- Conduct training programs, webinars, and other supportive training programs for financial aid professionals and associated departments during the summer months leading into the new school year.



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