

Aim Higher

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Simple FAFSA Act of 2017 – Section-by-Section

Section 1. Short Title.

The title of this Act is the Simple FAFSA Act of 2017.

Section 2. Special Rules.

Provisions contained in this bill reflect amendments to or repeal of sections or provisions in the Higher Education Act of 1965 (HEA). The Secretary of Education (the Secretary) has one year to take necessary steps to provide for the orderly transition and implementation of such changes.

Section 3. Effective Date; Table of Contents.

This section provides the table of contents. It also states that changes made by this Act will take effect beginning with the first award year beginning after the first October post-enactment.

Title I – Expected Family Contribution

Section 101. Expected Family Contribution.

This section eliminates many of the current law inconsistencies between academic year and award year by replacing the term “academic year” where it should use “award year” as it relates to the calculation of EFC and completion of the Free Application for Federal Student Aid (FAFSA).

Additionally, this section makes some data elements currently used to determine a student’s expected family contribution (EFC) only applicable for FAFSA filers whose families were required to file tax schedules for purposes of their income tax return (described as Pathway 3 applicants in Section 201 of this bill). With these changes to the HEA, only Pathway 3 applicants will have to submit information about the student and parent contribution from assets. This change allows filers who have simpler tax returns to answer fewer questions.

Section 102. Increasing Support for Working Students by 35 Percent.

To allow for basic living expenses such as food, housing, transportation, and medical care, HEA protects some income earned by students (or in the case of a dependent student, the student’s parents) from counting as money available to pay for college. This section increases the income protection allowance for academic year 2018-2019 to the following amounts: \$9,010 for a dependent student; \$14,010 for an independent student without dependents who is single, separated, or married and both enrolled in college; and \$22,460 for an independent student without dependents who is married and only one is enrolled in college. It similarly updates the table to increase the income protection allowance for independent students with dependents other than a spouse. The dollar amount varies based on family size and number of dependents in college.

For each academic year after 2018-2019, it directs the Secretary to publish in the Federal Register updated income protection allowance amounts and tables by increasing the 2018-2019 dollar amounts by a percentage equal to the estimated percentage increase in the Consumer Price Index, rounded to the nearest \$10.

Section 103. Zero Expected Family Contribution.

Under current law, a dependent student and independent student with dependents can receive an automatic zero expected family contribution (EFC), which automatically qualifies the student for the maximum Pell Grant award, if –

- A) the student's (or in the case of a dependent student, the student's parents') adjusted gross income (AGI) is less than or equal to \$23,000; and
- B) the student meets one of the following criteria:
 - the student was not required to file a Federal income tax return;
 - the student filed or is eligible to file a 1040A or 1040EZ tax return form;
 - the student has a parent who is a dislocated worker; or
 - the student benefited from a means-tested Federal benefit program within 24 months of filing.

To ensure low-income FAFSA filers are not burdened by unnecessary questions on the FAFSA, this section removes the income requirement for filers who received a means-tested Federal benefit in the previous two years. Eligible means-tested Federal benefit programs include the following: supplemental security income (SSI); supplemental nutrition assistance program (SNAP); temporary assistance for needy families (TANF); special supplemental nutrition program for women, infants, and children (WIC); Medicaid; and any other program identified by the Secretary.

A student who did not benefit from a Federal benefit program but who was not required to file a tax return or was eligible to file a 1040A or 1040EZ form can still receive an automatic zero if he/she meets the new AGI threshold, which this section increases to \$34,000. The section also requires the Secretary to annually increase the threshold by the estimated percentage change in the Consumer Price Index, rounded to the nearest \$1,000.

Additionally, this section removes the requirement that independent students have dependents in order to be eligible for an automatic zero EFC.

Section 104. Using Data from the Second Preceding Year.

This section requires the Secretary to allow the use of income data from the previous year's tax return on the FAFSA.

Section 105. Changes to Untaxed Income and Benefits.

This section removes current data elements from the definition of "untaxed income and benefits" in order to shorten the FAFSA and focus the EFC formula on primary sources of income. This section strikes many current-law required data elements used when calculating available income to pay for college, such as: workman's compensation; veteran's benefits such as death pension, dependency, and indemnity compensation (excluding veterans' education benefits); interest on tax-free bonds; and other data outlined in the bill.

Title II – Simplifying the FAFSA

Section 201. FAFSA Pathways.

This section reduces the number of questions that an applicant must answer when completing his/her FAFSA by placing the applicant into one of three pathways:

- Pathway 1: Applicants (or in the case of a dependent student, the student's parents) who benefited from a means-tested Federal benefit program in the previous two years may automatically skip all financial questions and receive the maximum Pell Grant award. To verify the information, the Secretary is directed to enter into a Memorandum of Understanding with the Secretary of Health and Human Services, the Secretary of Agriculture, and the Secretary of the Treasury to allow for the exchange of information needed to verify receipt of eligible federal benefits.
- Pathway 2: Applicants (or in the case of a dependent student, the student's parents) who did not participate in a means-tested Federal benefit program in the previous two years, but do not have to file tax schedules with their Federal income tax return (with the exception of a schedule R, schedule 8812, or schedule EIC) shall complete a limited number of financial questions based on the changes made in Section 101 of this bill. The Secretary is directed to use the data retrieval tool (DRT) currently authorized in HEA to obtain necessary Federal income tax information from the Internal Revenue Service (IRS).

- Pathway 3: All other applicants (mainly those who file tax schedules with their taxes) must complete the remainder of the financial questions in the FAFSA. The Secretary is again directed to use the DRT to obtain necessary Federal income tax information from the IRS.

Section 202. One-Time FAFSA Filing for Dependent Students.

This section simplifies the FAFSA for low-income students by requiring dependent Pell Grant recipients to file a FAFSA just once before going to college, as opposed to annual filing as currently required. In subsequent years, students will maintain the EFC amount that was calculated for that first year if their circumstances have not significantly changed. This section would require such an applicant to annually certify via a simple, consumer-tested form, that he/she is still a dependent student for whom there has been no significant change in circumstances. Applicants experiencing a change in dependent status and/or significant change in circumstances must either re-file the FAFSA or receive a professional judgement determination from their financial aid administrator.

Section 203. FAFSA in Various Languages.

This section requires the Secretary to provide the FAFSA in both paper and electronic formats in at least 11 foreign languages based on the languages most often spoken by English learner students and their parents. This section also requires the FAFSA to be available in formats accessible to individuals with disabilities.

Section 204. Use of Internal Revenue Service Data Retrieval Tool to Populate FAFSA.

This section directs the Secretary to make every effort to allow all applicants (including taxpayers who are married but file separate federal income tax returns) to utilize the DRT to automatically populate the electronic forms with tax return information for an expedited FAFSA process. It further requires the Secretary to examine whether IRS information can be used to generate an EFC without additional information being provided by the applicant. It also requires the Secretary to report on these simplification efforts at least once every other year.

Section 205. Information on FAFSA Verification.

This section requires the Secretary to annually report information about the number and percentage of Pell-eligible applicants who are asked to verify their income disaggregated by applicants in Pathways 1, 2, and 3 (see Sec. 201 above). The report must be submitted to the congressional authorizing and appropriating committees and made publicly available.

Section 206. Conforming Amendments to Section 483.

This section makes conforming amendments to Section 483 of the HEA in accordance with the changes contained in this Act.

Title III – Federal Aid Eligibility

Section 301. Exception to Required Registration with Selective Service System.

This section prohibits making an applicant ineligible for federal student aid under Title IV of the HEA for failure to register for Selective Service in accordance with the Military Selective Service Act and repeals the requirement that the Secretary confirm Selective Service registration.

Section 302. Repeal of Suspension of Eligibility Under the HEA for Grants, Loans, and Work Assistance for Drug-Related Offenses.

This section removes statutory language that limits eligibility for students who have a drug-related offense and restricts the Secretary from including any question about convictions related to the possession or sale of illegal drugs on the FAFSA.

Section 303. Federal Aid Eligibility for Dreamer Students.

This section allows “Dreamer students” to be eligible for federal financial aid. A “Dreamer student” is defined as an individual who –

- (A) was younger than 16 when brought to the United States;

(B) provides documentation of secondary school enrollment while in the united states; and

(C) has done any one of the following:

- earned (or be in the process of earning) a high school diploma or its equivalent;
- acquired an associate’s degree or higher;
- been eligible for a grant of deferred action; or
- served in the uniformed services.

The section allows the Secretary to waive some of the requirements under a hardship exception.

Title IV – Financial Aid Shopping Sheet

Section 401. Financial Aid Shopping Sheet.

This section requires that any institution receiving Title IV funding use a standardized financial aid award letter to be developed by the Department. The financial aid shopping sheet must include the total cost of attendance; the amount of that cost that will be covered by Federal financial aid; their estimated student loan debt upon graduation; information about student outcomes; and other information to facilitate straightforward comparison of aid packages offered by different educational institutions. The section requires an institution of higher education to either (1) use the Financial Aid Shopping Sheet as its sole financial aid award letter or (2) include the Financial Aid Shopping Sheet as the first page or supplemental cover sheet to the institution’s own financial aid award letter.