FAFSA Overview and ISAC Updates

2019 Professional Development Training
Agenda

1. ISAC Updates
2. Federal Student Aid (FSA) Updates
3. Aid Eligibility & Dependency
4. Parental & Financial Information
ISAC Updates
Retention of Illinois Students & Equity (RISE) Act

• On June 21, 2019, the RISE Act was signed into law, with an effective date of January 1, 2020

• The law enables students who are Illinois residents and who are not eligible for federal financial aid, to apply and receive consideration for any student aid or benefit funded or administered by the State
RISE Act – Eligible Students

• Legislation defines Illinois resident as “any person who is deemed an Illinois resident for tuition purposes under state law”
• Must meet criteria for in-state tuition as defined in Illinois Statute
• These criteria are being incorporated into ISAC’s Administrative Rules

www.isac.org
RISE Act – Eligibility Criteria

Criteria for in-state tuition

1. Resided with parent or guardian while attending an Illinois public/private high school
2. Graduated from a public/private high school or received a high school diploma equivalency in Illinois
3. Attended school in Illinois for at least 3 years as of the date the individual graduated from high school or received the diploma equivalency
4. Provide the institution with an affidavit stating that the individual will file an application to become a permanent resident of the U.S. at the earliest opportunity the individual is eligible to do so
5. Has not established a residence outside of Illinois
RISE Act – Application Process for MAP

• Online interactive application will be available on the ISAC student portal
  ○ Available on January 1, 2020 for 2020-21 academic year
• Pre-screening questions at the beginning of the application will help students determine which application (RISE or FAFSA) to complete
• RISE act application will be patterned after the FAFSA
• An EFC will be calculated and provided to the college via the Gift Assistance Programs (GAP) Access portal, in the format of an Institutional Student Information Record (ISIR)
• MAP awards will be calculated for eligible students

www.isac.org/studentportal
RISE Act –
Applying for Other ISAC Programs

• Applications for ISAC programs other than MAP will be updated as necessary to accommodate the RISE Act provisions. We expect those applications to be available later this fall. As is our practice we will announce their availability as we open processing for each program for the 2020-21 academic year.
FAFSA Mandate

• On August 2, 2019 HB 2719 signed into law
• Public high school students will be required to complete the FAFSA or the alternative State form (RISE Act application)
  o Beginning with the 2020-21 school year
• Waiver will be available as an alternative to completing the FAFSA/RISE Act application
  o If a parent, guardian, or the student (if 18 or emancipated) wants to opt out for any reason, they can. They just need to attest that they understand what the FAFSA is and are choosing not to file it.
## ISAC Program Implementation

<table>
<thead>
<tr>
<th>MAP Priority Access Date</th>
<th>2019-20 Academic Year</th>
<th>2020-21 Academic Year</th>
<th>2021-22 Academic Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority filing date for returning students who receive MAP in 2019-20</td>
<td>• December 1st priority date</td>
<td>• Priority filing date for returning students who receive MAP in 2020-21 will be announced October 2020</td>
<td>• Applicable for 2021-22 FAFSA</td>
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</tbody>
</table>

## RISE Act

- Mid-year implementation on January 1, 2020
- 75 hour cap removed for spring term MAP recipients
- State RISE Act application will be available on January 1, 2020
- Will calculate EFC for 2020-21 MAP awards
- State RISE Act application will be available on October 1, 2020
- Will calculate EFC for 2021-22 MAP awards

## FAFSA Mandate

- Public high school students will be required to complete a FAFSA as a graduation requirement
- Begins with 2021-22 FAFSA
- Students may opt out
- Public high school students will be required to complete a FAFSA as a graduation requirement
- Begins with 2022-23 FAFSA
- Students may opt out
Federal Student Aid (FSA) Updates
2020-21 FAFSA Updates

• Tax reform enacted in December 2017 eliminated 1040 A and 1040 EZ tax forms
  o All references of 1040 A/EZ forms removed from the FAFSA
• Question about eligibility to file a 1040 A/EZ replaced with question about eligibility to file a Schedule 1
  o 2019-20 FAFSA:
    ➢ If you filed or will file a 1040, were you eligible to file a 1040A or 1040 EZ?
Schedule 1 Question

2020-21 FAFSA:
Did you (or will you) file a Schedule 1 with your 2018 tax return? Answer “no” if you did not file a Schedule 1 or only filed a schedule 1 to report an Alaska Permanent Fund dividend or one of the other exceptions listed in the notes

- Answer no if you did or will file a Schedule 1 to report only one or more of the following items:
  - Capital gain (line 13 – may not be a negative value)
  - Unemployment compensation (line 19)
  - Other income to report an Alaska Permanent Fund dividend (line 21 – may not be a negative value)
  - Educator expenses (line 23)
  - IRA deduction (line 32)
  - Student loan interest deduction (line 22)
FSA ID Enhancements

• Require verified email address or mobile phone number
• Login option with verified phone number
• Warning prompt asks user to provide an email address to which they will not lose access
  o .edu, .k12, .pvt, .tec, or .cc
• Create-your-own challenge questions replaced with drop-down list
• Added ability to make edits in summary page
• Removal of 18-month password update requirement
  o Password change only required after a security event
• Removal of special character requirement in password
• Warning for users when account is about to be locked
  o Will indicate how many login attempts remain
Eligibility & Dependency
Eligibility Requirements

• Have a high school diploma or equivalent
• Be a U.S. citizen or eligible noncitizen
• Have a valid Social Security Number
• Register for Selective Service, if male 18-25 years old
  o If assigned the sex of male at birth
• Be enrolled in eligible degree or certificate program
• Make satisfactory academic progress
• Sign certification statement on FAFSA
Eligible Noncitizens

Must provide Alien Registration Number

1. U.S. Permanent Resident Card
2. Conditional Green Card
3. Holder of Arrival Departure Record (I-94 Form) from DHS¹
   • Refugee
   • Asylum Granted
   • Parolee
   • T-Visa Holder
   • Cuban-Haitian Entrant
4. Holder of Valid Certification from DHHS²
   • Victim of Human Trafficking

*Note: parents’ citizenship status does not affect the student’s eligibility*

¹ Department of Homeland Security
² Department of Health and Human Services
Dependency Status

• Dependent
  o Student can answer “No” to all dependency questions
    ➢ Student information
    ➢ Parent Information

• Independent (additional information may be required)
  o Students are considered dependent until age of 24 unless they can answer “Yes” to one of the dependency questions
    ➢ Student Information
    ➢ Spouse Information, if married

*additional information may be required
Dependency Questions

24 or Older - By December 31 of the school year for which aid is requested

Married - Or separated, but not divorced

Working on Graduate/Professional Degree - Master’s/Doctorate program

Have children OR dependents who live with you - Who receive/will receive more than half of support from student

U.S. Armed Forces – Currently Serving/Veteran
  • Active duty: for other than state or training purposes
  • Veterans: released under a condition other than dishonorable

Orphan, Foster Care, Ward of Court - At any time at or after the age of 13

Emancipated Minor or in Legal Guardianship - As determined by a court in their state of legal residence

Unaccompanied Homeless Youth - with determination from:
  • High School or District Homeless Liaison
  • Director of an emergency program or transitional housing program funded by HUD
  • Director of a runaway or homeless youth basic center or transitional living program
Based on your answers to the dependency status questions, you are considered a dependent student. This means you must provide parental information. Select “I will provide information about my parent(s)” and click Next to continue filling out your FAFSA.

If you have a special circumstance and are unable to provide parental information, under very limited circumstances, you may be able to submit your FAFSA without parental information. Select “I am unable to provide information about my parent(s)” and click Next to get additional information.

- I will provide information about my parent(s)
- I am unable to provide information about my parent(s)
Continuing Without Parent Information

- If a student does not provide parent information they may continue completing the FAFSA without it.
- An EFC will not be generated.
- Students unable to provide parent information must follow up with their financial aid office.
Unsubsidized Loans Only

- If a student does not have a special circumstance and continues without providing parent information, they will only be eligible for unsubsidized loans.
Parental & Financial Information
Who is a parent on the FAFSA?

1. Biological
2. Adoptive
3. Stepparent
   • While married to biological parent
   • If biological parent dies, stepparent is not considered a parent

• If parents live together both must provide information
  o Regardless of marital status

• For divorced parents
  o Report the information of the parent with whom the student lived the longest in the past 12 months
  o If time spent with each parent was equal, then report the information of the parent who provided most financial support
Financial Information

- Information from Tax Returns
- IRS Data Retrieval Tool (DRT)
- Income Earned From Work
- Additional Financial Information
- Untaxed Income
- Investments
- Businesses/Investment Farms
Information from Tax Returns

• Tax filing information
  - Already Completed Tax Return
  - Will File, But Have Not Yet Completed
  - Not Going to File

• Financial information from tax returns
  - Filing Status (Single, Head of Household, Married, etc.)
  - Adjusted Gross Income (Includes earned and unearned income)
  - U.S. Income Tax Paid
    - Last line of Tax and Credits section of the federal tax return
    - Reports the total federal income tax, not the total taxes
    - **NOTE:** This refers to U.S. tax paid, not the tax refund, or the federal income tax withheld as noted on the W-2 form.
IRS Data Retrieval Tool

- Transferring IRS tax information onto the FAFSA is faster and more accurate.
Income Earned From Work

• Includes wages, salaries, and tips earned from work
• Must be reported whether or not a tax return was filed
• Information may be found on the following tax documents:
  o 1040 form
  o W-2 form
  o 1099 form
  o Schedule forms
Additional Financial Information

• Income that must be reported but is not counted towards the calculation of the EFC
  o Education credits
  o Child support paid
  o Taxable earnings from need-based student employment programs such as Federal Work-Study and need-based fellowships/assistantships
  o Taxable student grant and scholarship aid
  o Combat pay or special combat pay
  o Earnings from work under a cooperative education program
Untaxed Income

- Income that must be reported and is counted towards the calculation of the EFC
  - Payments to tax-deferred pension and retirement savings plans
  - IRA deductions and payments to self-employed plans
  - Child support received
  - Tax exempt interest income
  - Untaxed portions of IRA distributions and pensions
  - Living allowances paid to members of military, clergy and others
  - Veterans noneducation benefits
  - Other untaxed income not reported elsewhere on the form
  - Money received or paid on your behalf (student section only)
Investments Include

• Real estate\(^1\)
• Rental property
  - Includes a unit within a family home that has its own entrance, kitchen, and bath rented to a non family member\(^2\)
• Trust funds
• UGMA/UTMA accounts
• Money market funds

• Mutual funds
• Certificates of deposit
• Stocks/stock options
• Bonds
• Installment and land sale contracts
• Education savings accounts
• 529 college savings plans

\(^1\)Report net worth (net worth = current value – debt)
\(^2\)Family includes persons directly related to you or persons who are or were related to you by marriage
Investments Exclude

• Home in which parents live
• Value of life insurance
• Value of retirement plans
  o 401[k] plans
  o Pension funds
  o Annuities
  o Non-education IRAs
  o Keogh Plans
Business/Investment Farm Values

Include

- Land
- Buildings
- Machinery
- Equipment
- Inventory, etc.

Report net worth of businesses and/or investment farms

- Net worth = current value – debt
  - Debt means only those debts for which the business or investment farm was used as collateral
Business/Investment Farm Values

Exclude

• Value of small business does not include a small business if:
  1. Family owns and controls more than 50% of business, **AND**
  2. Business has 100 or fewer full-time/equivalent employees

• Family is defined as:
  1. Persons directly related to you (parent, sister, cousin, etc.)
  2. Persons who are/were related to you by marriage (spouse, stepparent, sister-in-law etc.)

• Investment farm value does not include the value of a family farm that you live on and operate
Thank you!

For information about upcoming trainings and registration please visit

www.isac.org/pd

For questions, email us at

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