PRIOR-PRIOR YEAR

A NEW APPROACH TO THE FAFSA
Financial Need is a concept that has evolved since the mid 1960’s

The Higher Education Act of 1965 created programs for students with exceptional need, but did not define that.

The current calculation is called Federal Methodology and is written into the HEA.
<table>
<thead>
<tr>
<th>PRINCIPLES</th>
<th>WHAT ASSUMPTIONS UNDER LIE THE CALCULATION</th>
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</thead>
<tbody>
<tr>
<td>Who Pays</td>
<td>• The student and parents have a primary responsibility to pay</td>
</tr>
<tr>
<td>How</td>
<td>• Distribution of resources should be based on ability and not willingness to pay</td>
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Why
• Need should be determined irrespective of aid available

Fair
• It should be equitable

Snapshot
• It is a picture at a point in time.

Indicator
• Need analysis shows relative financial Strength
The use of the prior year income is a predictor of future income

**Prior Year Pros**

- Close in time to current school year
- Verifiable
- Really does represent a valid picture for most families
- Law allows for changes when it is no longer a good indicator.

**Prior Year Cons**

- Application deadlines before many families complete taxes
- Available tools like the IRS Data retrieval tool often unavailable
- Inaccurate estimates may cause significant changes to awards when the actual numbers are used
<table>
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<th>Prior Pryor Year</th>
<th>Moves analysis year back one year</th>
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<tbody>
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<td></td>
<td>Allows for earlier Application</td>
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<td>Most families will be completing FAFSA from accurate Data</td>
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### How Does It Work?

<table>
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<tr>
<th>IF YOU PLAN TO ATTEND COLLEGE FROM</th>
<th>YOU CAN SUBMIT THE FAFSA FROM</th>
<th>USING TAX INFORMATION FROM</th>
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**Students:**
- Apply for aid near when they apply for admission
- Most Families Use Data Retrieval Tool

**University**
- Receives FAFSA data sooner
- Has opportunity to work with family longer

We are able to deliver award sooner
Families have more time to consider finance options
So What does it all mean?

- Different schools will take different approaches
- First year will be chaotic for the University
- Will make less difference to upper division
- Less corrections to data
- Increase in families whose future earning are not represented by the PPY.
WHAT WILL PWL DO?

Our actions will include:

• Earlier communication with student
• Earlier awarding, but not a lot during first year.
• Improved Net Price Calculator
• Increased opportunity for discussion
• Many fewer students who get a late surprise when data is corrected.
• Change is inherently scary
• As you meet with students they may have questions
• Keep in mind that we have latitude for adjustments
• Refer them back to DFA
YOUR FEEDBACK MATTERS

QUESTIONS?