

Appendix

FAFSA Simplification Act

Passed as part of the Consolidated Appropriations Act, 2021, the [FAFSA Simplification Act](#) revises the process of applying for federal student aid, aiming to streamline the FAFSA and expand eligibility for financial aid by reducing the complexity of the form and adjusting the criteria for needs assessment.

FUTURE Act

Enacted in December 2019, the Fostering Undergraduate Talent by Unlocking Resources for Education ([FUTURE](#)) Act amended the Higher Education Act and the Internal Revenue Code. It establishes a data exchange process (FA-DDX) between the IRS and the Department of Education, allowing tax filers to authorize the IRS to share specific tax return information for FAFSA completion and other authorized purposes.

Federal Tax Information Data Provided to the U.S. Department of Education

Eligible for determining eligibility and awarding financial aid only and outreach for federal means-tested benefit programs (e.g., SNAP and Medicaid). Specific data elements collected:

- Tax year (e.g., 2022 tax year information for the 2024-25 FAFSA)
- Tax filing status
- Adjust Gross Income (AGI)
- Number of dependents
- Income earned from work
- Taxes paid
- Educational tax credits
- Untaxed individual retirement arrangement/account (IRA) distributions
- IRA deductions and payments
- Untaxed pension amounts
- Tax-exempt interest
- Schedule C net profit/loss
- Indicators for Schedules A, B, D, E, F, and H
- IRS response code
- Total income*
- Adjusted available income*
- Discretionary net worth*

*As of February 2025 [guidance](#), these derived variables have been redefined as FTI data, and we are awaiting additional clarification from ED on their use.

Derived Federal Tax Information Data

Data use: Eligible for determining financial aid eligibility/awards, planning, program services, and research. Specific derived data elements mentioned in guidance:

- Pell eligibility
- Student Aid Index
- Verification status

Data Use Implications of the FAFSA Simplification Act and FUTURE Act

By: Sean Baser

Can FTI data be used for mandatory IPEDS reporting?

An institution is permitted to use FTI to complete mandatory IPEDS reporting so long as the data are aggregated at three or more individuals. Aggregation of FTI can only be completed by those individuals with authorized job duties related to the application, award, and administration of student financial aid programs ([FSA Slides from 4/18 Webinar](#)).

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Table 1. ED Timeline of Events for FAFSA and FTI Data Use

Date	Description	Type	Link	Other Resources
May 12, 2023	ED (FSA) issues guidance on access and use of FTI data for 2024-25 FAFSA cycle. ED provides guidance indicating that FTI may not be used except for the purposes of administering financial aid programs.	Government Announcement	(GENERAL-23-34) Access and Use of Federal Tax Information (FTI) for Federal Student Aid Programs Beginning with the 2024-25 FAFSA Processing Cycle	
June 20, 2023	ED hosts the first summer Q&A webinar on the new FAFSA. ED provides guidance that FTI may not be redisclosed to other entities or individuals, even at the aggregate level, for any other purpose (e.g., research).	Webinar	https://fsatraining.ed.gov/mod/page/view.php?id=11063	<ul style="list-style-type: none"> • (PDF) Presentation Slides • (PDF) Webinar Transcript
July 13, 2023	ED hosts the second summer Q&A webinar on the new FAFSA. ED clarified that FTI can be used for the application, award, and administration of financial aid by the institution.	Webinar	https://fsatraining.ed.gov/mod/page/view.php?id=11069	<ul style="list-style-type: none"> • (PDF) Presentation Slides • (PDF) Webinar Transcript
November 30, 2023	ED hosts webinar on Data Use and Considerations Under the FUTURE Act and FAFSA® Simplification Act. ED provides clearest guidance on new laws and regulations for the access, disclosure, and use of FAFSA and FTI data on the simplified FAFSA.	Webinar	https://fsapartners.ed.gov/training/federal-student-aid-fsa-training-conference/program/sessions/2023/data-use-and-considerations-under-future-act-and-fafsar-simplification-act	<ul style="list-style-type: none"> • https://www.nasfaa.org/news-item/32246/FSA_Outlines_Provisions_of_Federal_Tax_Information_and_FAFSA_Data_Use
January 18, 2024	ED hosts the first Q&A webinar on the new FAFSA. ED issues clarification on data sharing of derived FAFSA data (SAI/Pell) with admission counselors.	Webinar	https://fsatraining.ed.gov/mod/page/view.php?id=11881	<ul style="list-style-type: none"> • (PDF) Presentation Slides • (PDF) Webinar Transcript

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February 22, 2024	ED hosts the second Q&A webinar on the new FAFSA. ED issues guidance on how research offices, when supporting financial aid offices, can report aggregate-level data to federal, state, and TRIO agencies; aggregation must be completed by the financial aid office or entity that administers the application, award, or application of student aid programs. ED states that they will release more guidance and use cases.	Webinar	https://fsatraining.ed.gov/mod/page/view.php?id=11879	<ul style="list-style-type: none"> • (PDF) Presentation Slides • (PDF) Webinar Transcript
April 8, 2024	ED issues guidance on the use of FTI for means-tested benefits outreach.	Government Announcement	https://fsapartners.ed.gov/fsa-print/publication/1005836	
April 18, 2024	The FSA Guidance on Access and Data Use is updated. ED clarified in an updated government announcement that derived FTI data elements (specifically, SAI and Pell) are not FTI data and can be treated like FAFSA data.	Government Announcement	(GENERAL-23-34) Access and Use of Federal Tax Information (FTI) for Federal Student Aid Programs Beginning with the 2024-25 FAFSA Processing Cycle (Updated April 18, 2024)	
April 18, 2024	ED hosts the third Q&A webinar on the new FAFSA. ED clarified that institutions are permitted to use FTI to complete mandatory IPEDS reporting so long as the data are aggregated at 3 or more individuals. ED also clarified that FTI may not be disclosed for accreditation reviews.	Webinar	https://fsatraining.ed.gov/mod/page/view.php?id=11897	<ul style="list-style-type: none"> • (PDF) Presentation Slides • (PDF) Webinar Transcript
July 24, 2024	ED hosts an updated webinar on FAFSA data use for the 2024-25 cycle. ED provides updated guidance on laws and regulations for the access, disclosure, and use of FAFSA and FTI data on the simplified FAFSA.	Webinar	https://fsatraining.ed.gov/mod/page/view.php?id=11998	<ul style="list-style-type: none"> • (PDF) Presentation Slides • (PDF) Webinar Transcript

Data Use Implications of the FAFSA Simplification Act and FUTURE Act

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November 7, 2024	ED (FSA) issues guidance on permitted and prohibited access, disclosure, and use of personally identifiable information collected from the FAFSA. The guidance clarifies use cases for non-FTI data and defines variables such as verification status, total income, adjusted available income, and discretionary net worth as FAFSA data, subject to FAFSA-specific disclosure, access, and use rules. ED indicated that additional guidance on FTI data will be provided at a later date.	Government Announcement	(GENERAL-24-129) Guidance for State Grant Agencies and Institutions of Higher Education on the Access, Disclosure, and Use of FAFSA Data for the Application, Award, and Administration of Student Aid Programs	
February 11, 2025	ED issues updated guidance on access and use of FTI data for 2024-25 FAFSA cycle. The guidance expanded the definition of FTI to include specific intermediate and derived FTI variables (e.g., total income, adjusted available income) that were previously described as FAFSA data. This guidance reclassifies these variables as FTI, subject to FTI-specific disclosure, access, and use rules.	Government Announcement	(GENERAL-23-34) Access and Use of Federal Tax Information (FTI) for Federal Student Aid Programs Beginning with the 2024-25 FAFSA Processing Cycle (Updated February 11, 2025)	https://www.nasfaa.org/news-item/35624/New_ED_Guidance_Changes_Definition_of_FTI_to_Include_Derived_Total_Income_Values_from_ISIR