States of Opportunity: Supporting State Financial Aid Policy Development in Dynamic Times

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About NCHEMS



Vision: We envision a future in which postsecondary education expands opportunities for all, strengthens communities, and advances the public good.



The National Center for Higher Education Management Systems (NCHEMS) partners with institution, system, government, and community leaders to effectively use evidence to improve strategic decision-making in postsecondary education.

Today's Panelists



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Project Core Questions

How dependent are state financial aid systems on the FAFSA?

How well-positioned are states to adapt when changes occur to the federal infrastructure underneath that form?

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How We Answered the Questions

National Inventory of State Aid Programs

- Reviewed statutory language
- Reviewed state higher education websites
- 381 programs

Focus Group

- 29 National Association of State Student Grant and Aid Programs (**NASSGAP**) members

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State Aid is Deeply Tied to FAFSA

- About **70% of the 381 programs reviewed require the FAFSA**, and those programs collectively serve more than **4.3 million students** and disburse roughly **$15 billion annually**

- **Twenty-six states** have **a majority of their programs requiring the FAFSA**

- Financial data, especially the Student Aid Index, drives **47% of programs that are need-based**

There are many different state aid programs, and even within the same state, how each uses the FAFSA (or not) can be very different

States Play a Critical Role

The study identified three main models of flexibility states have built into their systems.

1. **Dual systems**, where students can use either the FAFSA or a state alternative application

2. **FAFSA-plus-state-application** models

3. **Program-specific alternatives** that operate independently of the FAFSA.

Final Themes

Strategic Priorities for States:

- Reviewing statutory language for flexibility
- Building contingency capacity without duplicating the FAFSA outright
- Continuing to invest in the relationship with the FSA

What NASSGAP members want from FSA:

- Stability
- Advance discussion before data elements change
- Clearer guidance on using aggregated federal tax data
- Realistic implementation timelines

Panel Discussion

Link to the Report

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