



## **FAFSA Simplification – August 2023 Update**

*This is part of a series on FAFSA Simplification – which goes into full effect with the 2024-2025 aid year.*

The [FAFSA Simplification Act](#) represents the first major redesign of the FAFSA process in 40 years. This includes the *Free Application for Federal Student Aid* (FAFSA®) form, need analysis, and many policies and procedures for schools that participate in federal student aid programs.

Among other key changes this legislation will reduce the total number of questions students see when filing the FAFSA, attempts to clarify the questions that will be asked, and will aim to increase Federal Pell Grant eligibility. While in some cases the FAFSA simplification could increase some students' financial aid eligibility, others may see a decrease in aid. Key changes that can impact the application process and resulting financial aid offers for students are outlined below.

### **Key changes to the FAFSA**

#### **A December open date**

In the past, the FAFSA form has opened on October 1<sup>st</sup>. This year, the new FAFSA won't open until December. Federal Student Aid (FSA) hasn't released a specific date yet. There will be announcements when it's official.

#### **Shorter FAFSA form**

The FAFSA Simplification Act actually does simplify the Free Application for Federal Student Aid form. For most people, the online form will go from more than 100 questions down to 36. As anyone who has filled out a FAFSA knows, this is very good news.

There's a new system that allows the FAFSA to pull information directly from the income tax return. Students and families don't have to go hunting for their past returns anymore. They just need to give their consent for the transfer of data.

#### **Removal of Housing Question**

The student's housing plans for the academic year will no longer be included on the FAFSA. Because a student's housing plans form the basis of the student's overall Cost of Attendance budget, we will now have to make alternative arrangements to collect that information from all aid applicants.

## **Individual Log In Required**

By filing the FAFSA, applicants and their spouse/parents will consent to the IRS transferring federal tax information to the FAFSA, as authorized by the Future Act. This interface between the simplified FAFSA and the Internal Revenue Service means that each person's private information must be protected. When someone tries to use the FAFSA, they'll be directed to a form to give their consent and create an FSA ID, if they don't already have one.

This new process means that students will no longer be able to enter their parent's household or income information on their behalf. The parent(s) will have to create their own FSA ID to log in and enter their own information.

If the student (or their spouse or parent) refuses to give consent, the student will not be eligible for any financial aid.

## **Changes to the family contribution**

### **The new Student Aid Index**

A major goal of the [FAFSA Simplification Act](#) is to make the amount of aid a student is eligible for more transparent and predictable. In the past, the FAFSA determined aid using the Estimated Family Contribution (EFC). It was a complicated process even for financial aid specialists. Families often had no idea how much they could receive until they got their financial aid offer from the college.

The new Student Aid Index (SAI) is streamlined and better defined. Under certain circumstances, low-income students can be eligible for need-based aid using only the family's adjusted gross income taken from their income tax return. The new SAI streamlines procedures for students with more complicated income sources as well. Foster, homeless, and unaccompanied youth—as well as applicants who cannot provide parental information—will be able to complete the form with a provisional independent student determination and receive a calculated SAI.

### **Families with more than one member in college**

Under the old Estimated Family Contribution system, if there were multiple family members in college at the same time, their EFC was split between them. Under the new Student Aid Index, the Better FAFSA will still ask the question, but it doesn't consider the number of family members in college in its calculations. This may reduce need-based aid eligibility for current students with siblings in college.

For example and using some very simplified numbers: Under the old FAFSA, if your EFC was \$3,000 and you had three eligible family members enrolled in college at the same time, each enrolled student could have an EFC of \$1,000. This would have increased the amount of federal aid they could receive. Now in the Better FAFSA, each of the three will have an SAI of \$3,000, decreasing the amount of federal aid.

## **Changes to Pell Grants**

The FAFSA Simplification Act links eligibility to family size and the federal poverty level, which should result in more students qualifying for more Pell Grant money.