

FAFSA® Changes Overview

FAFSA Simplification Act

The FAFSA Simplification Act is a sweeping redesign of the processes and systems used to award federal student aid. The law updates the Free Application for Federal Student Aid (FAFSA®) process to expand access to federal student aid and provide a new FAFSA experience for students and families.

Benefits for Students and Families

➤ Updated Need Analysis Formula

Beginning in the 2024–25 award year, **the Student Aid Index (SAI) will replace the Expected Family Contribution (EFC) on the FAFSA form**. The SAI is an evaluation of the financial resources that may be available to contribute toward a student's education expenses.

Among the many changes, the need analysis formula **removes the number of family members in college from the calculation**, allows a **minimum SAI of –1500**, and implements **separate eligibility determination criteria** for Federal Pell Grants.

➤ Expanded Access to Federal Student Aid

The FAFSA Simplification Act **extends Federal Pell Grants to more students and links eligibility to family size and the federal poverty level**. This builds on changes implemented in the 2023–24 award year, including incarcerated students regaining the ability to receive a Federal Pell Grant and the restoration of Federal Pell Grant lifetime eligibility to students who received an eligible federal student loan discharge. The law also repeals the lifetime limit on the period for which a borrower can receive subsidized loans of up to 150% of program length (often referred to as Subsidized Usage Limit Applies).

➤ Streamlined FAFSA® Form

The FAFSA Simplification Act mandates that where possible, the U.S. Department of Education (ED) **use federal tax information received directly from the IRS** to calculate a student's Pell Grant eligibility and SAI. This data exchange was made possible by the FUTURE Act, which ED will implement alongside the FAFSA Simplification Act. The law also **removes questions about Selective Service registration and drug convictions** from the FAFSA form and adds questions about the applicant's gender, race, and ethnicity. Additionally, students who are homeless, orphans, former foster youth, or have unusual circumstances that prevent them from providing parent information on the FAFSA form, will benefit from simplified questions and processes that more efficiently determine their independent status.

FAFSA® Changes Overview continued

Changes for Students and Contributors Starting in the 2024–25 Award Year

“**Contributor**” is a new term being introduced on the 2024–25 FAFSA form. A contributor refers to anyone who is required to provide their information and signature on the FAFSA form, as well as **consent** and approval to have their federal tax information transferred directly into the form via direct data exchange with the IRS. A contributor may include the student, the student’s spouse, a biological or adoptive parent, and/or the parent’s spouse (stepparent).

➤ Requirement for StudentAid.gov Account

Everyone contributing to the FAFSA form online **must have their own StudentAid.gov account**. Each contributor, including the student, will access their account with **their own FSA ID (account username and password)**.

➤ Financial Aid Direct Data Exchange

All students and contributors must provide consent and approval to have their federal tax information transferred directly into the FAFSA form via direct data exchange with the IRS. This federal tax information will be used to determine the student’s eligibility for federal student aid. **If a student or required contributor doesn’t provide consent and approval, the student will not be eligible for federal student aid.**

New Requirements for Higher Education Institutions

➤ New Definition of Cost of Attendance (COA)

COA refers to the total cost for a student to attend a specific college or career/trade school during a school year. The FAFSA Simplification Act continues to make COA the **starting point for calculating financial need**.

The formula is: **Cost of Attendance – Student Aid Index – Other Financial Assistance = Financial Need.**

The law specifies that COA includes tuition and fees, food and housing, books and supplies (including renting or purchasing a personal computer), miscellaneous expenses, and transportation. The law also provides allowances for loan fees, dependent-care costs, and expenses for disabled students.

➤ Expanded Rules for Financial Aid Professionals

Financial aid professionals at postsecondary institutions will have some flexibility in adjusting a student’s eligibility for federal student aid **due to special or unusual circumstances**.

A **financial aid administrator** is required to assess situations **on a case-by-case basis** and then make a final determination **based on documentation that the student submits to the school**. If a student is unable to provide documentation of their unusual circumstances, a financial aid administrator may perform their own assessment based on a documented interview with the student.