

FAFSA Facts

Updated March 2024

FAFSA Background

- FAFSA is an acronym for Free Application for Federal Student Aid.
- FAFSA originated in the 1965 Higher Education Act which authorized the primary sources of postsecondary federal student aid, including Pell Grants.
- Higher education advocates and stakeholders have long voiced concern that the length and complexity of the FAFSA, as well as its unpredictability for students and families, may be hindering postsecondary educational access and attainment.
- Passed and signed in 2020, the FAFSA Simplification Act sought to streamline the application process, reduce the form's complexity, and provide predictability of aid for families under certain income thresholds.

FAFSA Simplification Act: Simplified process, some expanded eligibility

- A major provision of the Act was the transition from the Expected Family Contribution (EFC) to the Student Aid Index (SAI) to measure a student's eligibility based on student and family finances. The calculation for eligibility under the SAI is different than it was for EFC.
- The Act eliminated several additional requirements for determining eligibility and reduced the number of questions from 100 to fewer than 40.
- An analysis conducted by the State Higher Education Executive Officers Association (SHEEO) concluded that under the SAI formula, 92% of students would see no change in eligibility; 8% would gain eligibility; and less than 1% would lose eligibility. The same analysis concluded that the average award would increase from \$2,492 to \$2,957.

Implementation Delays

- Implementation of the SAI was to begin for the 2023-2024 academic year, with students completing the simplified FAFSA on October 1, 2023. The 2022 Consolidated Appropriations Act delayed implementation for the 2024-2025 academic year.
- A combination of replacing outdated legacy systems, technical glitches, and political vagaries contributed to the delay.
- Students and families have had access to the form and have been able to complete it since early January.

What's Next

- The Department of Education anticipates beginning to send financial aid offices the Institutional Student Information Record (ISIR) data they need, including the updated SAI tables, by mid-March.
- Congress will revisit eligibility criteria for the 2025-2026 academic year and beyond as debate continues over government funding.
- To apply for federal aid, students and families can visit <u>https://studentaid.gov/h/apply-for-aid/fafsa</u>.

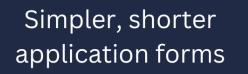
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FAFSA Simplification Goals







Increase in aid award amounts



Increase in eligiblity



TABLE 1: PELL ELIGIBILITY UNDER EFC AND SAI



	EFC FORMULA	SAI FORMULA
PELL ELIGIBLE	60%	68%
NO CHANGE IN ELIGIBILITY		92%
GAIN ELIGIBILITY		8%
LOSE ELIGIBILITY		<1%
AVERAGE AWARD (INCLUDES ZEROS)	\$2,492	\$2,957
AWARD WITHIN \$500		75%
AWARD INCREASES OVER \$500		25%
AWARD DECREASES OVER \$500		<1%
TOTAL AWARD AMOUNT	\$256 MILLION	\$303 MILLION

NOTES:

1. Dollar amounts were adjusted to 2023-24 values.

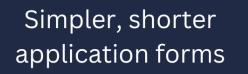
2. See Burns, R. (2023). *National and state impacts of FAFSA simplification* for estimating SAI and Pell Grant amounts. SOURCE: 2017-18 National Postsecondary Student Aid Student, Administrative Collection



FAFSA Simplification Goals







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