

# FAFSA<sup>®</sup> Simplification Fact Sheet

## Overview

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### *FAFSA Simplification Act*

On Dec. 27, 2020, Congress passed the *Consolidated Appropriations Act*. The law includes provisions that amend the *Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act* and includes the *FAFSA Simplification Act*—a sweeping redesign of the processes and systems used to award federal student aid. Specifically, the law makes it easier for students and families to complete and submit the *Free Application for Federal Student Aid (FAFSA<sup>®</sup>)* form and expands access to federal student aid.

### Benefits to Students, Families, and Borrowers

#### Expanding access to federal aid

The Student Aid Index (SAI) will replace the Expected Family Contribution (EFC) on the FAFSA form. Students and families will see a different measure of their ability to pay for college and experience a change in the methodology used to determine aid.

In addition to the SAI, the *FAFSA Simplification Act* will expand the Federal Pell Grant to more students and link eligibility to family size and the federal poverty level. New eligibility formulas and funding are estimated to increase Pell Grant recipients by nearly 15%. Incarcerated students will regain the ability to receive a Pell Grant, and Pell Grant lifetime eligibility will be restored to students whose school closed while they were enrolled, or where subject to a false certification, identity theft, or a borrower defense 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).

#### Streamlining the FAFSA<sup>®</sup> form

Where possible, the *FAFSA Simplification Act* mandates that the U.S. Department of Education office of Federal Student Aid (FSA) use federal tax information (FTI) received

directly from the IRS to calculate Pell Grant eligibility and SAI. This data exchange was made possible by the *FUTURE Act*, which FSA will implement alongside FAFSA simplification. The law also removes questions about Selective Service registration and drug convictions and adds questions about applicants' sex and race/ethnicity. Additionally, students who are homeless, orphans, former foster youth, or who have other unusual circumstances that prevent them from providing parental information on their FAFSA form, will benefit from simplified questions and processes that more efficiently determine their independent status.

By the 2024–25 award year, resources for completing the FAFSA form will be expanded to the 11 most common languages spoken in the United States. Additional language-specific support will be available from the Federal Student Aid Information Center.

## **New Requirements for Higher Education Institutions**

### **New definitions of cost of attendance (COA)**

The *FAFSA Simplification Act* makes COA the starting point for calculating the Student Aid Index (SAI). The formula is:  $COA - SAI = \text{financial need}$ . Schools will need to make more information about COA publicly available to students and their families, including loan fees and other costs that students may directly or indirectly pay to complete their program of study.

### **Professional judgment: Expanded rules for financial aid professionals**

Financial aid professionals at institutions will have additional flexibility in adjusting a student's eligibility for federal student aid—known as professional judgment—due to special or unusual circumstances. This expansion will help certain students that have unique family situations, such as a loss of income or a change in housing status. The law also provides additional flexibility for financial aid professionals to assist students who cannot provide parental information on their FAFSA form (e.g., homeless youth, orphans, foster youth).

Schools will have the ability to address a student's special or unusual circumstances by adjusting their COA, the student's dependency status on their FAFSA form, the components that determine Pell Grants, or all the above. As is the case with COA, schools will need to make their policies and procedures for reviewing professional

judgments publicly available.

## Additional Resources:

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**FSA Partner Emails** - Subscribe to receive ongoing email updates from FSA: [outreach.fsapartners.ed.gov](https://outreach.fsapartners.ed.gov)



**Financial Aid Toolkit** - Find outreach tools to help guide others through the FAFSA simplification changes: [financialaidtoolkit.ed.gov/bfbf](https://financialaidtoolkit.ed.gov/bfbf)



**FSA Training Center** - Gain access to on-demand training courses, tools, and videos for financial aid professionals: [fsatraining.ed.gov](https://fsatraining.ed.gov)



**Knowledge Center** - Obtain official policy guidance and access to other FSA administrative websites for financial aid professionals: [fsapartners.ed.gov/knowledge-center](https://fsapartners.ed.gov/knowledge-center)



**Customer Service Center** - Connect with FSA service centers to assist students, parents, and borrowers: [fsapartners.ed.gov/help-center/fsa-customer-service-center](https://fsapartners.ed.gov/help-center/fsa-customer-service-center)