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What's Changing in the New FAFSA and What's Not

The latest version of the federal form for college aid will be available on Oct. 1 for the 2022-23 academic year. But a planned major overhaul of the form may not take effect for several years.

By Ann Carrns

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Big changes are coming to a notoriously complex form that students need to submit to qualify for college financial aid — but the changes will mostly appear gradually, over the next few years.

The latest version of the form known as the FAFSA, short for Free Application for Federal Student Aid, will become available online on Oct. 1 for aid awarded for the 2022-23 academic year. The changes to the form and its financial aid calculations aim to make the FAFSA simpler as well as to encourage more students to complete it and to expand aid eligibility for lower-income students.

But with a few exceptions, this year's form will be mostly unchanged.

"It's a lot of the same old," said Brendan Williams, senior director of consulting at uAspire, a nonprofit organization that seeks to remove financial barriers to a college education. Returning users may notice some design changes to the online version of the form, which most applicants use to complete the FAFSA, he said, but it still seeks the same information.

There will be at least two notable changes, however. Having a drug conviction while receiving student aid or failing to register with the Selective Service System, the federal database maintained in case of military draft, no longer affects an applicant's eligibility for financial aid.

But there may be some confusion because the questions addressing drug convictions and selective service will remain on the latest FAFSA when it goes live in about two weeks.

The Federal Student Aid office said in an announcement in June that the changes, approved late last year by Congress, came "too late" to remove the questions. But the office said it had advised college financial aid offices on how to process FAFSA forms "to eliminate the effect of the questions."

(In a separate advisory, the federal aid office said the changes regarding selective service registration and drug convictions took effect early and apply to the current financial aid year as well as the upcoming one. The office said it had emailed about 400,000 students who were found to be ineligible for aid based on their answers to the two questions, instructing them to contact the financial aid office at their school for reconsideration.)

The upshot is that a student's response to the questions will not disqualify the applicant from financial aid, said Justin Draeger, president and chief executive of the National Association of Student Financial Aid Administrators.

Mr. Williams of uAspire said the group recommends that applicants answer the two questions honestly, since by signing the FAFSA they are attesting that the information in it is true. But, he said, "it will not impact your financial aid."

(While there has not been a draft since 1973, men ages 18 to 25 are still required by federal law to register. But FAFSA applicants will now remain eligible for financial aid even if they have not registered, said Mark Kantrowitz, a financial-aid expert.)

The FAFSA collects financial details about students and their families and acts as a portal to grants, scholarships and loans for higher education. Last year, Congress approved changes to the form and the financial aid process, trimming the number of questions by about two-thirds and tweaking its underlying formula for determining who receives aid.

The approved changes include replacing the so-called "expected family contribution," which applicants found confusing. Instead, a "student aid index" will be used as a guideline for the level of financial help for which a student qualifies. The updated formula broadens access to federal need-based Pell grants and shields more of a family's income from financial aid calculations. And in a move that has already prompted some opposition, the revised formula eliminates a break for families with multiple students in college at the same time.

Taken together, the changes represent a “significant overhaul” of the student aid process that will take time to put into effect and communicate, according to the student aid office. Most of the changes were supposed to take effect for the 2023-24 academic year. But the office said it would instead take a “phased” approach, delaying some changes by another year, to the 2024-25 school term.

In at least one case, the impact of a future change may be felt sooner. The federal legislation eliminated a question about cash support, so funds taken from grandparent-owned 529 college savings accounts will no longer affect a student’s eligibility for federal aid. That change will probably take effect for the 2024-25 school year, Mr. Kantrowitz said, when the FAFSA would be based on income from the tax year 2022. “So starting next year, 529 plans owned by the grandparents or anybody other than the student or parent will no longer affect eligibility” for need-based federal aid, he said in an email.

Here are some questions and answers about the FAFSA and financial aid:

When should I fill out the FAFSA?

As soon as possible after it becomes available on Oct. 1, financial aid experts say. Many states and colleges use the form to determine scholarship aid, and some programs award the money on a first-come, first-served basis until available funds are depleted. A list of deadlines for both federal and state aid programs is available on the federal student aid website.

And note: While the federal deadline for filing a FAFSA extends into the summer after a given academic year, waiting until then means you will probably be eligible only for loans. The FAFSA for the current academic year, for instance, has a federal filing deadline of June 30, 2022.

Do I have to file the FAFSA every year?

Yes. You will need to resubmit it each year of college to qualify for financial aid. The upcoming FAFSA will require financial details from the tax year 2020. Because of the coronavirus pandemic, some students saw their income or their family’s income fluctuate. If the information on your FAFSA doesn’t accurately reflect your current financial situation, complete the form — but then, contact your college’s financial aid office to explain the situation, Mr. Williams said.

Will I have to submit extra information after filing the FAFSA?

Possibly. Each year, about a quarter of applicants — mainly lower-income students who qualify for need-based Pell grants — are flagged for “verification,” which means the government asks for additional documents, like tax returns, to confirm details. Verifications had been relaxed because of the pandemic but it’s currently unclear whether that will continue in the upcoming FAFSA cycle, Mr. Draeger said.

Also, separately, some private, higher-cost colleges may require students to complete an even more detailed financial aid form, known as the CSS profile, that is administered by the College Board.

2022-2023 Free Application for Federal Student Aid:

<https://studentaid.gov/sites/default/files/2022-23-fafsa-draft.pdf>