For the first time in over 40 years, the Free Application for Federal Student Aid (FAFSA) is getting a major redesign to simplify and streamline the process of applying for financial aid. Not only is the FAFSA expected to be shorter and easier for students and families to complete, the form will provide expanded eligibility for federal student aid, reduce barriers for certain student populations and will provide an overall better user experience.

The new FAFSA will launch in December 2023, delayed from its typical October 1 start date. Here is what you can expect:

- **FSA ID FOR EVERYONE**
  Both the student (applicant) and parent must create a Federal Student Aid account (FSA ID) with a username and password. Users without a social security number can create an FSA ID and access the FAFSA.

- **ROLES-BASED FAFSA**
  The redesigned FAFSA will be a roles-based form, meaning each person will only be able to see questions related to their role. When a student logs in, they will complete questions that should be answered by the student. The parent or spouse will need to log in to see the questions related to their role. After each role has completed their questions, the FAFSA will be able to be submitted.

- **FEDERAL TAX INFORMATION DATA TRANSFER**
  Users must authorize the IRS to provide tax and related information to be used on the FAFSA. **This step is mandatory, no longer voluntary.** Replacing the IRS Data Retrieval Tool, the IRS direct data exchange allows the users’ federal tax information to be retrieved and transferred directly into the FAFSA form.

- **NEW STUDENT AID INDEX**
  The Expected Family Contribution (EFC) will be replaced by the Student Aid Index (SAI) to calculate eligibility for needs-based funding. SAI can be as low as -$1,500. The formula uses less factors than the EFC, requiring fewer questions.

- **MORE PELL GRANT ELIGIBILITY**
  To determine eligibility for the Federal Pell Grant, the SAI, the family make-up, size, Adjusted Gross Income (AGI), and Federal Poverty Tables will be used. If the student meets the Poverty Table guidelines for the maximum or minimum Pell award and the SAI calculation, the student will be awarded the highest Pell Grant amount determined by the two separate formulas.
A BETTER FAFSA® is coming soon

TIPS FOR HIGH SCHOOL COUNSELORS

A Few Considerations To Keep an Eye On

- **DIVORCED OR SEPARATED PARENTS**
  A student with divorced or separated parents will report information on “the parent who provides the greater portion of the student’s financial support.” This parent should be either the one the student lived with more during the past 12 months or, if the student lived with both equally, the one who provided the most financial support in the past 12 months. If the parent is remarried, the stepparent must also provide tax information, unless the married couple filed a joint tax return.

- **SIBLINGS IN COLLEGE**
  Families who have multiple children in college will no longer be a factor when determining aid eligibility. However, the question will remain on the form and will be required to be answered. This information may be used by the colleges if they wish to take it into consideration when awarding institutional aid.

- **BUSINESSES AND FARMS ARE ASSETS**
  Small businesses/family farms are required to be reported as assets (previously businesses/family farms with less than 100 employees were excluded). Families with farms and small businesses should be prepared to provide the estimated worth of these assets.

Increasing Financial Aid Access

- Students who are homeless, orphans, former foster youth, or who have other unusual circumstances that prevent them from providing parental information will benefit from simplified questions that more efficiently determine their independent status.

- Financial aid eligibility restrictions and questions associated with certain drug convictions and failure to register for Selective Service have been removed.

- Students who are incarcerated in federal or state penal institutions, and other involuntary commitments, will regain the ability to receive a Pell Grant.

IMPORTANT TO NOTE:

*Remember, the final version of the new FAFSA has not yet been published. Results from open comment periods may influence updates to some of the proposed changes.*

To learn more, visit www.ohe.state.mn.us/fafsachanges