

UPCOMING CHANGES TO THE COLLEGE FINANCIAL AID FORMULA

The Free Application for Federal Student Aid (FAFSA) is a form completed by current and prospective college students to determine their eligibility for student financial aid. In addition, states and colleges use FAFSA information to award their own grants, scholarships, and loans.

For federal student aid during the 2022-2023 academic year, the FAFSA form must be submitted by June 30, 2023. Many states and colleges also set their own deadlines in advance of June 30th. Check with the college(s) you are interested in attending. See studentaid.gov/apply-for-aid/fafsa/fafsa-deadlines.

If you currently have a child in college, or one that will be going to college in a couple of years, below are some FAFSA Changes that you should be aware of.

Application Changes:

- Drastically reduces the number of FAFSA questions from 108 to a maximum of 36.
- Families' income information will be directly linked to their tax returns. Tax return data no longer requires manual collection.
- Individuals with drug-related convictions will no longer be blocked from receiving federal aid and those questions have been removed.

Expected Family Contribution (EFC) Changes:

- EFC will now be known as the Student Aid Index (SAI).
- The SAI now indicates actual financial need, whereas the EFC indicated the amount of money required to pay for college.
- A student's SAI can now be negative (down to -\$1,500), making it easier for a college to identify the students with the most financial need. This differs from the EFC's low of \$0.

Pell Grant Changes:

- Students can now see if they are eligible for the Pell Grant before applying for financial aid.
- The following groups of students are now eligible to qualify for a Pell Grant in the 2023-24 school year:
 - Incarcerated students participating in prison education programs who have not been allowed to qualify for a Pell Grant since 1994;
 - Students with a drug-related conviction in their past;
 - Individuals who could not complete their studies because their school closed, or who qualified for student loan cancellation due to a borrower defense to repayment claim.

A Pell Grant is a form of financial aid that does not require repayment.



SPC Financial[®]
Finance on a Human Level[®]



UPCOMING CHANGES TO THE COLLEGE FINANCIAL AID FORMULA

Federal Direct Subsidized Loan Changes:

- There is no longer a restriction on how long it takes the student to complete the education program. Previously, a student was able to get subsidized loans for 150% of the length of their education program. *For example, a student could only qualify for 6 years of subsidized loans if they attended a 4-year program.*

A Federal Direct Subsidized Loan is a Federal Student loan where the borrower generally isn't responsible for paying interest while in an in-school, grace, or deferment period."

This explanation of the changes in FAFSA is for educational and informational purposes only and does not constitute a recommendation. To learn more about whether FAFSA is suitable for you, you may wish to consult an appropriate professional. For additional information about FAFSA, please visit studentaid.gov/h/apply-for-aid/fafsa.