

A New FAFSA Form Is Coming, Along With Changes in College Aid

In addition to the new form, the federal government will expand eligibility for federal aid in the biggest overhaul in decades.



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A long-awaited, supposedly user-friendly version of the college financial aid form known as the FAFSA will be unveiled for the 2024-25 school year.

The new form aims to simplify the process of applying for college aid because it's been found that those who complete a FAFSA, short for Free Application for Federal Student Aid, are more likely to attend college. Along with updating the form, the federal government is expanding eligibility for federal aid in the biggest overhaul in decades.

But some families with more than one child in college at the same time may qualify for less assistance. That's because the overhaul also tweaked the form's underlying aid formula, effectively eliminating a "sibling discount."

"There's winners and losers," said Phillip Levine, a professor of economics at Wellesley College and a nonresident fellow at the Brookings Institution who co-wrote a report on the coming changes.

College students must file the form each year to get financial aid from the federal government. Many states and colleges also base their own aid on the federal form. The FAFSA collects detailed financial information about income and assets from students and their parents and serves as a gateway to grants, scholarships and loans for higher education. Congress approved changes to both the form and its formula in 2020, but the Education Department has taken several years to finish the update.

Some changes, like shielding more of a family's income from the aid calculation, tend to increase eligibility for financial help. More students will be eligible for federal need-based Pell grants, and those who previously got partial grants will be eligible for larger amounts, said MorraLee Keller, senior director of strategic programming with the National College Attainment Network.

But the update also eliminated what was effectively a discount for families with multiple children in college. About a third of college students have a sibling who is also enrolled, Dr. Levine said. The change in aid eligibility for some families with multiple college students may be substantial, he said, and unexpected — particularly for currently enrolled students who will see a change from their aid package for the upcoming school year.

"Their price is about to go up a lot, and they don't know it," Dr. Levine said. His report includes an online tool that families can use to estimate how their aid may be affected.

One rationale for the change is that financing a college education now involves long-term saving and borrowing, and isn't something that most people can pay for with their current income. So it's unfair to give a break to families because they have twins or children close in age attending college simultaneously but not to people with children spaced further apart.

It's troubling that the new formula is going into effect with little warning to students and their parents, Dr. Levine said.

"The problem is, you're flipping a switch," he said, giving some current students little time to prepare for a potentially larger out-of-pocket bill. Some colleges may be able to adjust financial aid packages to compensate, but that depends on

the institution's finances.

Mark Kantrowitz, a financial-aid expert, said removing the sibling discount had the greatest impact on middle- and high-income students.

While the number of students in college is no longer a factor in the federal formula, the FAFSA still asks a question about the number of family members in college, said Karen McCarthy, vice president of public policy and federal relations with the National Association of Student Financial Aid Administrators. Colleges can take the information into account and potentially make adjustments under a process known as "professional judgment."

If a student receives an aid package from a college that falls short, Ms. McCarthy said, "I recommend reaching out to the financial aid office to see what can be done."

Other expected changes on the form include replacing the confusing "expected family contribution," a number that estimates what a family might have to pay, with the "student aid index," a sort of guideline for the amount of financial help for which a student qualifies.

The federal government says the number of questions on the form have been greatly reduced, but Ms. McCarthy said the number you'd have to answer would depend on your circumstances. Still, she said, "we do think it will be an easier process for families."

The transfer of federal income tax forms from the Internal Revenue Service into the application, for instance, has been streamlined and should occur seamlessly after users approve the transfer, instead of requiring several clunky steps, Ms. McCarthy said.

Here are some questions and answers about the new form:

When will I be able to file the new FAFSA?

In recent years, the form became available online on Oct. 1. But this year, it won't be available until a yet-to-be-specified date in December, the Federal Student Aid office says. That shortens the time that many students will have to complete the form to meet state priority filing deadlines, which begin early in the new year. (Many states distribute aid on a first-come-first-served basis, so filing early increases your odds of receiving aid.)

March deadlines are the most common, said Dustin Weeden, associate vice president of the State Higher Education Executive Officers Association, in an email. Some states are keeping those deadlines for next year, especially if the date is later in the month, while a few, including California and Tennessee, have pushed theirs to April.

Texas is in the process of adjusting its Jan. 15 priority deadline for next year, Mr. Weeden said.

Students should watch for state campaigns this fall, alerting them that the form is available later than usual and will have some changes, he said. "These outreach efforts are a top priority for states this fall," he added.

Can I do anything now to prepare for the new form?

You will need a Federal Student Aid ID, made up of a user name and password, to complete the form. If you don't already have an ID, creating one now can save time when the new form comes out. Apply for the ID online. You will need your Social Security number, full name and date of birth. (Currently, you can complete the FAFSA online without an ID and mail in a signature page, Ms. Keller said. But user IDs will be required for the new 2024-25 form, according to the Federal Student Aid office website.)

Students should apply to a mix of colleges, including in-state public colleges, to make sure they get into one they can afford, Mr. Kantrowitz said.

Some highly competitive private schools use a different form, known as the CSS Profile, to award institutional financial aid. It's not clear if that form will change its approach to aid for siblings. The College Board, which administers the form, did not immediately respond to a request for comment.

Do these changes affect aid for the upcoming academic year?

No. Financial aid packages for the school year starting this month or in September are based on the form for the academic year 2023-24, which became available in October 2022.

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