

Legislative Memo



Updated FAFSA Submission Window

First announced in September 2015, the new, extended submission period for the Free Application for Federal Student Aid (FAFSA) opened on Oct. 1, 2016. Previously, the earliest date an individual could file for FAFSA was Jan. 1 of the upcoming academic year.

Because the new rule brings the filing window into an earlier year, FAFSA will require tax data from two years before the academic year, instead of just one. For example, a FAFSA for the 2017-18 school year can now be filed in late 2016 using tax information from 2015. Under the previous system, a 2017-18 FAFSA could not be filed until 2017 and would have required 2016 tax information.

Understanding the Changes

According to Edvisors.com, about \$9.5 billion in financial aid was left unclaimed in 2011-12 —\$2.9 billion of which was grant money which went unclaimed by nearly 2 million eligible students. Nearly half of all high school graduates in 2013 did not apply for the Pell Grant. In a time where tuition rates are increasing at twice the rate of inflation, leaving money on the table can needlessly put students even further into debt. Extending the submission period so that students can apply

earlier for financial aid will hopefully lower the amount of unclaimed funds each year.

In the past, a January starting point meant families were not usually alerted of their financial aid packages until March or April. This left only a few short months to determine how financial aid would affect their college choices. However, with the new changes, some colleges aim to provide families with their aid estimates as early as November, giving students more time to select the right colleges and organize their finances.

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The extension also simplifies the application process by allowing forms to be filled out with the previous year's tax information. When tax returns are filed for the following year, applicants can go to the IRS's website and use the IRS Data Retrieval Tool (IRS DRT) to update their information. After entering personal identifying information into the IRS's



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website exactly as it appears on filers' tax returns, the IRS DRT will automatically pull the new tax information and update their FAFSA form accordingly. This saves the time and energy of locating and filling out tax forms multiple times, lowers the probability of error during data entry and eliminates the need to provide tax transcripts to verify updated data (provided filers do not replace IRS DRT data with manual entries).

What Hasn't Changed

The filing process and the information needed to file will not be affected by this change. FAFSA requires the following information for both students and parents: Social Security number, driver's license, taxable income information, untaxed income amounts and cash savings. Filing earlier does not necessarily guarantee financial aid, as income and investments are the main factors in how aid is distributed. Additionally, because the official amounts of the Pell Grant aren't finalized until January of the upcoming academic year, early applications can only provide an approximate value of financial aid (the final amount may be slightly different).

Possible Future Changes

Other changes to the FAFSA filing process have been proposed and are currently under review by Congress. The File Once FAFSA Act of 2016 would make it so that dependent students only have to file for FAFSA once during their undergraduate careers, as opposed to resubmitting annually as is currently required. Then, every year, the students would just need to fill out a short form

confirming that they are still dependents and that their living situations have not significantly changed. Though this legislation has not yet passed, it marks another step in making the FAFSA process as simple as possible to encourage students to apply for aid.

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