



The New FAFSA: Which Students Benefit Most?

The FAFSA Simplification Act goes into full effect with the 2024-25 Award year and across the country Directors of Financial Aid are working to get ready for it. On balance, this act will open up access to college for more students. But digging deeper, which students and families are the winners and losers when we move from EFC to SAI?





Winners – Students and Families who will see the most benefits when SAI replaces EFC

Who: First generation students

Why: The new FAFSA has fewer questions and may be easier for students and families to navigate, especially those who have not gone through the process before

Who: Students who were previously on the border for Pell eligibility

Why: The line has shifted and projections are that there will be a 4-7% increase in students that are eligible

Who: Students who receive Pell grants

Why: The maximum Pell grant has increased alongside a funding increase of \$3B. This 10% increase in funding exceeds the 4% increase in Pell eligible students

Who: Incarcerated students

Why: Incarcerated students and students with previous convictions are now Pell eligible. This may impact 700K students

Who: Students who report high income with parents that report low income

Why: Currently Pell Grants are based on EFC which takes into account both parent and student income. New Pell Grants will only consider parent income

Who: Parents who report low income but high assets

Why: Moving forward, Pell Grants are determined from income alone. Currently, Pell is determined by EFC which considers assets as well as income

Who: Students who report no income

Why: SAI formula allows a dependent student's income contribution to be negative (as low as -1,500), which means that students with \$0 income will see an SAI that's \$1,500 lower compared to EFC. This makes these students eligible for more aid

Who: Students whose grandparents or other family members can contribute to their college education

Why: Students no longer need to report support from friends and extended family. This previously negatively impacted financial aid eligibility

Who: Parents who report higher pre-tax income contributions (401k, retirement plans, medical and dental benefits)

Why: Currently tax-deferred retirement plans are treated as untaxed income but moving forward these won't get counted because they don't come from IRS data (which is what the FAFSA will use moving forward). Reporting less income means families are expected to contribute less and eligible for more aid with the SAI calculation than with EFC



FAFSA Winners by the Numbers

\$3B

increase in funding for Pell Grants

4-7%

more students eligible for Pell Grants

\$7,395

maximum Pell Grant increase

700K

incarcerated students will be Pell eligible



Losers – Students and Families who may be negatively impacted when SAI replaces EFC

Who: Students with siblings in college

Why: Currently, a discount applies to families who have more than one child in college concurrently. This was removed

Who: Some divorced families

Why: Parent with highest income will be required to complete the FAFSA, regardless of who the student lives with or who will be supporting them in college

Who: Parents who report foreign income

Why: Under FAFSA simplification foreign income will be reported using the conversion rate at the time the FAFSA is completed. This may not accurately reflect the value of the income at the time it was earned

Who: Families with small business / farm assets

Why: Families with asset net worth over \$500k will see a decrease in aid under the new rules because of a greater emphasis on assets/wealth in determining financial need





Knowing which students will be better off and receive more federal aid matters a lot. There will be bigger financial need gaps to fill to attract the student populations now receiving less aid under SAI. Strategic financial aid and enrollment leaders will need to recalibrate their awarding methodologies.



The good news is that there will be more winners than losers. There is a lot more money to go around: more funding for Pell grants and more students that are eligible, representing a big potential win for universities themselves. Addressing the impact of the SAI changes ahead of time will make the decisions you need to make, and the conversations you will need to have, a lot easier in the end.



There are a lot of changes to consider and a long laundry list of things for Directors of Financial Aid to get done. Meadow can help. Our modern net price calculator, Meadow Price, will be the first SAI compliant NPC available. Meadow is helping dozens of major campuses nationwide to deliver clear and accurate cost estimates to prospective students, whether or not the Ed Department has the FAFSA ready on time.

Meadow simplifies the student financial experience from application to graduation. Meadow Price, our net price calculator, is meant to be more than a compliance checkbox. It elevates financial clarity and improves enrollment outcomes. Mobile-first and easy to use, Meadow Price is accurate for every student and easy to implement.

Contact amy@meadowfi.com to learn more.

