

FAFSA® Changes for 2017–18

Summary

On Sept. 14, 2015, President Obama announced significant changes to the *Free Application for Federal Student Aid* (FAFSA®) process that will impact millions of students. Starting next year, students will be able to:

- **Submit a FAFSA® Earlier:** Students will be able to file a 2017–18 FAFSA as early as Oct. 1, 2016, rather than beginning on Jan. 1, 2017. The earlier submission date will be a permanent change, enabling students to complete and submit a FAFSA as early as October 1 every year.
- **Use Earlier Income Information:** Beginning with the 2017–18 FAFSA, students will report income information from an earlier tax year. For example, on the 2017–18 FAFSA, students (and parents, as appropriate) will report their 2015 income information, rather than their 2016 income information.

Background

The FAFSA is the application that college or career school students must complete to apply for federal student aid, which includes Pell Grants, federal student loans, and work-study opportunities. In addition to determining eligibility for federal student aid, FAFSA information is used by many states, colleges, career schools, and private organizations to determine eligibility for nonfederal student aid. Completing the FAFSA is the gateway to accessing funds for college for approximately 20 million students each year.

The FAFSA is currently available for applicants to complete on January 1 for the upcoming application cycle. However, many deadlines for state aid are as early as March. For some students, the current FAFSA application cycle is not aligned with college admissions application deadlines, which typically occur in the fall prior to the FAFSA launch. As a result, time is a critical factor for applicants qualifying for aid. Finally, in addition to the timing of the launch of the FAFSA, the availability of an applicant's income and tax information may lead students—and, where applicable, their parents—to mistakenly think they are not able to file a FAFSA until they file their tax return. This may cause students to miss out on some federal, state and/or institutional financial aid.

FAFSA® Process Changes

The 2016–17 FAFSA will be the final FAFSA to launch on January 1. Students who need to complete the 2016–17 FAFSA will be able to access and submit the form anytime between Jan. 1, 2016, and June 30, 2017. Beginning with the 2017–18 FAFSA, the start date will move from January 1 to October 1 of the previous year. This means that students who complete the 2017–18 FAFSA will be able to submit the form anytime between Oct. 1, 2016, and June 30, 2018.

In addition to changing the FAFSA launch date, we are also changing the requirements for reporting income information. Currently, FAFSA applicants provide income information from the “prior tax year.” For example, 2016–17 applicants must report 2015 income information. Beginning with the 2017–18 FAFSA, applicants will provide income information from one tax year earlier—the “prior-prior” year. This means that the 2017–18 FAFSA will collect 2015 income information. As a result of this change, more students and families will be able to complete their FAFSA using income information imported electronically from the IRS, using our IRS Data Retrieval Tool (DRT), rather than submitting applications with income estimates that may need correcting, or worse, waiting until the previous year’s tax return has been filed.

The following table provides a summary of key dates as we transition to using the early FAFSA submission timeframe and earlier tax information.

When a Student Is Attending College (School Year)	When a Student Can Submit a FAFSA	Which Year’s Income Information Is Required
July 1, 2015–June 30, 2016	January 1, 2015–June 30, 2016	2014
July 1, 2016–June 30, 2017	January 1, 2016–June 30, 2017	2015
July 1, 2017–June 30, 2018	October 1, 2016–June 30, 2018	2015
July 1, 2018–June 30, 2019	October 1, 2017–June 30, 2019	2016

FAFSA® Changes Impact

Recent research and the Department of Education’s own data suggest that implementing an earlier start date and using earlier income information will benefit students. Benefits include

- (a) alignment— the financial aid application process may be more aligned with the college admission process,
- (b) certainty—applicants will not need to estimate income or taxes paid, and
- (c) less pressure—more time for students and parents to explore and understand financial aid options and apply for aid before state deadlines.

How will an earlier FAFSA and the change to the income year benefit students?

Benefits include the following:

- **Alignment.** The financial aid application process will be more aligned with the college application process.
- **Certainty.** Students (and their parents, if applicable) will not need to estimate income information.
- **Less pressure.** There will be more time for students to explore and understand financial aid options and apply for aid before state and school deadlines.

Will colleges change their financial aid processing timelines due to the FAFSA being available earlier?

Whether a college changes its financial aid processing timelines when the FAFSA becomes available on October 1 is a decision that each college will make. Students should contact their schools to determine whether the schools will adjust their processing timelines once the FAFSA is available earlier.

Do students still have to complete the FAFSA every year?

Yes. Because eligibility for federal student aid does not carry over from one school year to the next, students will need to fill out the FAFSA for each school year in which they plan to be a student. Eligibility for financial aid can differ from year to year for various reasons, including a student's or family's financial situation and the number of family members enrolled in college.

Do families need to complete their taxes before they fill out the FAFSA?

No. If students (and their parents, if applicable) are required to file taxes, they do not have to complete their taxes before they fill out the FAFSA. Considering that many state and college FAFSA deadlines fall before the April 15 tax deadline, applicants have been allowed to provide estimated income information. Example: The 2016–17 FAFSA will ask for 2015 income information. If applicants estimate income, they will need to log back in to the FAFSA once their 2015 taxes are complete and correct any information that needs to be corrected.

Beginning with the 2017–18 FAFSA, students will report income information from two years prior, which in this case is 2015 income information. Considering that the 2015 tax filing deadline is April 15, 2016, and the 2017–18 FAFSA will become available on Oct. 1, 2016, applicants are very likely to have completed their taxes before October 1, and the tax information would be available to be reported on the FAFSA.

How does information transfer from the IRS to the FAFSA?

The IRS Data Retrieval Tool (DRT) allows applicants (and their parents, if applicable) to access the IRS tax return information needed to complete the FAFSA, and transfer the required information directly into the FAFSA from the IRS. The FAFSA includes a link to the IRS if an applicant is eligible to use the IRS DRT.

Can a student still be selected for verification if he or she is using 2015 income information on his or her 2017–18 FAFSA?

Yes. A student can be selected for verification by either the U.S. Department of Education or by the student's school. Verification is a process by which a student is required to submit documentation that the data reported on the student's FAFSA is accurate. The financial aid administrator at a student's college may make corrections or updates to the student's FAFSA based on the documentation provided as part of the verification process.

Changes Impacting the 2017–18 FAFSA®

Frequently Asked Questions (FAQs)

What is the *Free Application for Federal Student Aid (FAFSA®)* and how is it changing?

The FAFSA® is the application that students must complete to apply for federal student aid, which can be used to attend an eligible college or career school. Federal student aid includes Federal Pell Grants, federal student loans, and work-study opportunities. In addition to determining eligibility for federal student aid, many states, private organizations, colleges, and career schools rely on information from the FAFSA to determine eligibility for nonfederal sources of aid.

Two major changes to the FAFSA will take effect for the 2017–18 school year. (The 2017–18 school year runs from July 1, 2017, through June 30, 2018.)

1. The FAFSA will be available earlier (October 1 of the previous year instead of January 1 of the upcoming school year).
2. The FAFSA will collect income information from an earlier tax year.

Here's a table with a summary of the changes. You'll find details below the table.

When a Student Is Attending College (School Year)	When a Student Can Submit a FAFSA	Which Year's Income Information Is Required
July 1, 2015–June 30, 2016	January 1, 2015–June 30, 2016	2014
July 1, 2016–June 30, 2017	January 1, 2016–June 30, 2017	2015
July 1, 2017–June 30, 2018	October 1, 2016–June 30, 2018	2015
July 1, 2018–June 30, 2019	October 1, 2017–June 30, 2019	2016

1. The FAFSA will be available earlier.

Currently, students cannot complete a FAFSA for the upcoming school year until January 1. For example, for the 2016–17 school year, an applicant cannot complete a FAFSA until Jan. 1, 2016. Beginning with the 2017–18 school year, applicants will be able to complete a FAFSA as early as October 1 of the previous year. (See table.)

2. The FAFSA will require information from an earlier tax year.

The second major change also begins with the 2017–18 FAFSA cycle. Currently, in addition to other information, FAFSA applicants (and their parents, if applicable) must report the prior year's income information. For example, for the 2016–17 school year, applicants must report income information for 2015—the tax year before the beginning of the school year. Beginning with the 2017–18 FAFSA, students will report income information from two years prior, which in this case is 2015 income information—two tax years before the beginning of the school year. (See table.)