

## HIGHER EDUCATION

# In reversal, Education Dept. to update income formula for latest FAFSA



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The Education Department will update guidelines used to determine how much financial aid a student qualifies for, correcting an error that would have resulted in some receiving less money for college next school year, the department confirmed Tuesday.

The decision arrives a month after The Washington Post [reported](#) on the department's failure to increase the amount of income shielded from the formula for the [latest Free Application for Federal Student Aid](#). Initially, the federal agency said time and data constraints would make it difficult to update the income tables before it released the [FAFSA](#) on Dec. 31.

Now, the department is reversing course.

In a statement to The Post, the department said Tuesday that it will be updating the tables for the 2024-25 award year, a move that will grant students access to an additional \$1.8 billion in federal student aid. The department said it will share more details on the timeline for the update shortly.

The department's Federal Student Aid Office has been working to carry out a three-year-old bipartisan law meant to simplify the FAFSA, a critical form for students seeking federal, state and institutional aid. But the overhaul has been stymied by [delays](#).

One of those changes involves protecting more of a family's earnings from the formula that determines how much aid a student can receive. Congress told the department to raise the amount of income shielded by 20 percent for parents, 35 percent for dependent students and almost 60 percent for students with children of their own, and to adjust the numbers for inflation annually.

The Education Department, however, did not make the adjustment, which was supposed to be calculated using the consumer price index from April 2020 to April of this year — a period of record-high inflation. Despite warnings from college access and aid groups about the outdated information, the department initially left the income protection tables unchanged.

In addition to the time constraints, the department said the outdated tables would not affect recipients of Pell Grants — aid for undergraduate students with exceptional financial need.

Under the new law, families earning less than 175 percent and student parents earning less than 225 percent of the federal poverty line will automatically qualify for the maximum Pell Grant, valued at \$7,395 for the current academic year. In all, more than 5.2 million students could now be eligible for a full Pell — an increase of about 1.5 million students, according to the Education Department.

But a failure to update the income guidelines could have hurt other students. A person who does not qualify for Pell Grants solely based on income may become eligible based on their Student Aid Index, which is used to determine a student's ability to pay for college. Without the inflation adjustment, the tables would have produced an artificially high index, making a student eligible for less aid.

The index also determines eligibility for other forms of need-based federal aid, such as work-study and subsidized student loans. States and colleges will also use the metric to award scholarships and grants.

While the Education Department's decision to update the income tables for the 2024-25 FAFSA cycle will help students, it will also place more pressure on colleges and universities.

Schools are already working with a shorter timeline to get aid offers out the door because the department is delayed in handing over student data from completed FAFSAs. Updating the tables could further delay those aid packages as colleges may have to revise their offers or wait even longer for applicant information.

Justin Draeger, president of the National Association of Student Financial Aid Administrators, said updating the tables is the right thing to do but should have been done from the beginning. He said he is concerned the last-minute decision will further delay the transfer of student data from the FAFSA, which the department promised to send out by the end of January.

“With less than a week to go, the department has announced a significant operational change that clearly throws that date into question,” Draeger said in a statement. “Institutions haven’t received any operational updates about when they will receive FAFSA applicant information, preventing financial aid practitioners from moving forward with processing and packaging financial aid offers.”

Draeger said that even once the information is delivered, distributing financial aid offers to students will take at least several more weeks.

The launch of the new FAFSA got off to a rocky start, as families struggled to access the form in the first few days of the soft launch earlier this month. But to date, the department has received more than a million submissions.