

ISSUE BRIEF

FAFSA 2025-2026: Challenges and Strategies

After a tumultuous rollout of the redesigned FAFSA (Free Application for Federal Student Aid) last year that prevented some students from completing the form, delayed some financial aid awards, and may have suppressed post-secondary enrollment, all eyes are on this year's launch—slated for December. Another delay in the form's release, uncertainty about whether previous issues have been resolved, and ongoing or new challenges are all causes for concern.

What's at stake

A smooth FAFSA experience is a crucial first step for making college accessible for many students and aligns with the District's goals of increasing college applications and removing barriers to higher education. However, complications from last year's "better FAFSA" rollout damaged trust. Additionally, some policy changes have ongoing ramifications and new challenges have surfaced, all heightening the need to ensure this year's financial aid application season proceeds with minimal difficulties.

Benefits of Board Understanding

As the situation evolves, the Board's understanding of past and current FAFSA challenges is essential for answering constituent questions and reassuring families, allocating resources for support services, and developing a nuanced evaluation of the District's progress towards its college application objectives. (There are concerns that complications with the FAFSA process may have negatively affected post-secondary enrollment rates). Finally, the Board must ensure high school seniors either opt out of or complete and submit the FAFSA or CADAA (California Dream Act Application) to graduate.

The office of Federal Student Aid (FSA), a branch of the U.S. Department of Education (ED) that administers the FAFSA, announced that most of the problems with the financial aid processing system have been or will soon

be addressed. However, as of October 1, when the newest form began beta testing, the FSA had yet to adopt any of the recommendations the Government Accountability Office (GAO) presented at a congressional hearing on September 24. Even if the suggestions are implemented, some of the changes to the process are ongoing in nature and new challenges have arisen related to California statutory requirements, meaning the District must continue to be prepared.

2024-2025 FAFSA Rollout Challenges (Class of 2024):

- Delayed release from October 1 to December 30, 2023
- Over 40 separate technical issues impeding application completion
- Delays in providing FAFSA data to colleges, affecting financial aid offers
- A 9% decline in applications from high school seniors and first-time applicants as of August 2024, with larger declines among lower-income students, according to the GAO

2025-2026 FAFSA Rollout Challenges (Class of 2025):

- Release date set for December 1; earlier than last year, but later than usual
- Ongoing requirement of FSA IDs for students and contributors continues to confuse and complicate
- New LAUSD requirements for students experiencing homelessness

Background—What happened?

In 2019 and 2020, respectively, Congress passed two bills: the FUTURE Act (Fostering Undergraduate Talent by Unlocking Resources for Education) and the FAFSA Simplification Act. These two laws aimed to modernize and simplify the system through various changes:

- Direct data sharing between IRS and Department of Education (FUTURE Act)
- Separate processes for students and parents (“contributors”); everyone must have separate FSA IDs; form is not complete until contributors fill in their portion
- Reduction in number of questions (from over 100 to as few as 18 for some)
- Replacement of Expected Family Contribution (EFC) with Student Aid Index (SAI) and removal of credit for having multiple children per family enrolled
- Expanded Pell Grant eligibility

The changes required FSA to overhaul the federal student aid system within a short timeframe. The simplified FAFSA needed to be ready by late 2023 as it was mandated to be available for the 2024-2025 award year.

Additionally, LAUSD has adopted a policy to comply with EC § 49073(c), a law that

prohibits the release of directory information for students identified as homeless youth unless explicit consent is provided. The District typically sends grade point averages and directory information for all students to the state so that this information can inform eligibility for student aid. The new policy, in compliance with the law, requires students experiencing homelessness to “opt in” to the data transfer before it can occur. As of September 16, 2024, 452 students were identified as homeless in the Class of 2025. The District is in the process of reaching out to each of these students to obtain their consent. This requirement constitutes an administrative burden for District staff but helps ensure privacy for students experiencing homelessness.

Overall, difficulties with the revised FAFSA resulted in a challenging financial aid cycle for 2024-2025 and the new system will likely continue to present challenges for the next cycle. (Details are provided on page 3.)

LAUSD support strategies

LAUSD has implemented a comprehensive plan to support FAFSA completion. Elements of this program have been in place for several years, with extra supports provided last year, and plans for enhanced support in the coming cycle. The supports include resources, support hubs, media campaigns, and training.

LAUSD Strategies to Support FAFSA Completion



Insights and takeaways

1. The revamped FAFSA rollout last year caused reduced initial submissions and increased the need for support, but ultimately accommodated most students. However, an unknown, but relatively small, proportion of students were unable to complete the form, which compromised their ability to attend a post-secondary institution this year.
2. Nevertheless, the small drop in applications and the difficulties of the process may have resulted in a lower post-secondary enrollment rate. The extent of any decrease will not be known until data are available in the spring.
3. The A-G Intervention and Support unit is working on a smooth FAFSA cycle, but there are resource limitations, as follows:
 - The California Student Aid Commission (CSAC) offers valuable training to the District's counselors. Due to budget shortfalls at the state level, LAUSD sessions this fall will only be offered online. In-person training is beneficial but not budgeted at \$3,000 per session.
 - Academic and college counselors are needed during breaks to staff financial aid hubs, provide office hours, and help students with final steps after the school year ends in June. Schools need sufficient funds for Z-time, and the District could consider providing counselors with the option to work on a modified schedule.

Summary of Challenges and Solutions in Financial Aid Application Process for Students and District Staff

▲ Indicates unresolved or new challenge

Challenge Detail	Impact	Resolution/Approach
Delays		
Released on December 30, 2023, about 3 months later than the usual October 1st launch date, and not consistently available until January 7, 2024	Left less time for students to complete the process; inconsistency caused confusion and difficulties	Planned release Dec. 1 this year, after 4 rounds of beta testing and stakeholder comment
Students and schools could not make corrections to the FAFSA until February 2024.	Caused a ripple effect, impacting the entire financial aid process	ED promises all functionality will be available at launch
▲ The U.S. Department of Education did not provide FAFSA data to colleges and universities until mid-March	Data was needed to calculate financial aid offers; IHEs were forced to extend acceptance deadlines and struggled to process financial aid packages on time, leading to delays sending aid offers	ED has committed to delivering completed FAFSA applications to schools in the first half of March; Launched the FAFSA College Support Strategy, including the FAFSA Partner Portal
▲ FAFSA planned to be released December 1, three months later than it has since 2016	Less time for application experience than students and schools used to have	If the form proves to be fully functional, students, schools, and IHEs have plans in place to make process go smoothly

Challenge Detail	Impact	Resolution/Approach
Technical issues		
▲ Over 40 separate technical issues	Impeded students' ability to complete the application, including problems that blocked some students from even starting it	As of August 2024, at least six unresolved technical issues remained
Processing and Institutional Challenges		
▲ Confusion surrounding the FAFSA's need-analysis formula—removal of the number of family members in college from the eligibility calculation	Families with multiple children in college saw a reduction in aid, as the formula no longer accounted for the financial burden of supporting more than one student. This led to concerns about equity and affordability for these families	Smoother overall processing system should ease confusion; change in policy was part of FAFSA Simplification Act and intended to enable creating simple lookup tables and enhance equity; no plans for reversal
▲ Directory information (including GPA) for students experiencing homelessness is private and cannot be released to CSAC without written parental consent	New requirement this year per EC § 49073(c); information needed for eligibility consideration will only be in system after student "opts in," which will require a separate process; adds an administrative, training, communication, outreach, and monitoring burden for District staff. As of September 16, 2024, 452 students were identified as homeless in the Class of 2025.	A-G support is alerting counselors and planning to reach out personally to all students identified as homeless to alert them to this requirement; added an "opt in" procedure for students identified as homeless; need to follow up with each student to ensure application errors did not occur (in past, counselors got error reports, but now only students receive messages)
User Experience		
Education did not provide timely information to students about processing delays or how to navigate technical problems.	Confusion, frustration, heavy call center volume, reduced FAFSA submissions, missed deadlines	ED. has plans for improvement
▲ Requirement for all contributors (including parents) to have an FSA ID, which requires a Social Security number (SSN)	Parents without SSNs faced challenges creating FSA IDs; initially prevented some students from completing applications; complex verification process for individuals without SSNs (e.g. identity verification involved knowledge-based questions, case numbers, and submission of identification documents); necessitated increased support and guidance	ED implemented measures to address it including expanded eligibility for FSA IDs, delayed implementation, an interim solution that allows students to submit an incomplete FAFSA form, new guidance in the form of FAQs and explanations of the new process, and \$50 million for enhanced technical assistance
▲ Long completion times: It took many applicants, especially those needing parental input, several days to complete the form rather than the 15-20 minutes ED claimed	Frustration, in some cases a need to call support multiple times to reach a representative	College Support Strategy and \$50 million enhanced support aimed at improving process; expanding call center by 700 employees
Understaffed call center	Nearly 75% of calls to FSA's support center went unanswered in the first 5 months because of understaffing	FSA added more than 700 new agents since January 2024 and promises improved response times and enhanced operations and other improvements

Additional Resources

Government Resources

United States Government Accountability Office. (2024). *FAFSA: Education needs to improve communications and support around the Free Application for Federal Student Aid* (GAO-24-107407). <https://www.gao.gov/assets/gao-24-107407.pdf>

U.S. Department of Education. (2024, September). *A focus on improving the FAFSA® experience: Updates, actions, and a path forward for the 2025-26 cycle*. <https://www.ed.gov/sites/ed/files/2024-09/AFocusonImprovingtheFAFSASExperience.pdf>

Weisman, A. (2023, August). *Dear colleague letter: FAFSA Simplification Act Changes for Implementation in 2024-25 (GEN-23-11)*. U.S. Department of Education, Office of Postsecondary Education. <https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2023-08-04/fafsa-simplification-act-changes-implementation-2024-25>

LAUSD Resources

“Got a Plan for That? Removing Barriers to College and Career Success” (Res-009-21/22) (<https://tinyurl.com/Reso009-2021>)

FAST Guide 2024-2025 (<https://www.lausd.org/Page/19900>)

Senior College Journal 2024-2025 (<https://www.lausd.org/Page/20595>)

News Reports

Whitford, E. (2024, June 24). Is next year’s FAFSA already off the rails? *Inside Higher Ed*. <https://www.insidehighered.com/news/government/student-aid-policy/2024/06/24/next-years-fafsa-already-rails>

Montague, Z. (2024, August 7). After botched rollout, FAFSA is delayed for a second year. *The New York Times*. <https://www.nytimes.com/2024/08/07/us/politics/fafsa-delayed-for-second-year.html>

Montague, Z. (2024, September 25). Leadership failures helped lead to FAFSA debacle, watchdog finds. *The New York Times*. <https://www.nytimes.com/2024/09/24/us/politics/watchdog-faults-leadership-fafsa-debacle.html>

Turner, C. (2024, September 24). How the new FAFSA made chaos of the college financial aid process. *NPR*. <https://www.npr.org/2024/09/24/nx-s1-5121218/fafsa-college-financial-aid-gao>

Gewertz, C. (2024, September 24). As Students Sought FAFSA Help, 4 Million Calls Went Unanswered. *Education Week*. <https://www.edweek.org/teaching-learning/as-students-sought-fafsa-help-4-million-calls-went-unanswered/2024/09>

Whitford, E. (2024, September 24). GAO releases initial findings from FAFSA investigation. *Inside Higher Ed*. <https://www.insidehighered.com/news/government/student-aid-policy/2024/09/24/gao-releases-initial-findings-fafsa-investigation>