

Application and Verification Guide

2016–2017

Introduction	1
CHANGES FOR 2016–2017	1
Chapter 1: The Application Process: FAFSA to ISIR	5
TYPES OF APPLICATIONS	5
<i>FAFSA on the Web (FOTW), FAA Access to CPS Online, Paper FAFSA, FAFSA on the phone, FSA ID, Renewal FAFSA</i>	
PROCESSING THE FAFSA	7
OUTPUT DOCUMENTS: THE SAR AND ISIR	7
DEADLINES	9
Chapter 2: Filling Out the FAFSA	11
STEP ONE: GENERAL STUDENT INFORMATION	11
<i>Questions 1–31</i>	
STEPS TWO AND FOUR: INCOME AND ASSETS	14
<i>Questions 32–45 (and questions 80–94 for parents), Zero income, Married and filing different types of returns, Married filing separately and one spouse does not file, Qualified education benefits, Reporting “take-back” mortgages, Reporting trust funds, Ownership of an asset</i>	
STEP THREE: DEPENDENCY STATUS	23
<i>Questions 46–58, Veteran match, Documentation of foster youth, Who does and does not count as a parent on the FAFSA?, Other sources of support for children and other household members</i>	
STEP FOUR: PARENTS’ INFORMATION (DEPENDENT STUDENTS ONLY)	28
<i>Questions 59–79, 84 (see Step Two for discussion of questions 80–83, 85–94) Reporting information in cases of death, separation, divorce, and remarriage</i>	
STEP FIVE: INDEPENDENT STUDENT DATA	32
<i>Questions 95–102</i>	
STEP SIX: SCHOOL INFORMATION	33
STEP SEVEN: SIGNATURE(S)	34
<i>Questions 104–108, Signatures for electronic applications, Signature requirements chart</i>	

Chapter 3: Expected Family Contribution (EFC) 37

GENERAL INFORMATION 37

SIMPLIFIED FORMULA..... 37

AUTOMATIC ZERO EFC 38

DEPARTMENT OF DEFENSE MATCH AND IRAQ AND AFGHANISTAN SERVICE GRANT 38

ALTERNATE EFCs..... 39

THE EFC WORKSHEETS 39

FORMULA A—DEPENDENT STUDENTS..... 39
Parents’ contribution, Student’s contribution from income, Student’s contribution from assets, Alternate EFCs for other than nine-month enrollment

FORMULA B—INDEPENDENT STUDENT WITHOUT DEPENDENTS OTHER THAN A SPOUSE 43
Contribution from available income, Contribution from assets, Alternate EFCs for other than nine-month enrollment

FORMULA C—INDEPENDENT STUDENT WITH DEPENDENTS OTHER THAN A SPOUSE 45
Available income, Contribution from assets, Calculation of student’s EFC, Alternate EFCs for other than nine-month enrollment

EFC WORKSHEETS 49
Formula A, Formula B, Formula C

Chapter 4: Verification, Updates, and Corrections 77

REQUIRED POLICIES AND PROCEDURES 77

APPLICATIONS AND INFORMATION TO BE VERIFIED..... 78
Verification tracking groups, Reporting results for groups V4 and V5, Verification exclusions

DOCUMENTATION 81
AGI, taxes paid, and other tax data; Special tax situations; Using a joint return to figure individual AGI and taxes paid; Other untaxed income; Household size; Number in college; SNAP benefits (food stamps); Child support paid; High school completion; Identity and statement of educational purpose

UPDATING INFORMATION 90

CORRECTING ERRORS..... 90

INTERIM DISBURSEMENTS 91
Overpayments from interim disbursements

CHANGES IN A SELECTED APPLICANT’S FAFSA	91
<i>Campus-based and DL changes, Pell changes, Selection after disbursement, After documentation is complete</i>	
HOW TO SUBMIT CORRECTIONS AND UPDATES	92
<i>Using FAFSA on the Web (FOTW), Submitting changes via FAA Access to CPS Online or EDE, Using the Student Aid Report (SAR) to make corrections, Adding schools and changing a student’s address</i>	
DEADLINES AND FAILURE TO SUBMIT DOCUMENTATION	93
<i>Campus-based and DL, Pell Grants, Other considerations, Late disbursements, Verification status codes</i>	
SUGGESTED VERIFICATION TEXT	95
<i>2016–2017 Suggested verification text</i>	
 Chapter 5: Special Cases	 119
PROFESSIONAL JUDGMENT	119
<i>Students without parent support</i>	
DEPENDENCY OVERRIDES	121
CONFLICTING INFORMATION	123
<i>Subsequent ISIRs, Discrepant tax data, Resolution of conflicting information</i>	
REFERRAL OF FRAUD CASES	124
<i>Office of Inspector General address and phone numbers</i>	
UNACCOMPANIED HOMELESS YOUTH	125

Filling Out the FAFSA



The FAFSA is the first step in the financial aid process. Because it's important to complete the form correctly, this chapter discusses some of the more difficult questions that arise. While the chapter more closely follows the organization of the paper application, the guidance applies equally to FAFSA on the WebSM (FOTW[®]). To see how FAFSA data are used to calculate the expected family contribution, refer to Chapter 3.

The FAFSA is organized as steps, each consisting of a group of related questions. There are also instructions on how to fill out the form. The guidance in this chapter supplements those instructions, and students can get similar advice on filling out the FAFSA online at www.studentaid.ed.gov.

The parents mentioned are those of dependent students. The numbers in parentheses are for the items as they appear on the SAR, ISIR, paper FAFSA, and FAA Access. As of the date the FAFSA is signed, it is considered a “snapshot” of the family’s information that can be updated only in certain circumstances and only for certain items; see *Chapter 4*.

Paper FAFSA steps

Step One—General student information

Step Two—Student/spouse income and assets

Step Three—Dependency status

Step Four—Parents’ information (dependent students only)

Step Five—Independent student data

Step Six—School information

Step Seven—Signature(s)

STEP ONE: GENERAL STUDENT INFORMATION

Purpose: This step identifies the student and establishes his aid eligibility based on factors such as citizenship, educational level, and Selective Service registration (see also *Volume 1: Student Eligibility*). Some questions are included to help the school package awards and to eliminate the need for students to fill out a separate state or school financial aid form.

- **Student’s name (1–3).** The name, along with other identifying information, is used for several data matches. Because the U.S. Department of Education (ED) matches the student’s name and Social Security number (SSN) with the Social Security Administration (SSA), the name here should match the one in the SSA’s records, i.e., as it appears on the student’s Social Security card.
- **Permanent mailing address (4–7).** This is the student’s permanent home address, with two exceptions: incarcerated students should use the address of the facility they are in, and homeless youth should use a mailing address where they can reliably receive mail. That can be the address of a relative or friend who has given them permission to use it, or it can be their school’s address as long as they have contacted the school for permission and instructions for insuring that mail they receive at the school reaches them. As soon as incarcerated and homeless students have more permanent housing, they should update their address on the FAFSA.

Completing the FAFSA

Information for students is online at www.studentaid.ed.gov/resources. You may want to link to this reference from pages that students use on your website. Scroll down the page for the *Completing the FAFSA* brochure. You can also download FAFSA on the Web graphics to use on your website: <http://studentaid.ed.gov/about/link>.

STEP 3

Questions 47–48 Dependency status

Military service academies and preparatory schools

U.S. Military Academy (West Point)
U.S. Naval Academy (Annapolis)
U.S. Air Force Academy
U.S. Coast Guard Academy
U.S. Merchant Marine Academy
U.S. Military Academy Preparatory School
Naval Academy Preparatory School
U.S. Air Force Academy Preparatory School

Early exit cadets

Students who attend a U.S. military academy or military academy preparatory school and who are discharged other than dishonorably prior to commission are veterans for FSA purposes but might not be veterans for VA purposes. These students will likely receive match results showing that they aren't veterans. Just like other students who receive these match results, if an early exit cadet meets one of the other criteria for independence, no resolution is required. But if he meets no other independence criteria, he must provide the school with documentation that shows he was a cadet of a military academy or its preparatory school.

Example: surviving parent and stepparent

Meurig's parents divorced when he was seven. His mother later remarried, and Meurig lived with her and with his stepfather, who did not adopt him. His mother died last year, but his father is still living. Meurig doesn't meet any of the independence criteria, so he's a dependent student. Because his father is his only surviving parent, Meurig needs to report his father's information on the form, even though he's still living with and being supported by his stepfather.

- was born before January 1, 1993,
- is married as of the date he applies,
- will be a graduate or professional student when the award year starts,
- is currently serving on active duty for purposes other than training,
- is a veteran of the U.S. Armed Forces,
- has dependents other than a spouse,
- was an orphan, foster child, or ward/dependent of the court at any time since the age of 13,
- is an emancipated minor or in legal guardianship or was when he reached the age of majority in his state, or
- was determined at any time since July 1, 2015, to be an unaccompanied youth who was homeless or self-supporting and at risk of being homeless.

If a student is considered a dependent of his parents, their income and assets must be included on the FAFSA. The CPS will calculate a parent contribution and add it to the student's contribution to derive an EFC.

In unusual cases an aid administrator can determine that a student who doesn't meet any of the independence criteria should still be treated as an independent student. (See "Dependency Overrides" in *Chapter 5*.)

- **Married (47).** The student must answer this question according to her marital status at the time the FAFSA is signed; after that, she **cannot** update FAFSA information for changes in her marital status except in limited instances; see *Chapter 4*.

A student who is only engaged answers as unmarried unless she waits until after the wedding to complete the FAFSA. For this question a student is considered married if she is separated or planning to divorce or if she has a relationship that meets the criteria for common-law marriage in her state. A student who was independent only because she was married becomes dependent for the next award year if she divorces and cannot answer yes to any of the dependency questions.

- **Graduate or professional study (48).** The FAFSA asks if the student will be working on a master's, doctorate, or graduate certificate program at the beginning of the school year. A student who is a graduate or professional student is independent for purposes of Title IV aid.

Graduate and professional students aren't eligible for Pell grants, so a student who incorrectly answers "Yes" to this question must submit a correction before he can get a Pell grant, even if he is independent for another reason.

Students should fill out the FAFSA based on their expected grade level at the beginning of the award year. If a dependent student completes her undergraduate program during the year and begins graduate school, she can update the answer to the dependency question so that the CPS

STEP 4

Questions 54–69 Dependency status and parent information

Student living with relatives example

Millie's father is dead, and her mother can't support her, so she is living with her grandmother. Her mother doesn't pay any money for her support. Millie doesn't meet any of the independence criteria, so she has to provide parental information. Because her grandmother hasn't adopted her, her grandmother isn't her parent. Millie will have to provide information about her mother on the form unless there are unusual circumstances that would warrant a dependency override or her receiving only unsubsidized loans. In any case, the school might use PJ to account for the grandmother's support.

Dependent student household size example

Lydia is a dependent student, and her parents are married. Her brother Ron is 26, but his parents still provide more than 50% of his support, so he is included in the household size. Her sister Elizabeth is attending college but is an independent student and isn't supported by their parents, so she isn't included in the household size. Her sister Susan is not attending college but is working and supporting herself. However, if Susan were to apply for student aid, she would be considered a dependent student, so she is included. Therefore, the household size that Lydia reports for her parents is five.

A student is a ward of the court if it has assumed legal custody of her. In some states the court may impose its authority over a juvenile who remains in the legal custody of her parents; such a student is not a ward of the court. Also, incarceration of a student does not qualify her as a ward of the court. In some states the phrase "ward of the state" is used. This is considered the same as a ward of the court for dependency status as long as the student is a ward of the state **not** due to incarceration.

- **Emancipation and legal guardianship (54 and 55).** Students are independent if they are, or were upon reaching the age of majority, emancipated minors (released from control of their parent or guardian) or in legal guardianship, both as adjudicated by a court of competent jurisdiction in the state of the students' legal residence at the time of the adjudication. While the basis for emancipation can vary by state, the emancipation must be determined by a court, not by an attorney. Students in legal guardianship to their parents—for instance, if they are disabled adults and under their parents' care—are not independent for Title IV program purposes by this criterion and would answer "No" to Question 55.
- **Unaccompanied homeless youth (56–58).** A student is independent if at any time on or after July 1, 2015 (irrespective of whether he is currently homeless or at risk thereof), he is determined to be an unaccompanied youth who is homeless or is self-supporting and at risk of being homeless. This determination can be made by: a school district homeless liaison, the director (or designee) of an emergency shelter or transitional housing program funded by the U.S. Department of Housing and Urban Development, or the director (or designee) of a runaway or homeless youth basic center or transitional living program. Depending on the district, these authorities *may* only make this determination if the student is receiving their programs' services or if, in the case of a school district homeless liaison, the student is in high school. An FAA may also determine this; see *Chapter 5*.

STEP FOUR: PARENTS' INFORMATION (DEPENDENT STUDENTS ONLY)

Purpose: Questions 59–79 collect information about the student's parents and their household. Questions 80–94 collect tax and financial data for the parents, and because these questions are answered in the same way as for the student, they were discussed earlier.

- **Parents' personal information (59–69).** The FAFSA asks for parents' marital status; the month and year they were married, separated, divorced, or widowed; SSN; last name; first initial; and date of birth. This information is used for the IRS Data Retrieval in FOTW and helps the government estimate erroneous Pell payments. If the SSN, last name, and birth date for at least one parent are not provided, or if neither parent's SSN matches with the Social Security Administration, the application will be rejected. When the SSN doesn't match with SSA, the wrong number must be corrected so that the application and SSA agree. For a name or birth date that doesn't match, correct the application if it's wrong or re-enter the information if it's correct. If the

Special Cases

CHAPTER 5

There are unusual situations where you will need to exercise your discretion as a financial aid administrator: when modifying the student's data that calculate the EFC, performing dependency overrides, resolving conflicting information, reporting cases of fraud, and determining a student to be an unaccompanied homeless youth.

While many questions you get as a financial aid administrator will have routine answers, some situations will require extra discretion on your part. To account for special circumstances of a student, you may choose to exercise professional judgment (PJ) to adjust her cost of attendance or the data that determine her expected family contribution (EFC). You might decide that unusual circumstances warrant making a dependent student independent. If you receive conflicting information for a student, you will need to resolve that. In some cases you may discover that a student has been guilty of fraud and should be reported. And you may need to determine if a student should be classified as an unaccompanied homeless youth.

Adjustment example

Kitty's mother had income earned from work of \$25,000 in 2015 but is no longer employed. After receiving documentation confirming this, the FAA at Krieger College decides to adjust the AGI reported for Kitty's parents to take into account their reduced income. The FAA also reduces the income earned from work for Kitty's mother to zero.

PROFESSIONAL JUDGMENT

An aid administrator may use PJ on a case-by-case basis only to adjust the student's cost of attendance or the data used to calculate her EFC. This adjustment is valid only at the school making it. You submit a PJ change electronically, via FAA Access to CPS Online or third-party software, and you may do it without a signature from the student or parent. In FAA Access or EDE, you must select "EFC adjustment requested" for the professional judgment field. The next ISIR will indicate "Professional judgment processed."

The reason for the adjustment **must be documented** (by a third party if possible), and it must relate to the special circumstances that differentiate him—not to conditions that exist for a whole class of students. You must resolve any inconsistent or conflicting information shown on the output document **before** making any adjustments. An FAA's decision regarding adjustments is final and cannot be appealed to the Department.

The statute states that nothing within it shall be construed as limiting the authority of aid administrators to make data adjustments for some situations. However, the law gives some examples of special circumstances, such as elementary or secondary school tuition, medical or dental or nursing home expenses not covered by insurance, unusually high child care costs, being homeless or a dislocated worker, recent unemployment of a family member, or other changes in the family's income or assets. Use of professional judgment is neither limited to nor required for the situations mentioned.

Online review of PJ practices

(<http://ifap.ed.gov/qadocs/FSAVeriModule/activity2verif.doc>)

PJ and unemployment benefits

In Dear Colleague Letters GEN-09-04 and GEN-09-05, the Department issued special guidance concerning the use of professional judgment for persons who are receiving unemployment benefits during economic hardship. This continues to be in effect; see GEN-11-04 for more information.

UNACCOMPANIED HOMELESS YOUTH

If a student does not have and cannot get documentation from any of the authorities given on page 28, you (the financial aid administrator) must determine if she is an unaccompanied youth who is homeless or is self-supporting and at risk of being homeless. It is important to make homeless youth determinations on a case-by-case basis.

As defined in the margin note, a student is considered homeless if he lacks fixed, regular, and adequate housing. This is broader than just living “on the street.” It includes temporarily living with other people because he had nowhere else to go; living in substandard housing (if it doesn’t meet local building codes or the utilities are turned off, it is generally not adequate); living in emergency or transitional shelters, for example, trailers provided by the Federal Emergency Management Agency (FEMA) after disasters; or living in motels, camping grounds, cars, parks, abandoned buildings, bus or train stations, or any public or private place not designed for humans to live in. It also includes living in the school dormitory if the student would otherwise be homeless. A student living in any of these situations and fleeing an abusive parent may be considered homeless even if the parent would provide support and a place to live.

The documentation for an FAA’s evaluation of the living arrangements of a student must demonstrate that she meets the definition of this category of independent student. The determination may be based on a documented interview with the student if there is no written documentation available.

When you are making a determination of homelessness:

- Ask for help with determining eligibility from local school district homeless liaisons, state homeless education coordinators, or the National Center for Homeless Education (<http://center.serve.org/nche>).
- School district homeless liaisons and shelter providers can help you develop and implement procedures for verification.
- Relevant information can come from recognized third-parties such as private or publicly funded homeless shelters and service providers, financial aid administrators from another college, college access programs such as TRIO and GEAR UP, college or high school counselors, other mental health professionals, social workers, mentors, doctors, and clergy.
- Use discretion when gathering information, and respect the student’s privacy. Some information, such as that protected by doctor-patient privilege, is confidential. Also, documents such as police or Child Protective Services reports are not necessary. Do not focus on why the student is homeless or unaccompanied but on whether the evidence shows that he is an unaccompanied homeless youth as defined in section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a); see the margin note.
- Determine eligibility based on the legal definitions provided.
- Unaccompanied homeless youth may use the address of your school as their own on the FAFSA.

Homeless youth definitions

At risk of being homeless—when a student’s housing may cease to be fixed, regular, and adequate, for example, a student who is being evicted and has been unable to find fixed, regular, and adequate housing.

Homeless—lacking fixed, regular, and adequate housing.

Self-supporting—when a student pays for his own living expenses, including fixed, regular, and adequate housing.

Unaccompanied—when a student is not living in the physical custody of a parent or guardian.

Youth—a student who is 21 years old or younger or still enrolled in high school as of the date he signs the application.

Housing

Fixed—stationary, permanent, and not subject to change.

Regular—used on a predictable, routine, or consistent basis.

Adequate—sufficient for meeting both the physical and psychological needs typically met in the home.

Homeless youth determinations

DCL GEN-15-16

Confirmation not required

You are not required to confirm the answers to the homeless youth questions unless you have conflicting information. A documented phone call with, or a written statement from, one of the relevant authorities is sufficient verification when needed.

It is not conflicting information if you disagree with an authority's determination that a student is homeless. If you believe the authority is incorrect or abusing the process, accept his determination but contact the following oversight party, as relevant, to evaluate the authority's determinations:

- School district homeless liaison: contact the coordinator of education for homeless children and youth programs of the state's educational agency. A list of state coordinators can be found at (http://center.serve.org/nche/states/state_resources.php).
- Director of an emergency shelter or transitional housing program: you should contact the local Continuum of Care (CoC) administering the HUD homeless assistance program. Go to <https://www.hudexchange.info/coc/> and click on "Contact a CoC" on the right side of the page.
- Director of a runaway or homeless youth basic center or transitional living program: contact the National Clearinghouse on Families and Youth by phone at 301-608-8098 or by e-mail at ncfy@acf.hhs.gov.

For students you determine to be unaccompanied homeless youths or unaccompanied, self-supporting youths at risk of being homeless, select the homeless youth determination option (#4) in the dependency override field in FAA Access to CPS Online or EDE. On the paper FAFSA, fill in the relevant bubble in the "College Use Only" box (see the graphic on page 122), include your school code, and sign. For students who have already filed their FAFSA, submit a FAFSA correction using the Homeless Youth Determination flag on the "dependency determination" page (Special Circumstances flag on the ISIR). To cancel a homeless youth determination, you use the same method as when canceling a dependency override: change the dependency override value to "2—FAA override canceled" in FAA Access or EDE.

You may rely on a determination by another school that a student was in this category on or after July 1, 2014. Also, a new determination must be made each year for an applicant who is homeless or at risk of being homeless.

Students who don't meet the definition of youth because they are older than 21 (and not yet 24) and who are unaccompanied and homeless or self-supporting and at risk of being homeless qualify for a homeless youth determination.