
Corrections, Updates, and Adjustments

If the student's original application was wrong, the student may have to make corrections, and in some cases the student must update information that has changed. The student or school may also want to make other changes. In this chapter, we discuss the various types of changes the student and school can make to the application information and how changes are made.

TYPES OF CHANGES

There are a number of types of changes schools and students can make to the application information. The student or school can correct errors, update information, and add or remove schools. The FAA can also make adjustments, using his or her professional judgment.

When a student files an application, he or she provides a “snapshot” of the family’s financial situation as of the date the application was signed. If the information on the output document doesn’t accurately show the situation as of the signature date, then corrections may be needed. If the output document has information that was correct when the application was signed, but the student’s situation has changed, the student may, in certain circumstances, update that information. If the information is accurate, but the FAA believes it should be modified to take into account special circumstances, the FAA may choose to adjust the information.

Correcting Errors

Errors may occur either because the student entered the wrong information or because there was a data entry error. Generally, the school must have correct data before it can pay the student. In some cases the school can take the changes into account without sending in a correction or can pay the student without corrections. However, even if the student’s application is otherwise accurate, corrections to the SSN must **always** be submitted for processing for data match purposes. A student might also need to submit corrections if there were problems with some of the other data matches, such as the citizenship match. Note that for students selected for verification, there are additional situations where corrections aren’t required (see Chapter 8 of this publication).

To award aid from the Federal Pell Grant Program, corrections have to be reported to the processor for recalculation of the EFC, unless the school can use the original (uncorrected) EFC. For the federal campus-based and loan programs, the school can recalculate

Correction if Misreported as Graduate

As mentioned in Chapter 6 of this publication, any student who reports on the FAFSA that he or she is a graduate student can't receive Pell funds. The Pell payment system won't allow the payment to be made. Therefore, a student who incorrectly reported that he or she is a graduate student must correct that information, even if there are no errors that affect the EFC.

Error not Affecting EFC Examples

Stanislaw reported \$1,000 for cash, savings, and checking accounts, and also reported \$1,000 for the net worth of investments. He reported no other assets. He actually should have reported \$2,000 for the net worth of investments. However, because his asset protection allowance is \$4,800, making the correction won't change his EFC at all. Therefore, he can receive aid from any of the programs without submitting a correction, based on the data he originally reported.

Eric reported an AGI of \$20,000, but forgot to report untaxed income of \$120.

Eric's EFC was 846. The FAA at Edison College determines that making the correction would change Eric's EFC to 874. For an EFC of 846, the scheduled award is \$2,275. It's also \$2,275 for an EFC of 874, so Edison College can pay Eric's Pell without requiring him to make a correction. When Edison submits the origination record for Eric, it uses the original EFC of 846. (Edison will need to either recalculate or submit a correction for aid from the campus-based, Direct Loan, or FFEL programs; see "Correction decreases eligibility.")

the student's EFC without reporting corrections to the processor. However, if the school's recalculation is incorrect, the school will be liable for any resulting overpayments.

Error doesn't affect EFC

If the school recalculates and determines that the error won't affect the student's EFC, then it can pay the student based on the original data without requiring reprocessing. As mentioned above, however, the student must submit a correction if the SSN is wrong or if there were problems with the other data matches. The school doesn't have to pay the student without corrections; it can require the student to make the corrections and send them in if it chooses.

Federal Pell Grant Program

For the Federal Pell Grant Program, errors don't have to be corrected if they don't change the scheduled award regardless of whether they affect the EFC. When submitting payment information in such a case, the school must be sure to use the original (incorrect) EFC (see the Pell Reference).

Campus-Based, Direct Loan, and FFEL Programs

If the school recalculates and determines that the error doesn't affect the EFC, the school can award aid from the campus-based, Direct Loan, and FFEL Programs based on the original data, without reprocessing.

Correction increases eligibility

If the student would be eligible for more aid if the error is corrected, the school can either use the original, incorrect EFC and pay the lower amount or use the corrected, reprocessed EFC to pay the higher award.

Federal Pell Grant Program

If the scheduled award would increase, the school can still pay using the original, incorrect EFC. If it wishes to pay the student the increased amount, the data must be corrected and reprocessed. If the student's application was selected for verification (by either the CPS or the school), the school can make a first payment based on the original EFC, adjusting the second payment upon receipt of the reprocessed output document, or it can withhold payment until it receives the reprocessed EFC. If the student's application wasn't selected for verification, the school can't make a payment until it receives the reprocessed EFC.

Campus-Based, Direct Loan, and FFEL Programs

If correcting the error would increase the amount the student could receive, the school can either recalculate the EFC itself and pay the student based on its recalculation or it can require the student to submit a correction and use the new EFC from the CPS. Remember that the school will be liable for any overpayment if its recalculation is incorrect.

Correction decreases eligibility

If the student would be eligible for less aid if the error is corrected, the school can't use the incorrect EFC to award SFA aid.

Federal Pell Grant Program

If the scheduled award would decrease, the data must be corrected and reprocessed. The school can't make any Pell payments to the student until it receives the new output document.

Campus-Based, Direct Loan, and FFEL Programs

If correcting the error would decrease the amount the student could receive, the school must either recalculate the EFC itself and pay the student based on its recalculation, or require the student to submit a correction.

Updating

Generally, information that's correct as of the date the application was filed can't be changed. The student can't update income or asset information to reflect changes to his or her family's financial situation if those changes took place after the FAFSA was filed. For example, if the same student's family sold some stock after the student filed a FAFSA and spent the money on a nonreported asset such as a car, the student can't update her information to show a change in the family's assets. However, there are three application data items that must be updated in certain circumstances

- dependency status
- household size
- number in college.

Dependency status

A student must update his or her dependency status if it changes at any time during the award year (unless it changed because of a change in the student's marital status). Dependency status must be updated regardless of whether the student was selected for verification. For the Federal Pell Grant Program, the updated information has to be submitted for reprocessing. For the campus-based and loan programs, the school can recalculate the student's EFC based on the updated dependency status and use that recalculated EFC. The school is liable for any overpayment resulting from its incorrect recalculation of the EFC.

Once a school has originated a Direct Loan or certified a Federal Stafford Loan, the Direct Loan origination record or Federal Stafford Loan application can't be changed to reflect a change in dependency status. However, the school can use the updated status and recalculated EFC to originate or certify additional loans if the student qualifies.

Correction Increases Eligibility Example

Chris's EFC is 616. He correctly reported his household size of three, but incorrectly reported the number in college as one. The FAA at Benoit Institute determines that correcting the number in college to two would change Chris's EFC to 534. This change would increase his Pell scheduled award by \$100. Benoit Institute can make Pell disbursements to Chris using the lower scheduled award, but can't use the higher amount until he sends in a correction and receives a new reprocessed output document. Benoit could also use the recalculated EFC for awarding under the campus-based, Direct Loan, or FFEL programs without any corrections being submitted.

Correction Decreases Eligibility Example

On the application, Chavo reported his \$6,000 in income as taxes paid instead of income earned from work. Making the correction will increase Chavo's EFC, so his eligibility will be reduced. Because Chavo will still qualify for a Pell, the FAA at Sarven Technical Institute sends the correction to the CPS for recalculation. Chavo can't receive any Pell payments until Sarven receives the corrected ISIR. However, Sarven could recalculate his EFC and disburse campus-based aid, Direct Loans, or FFELs to Chavo before it receives the corrected data from the CPS.

Household size and number in college

For students not selected for verification, household size or number in college **cannot** be updated. For students selected for verification, these items **must** be updated to be correct at the time of verification (unless the change is a result of a change in the student's marital status, in which case updating is not permitted).

Federal Pell Grant Program

If the scheduled award will either increase or remain the same, the student doesn't have to submit updated information to the processor. Instead, the school can disburse Pell funds to the student using the original EFC. However, if the school wants to give the student the increased grant amount, the updated information must be submitted to the processor. The school can withhold payment until it receives the new output document or it can make a first disbursement based on the original EFC, and then adjust the second payment after it has the new output document.

If the scheduled award will decrease, the updated information must be submitted to the processor. The school can't make any payments until it has the new output document with the updated information.

Campus-Based, Direct Loan, and FFEL Programs

The school can recalculate the student's EFC using the updated data and use that EFC to award campus-based, Direct Subsidized Loan, or Federal Stafford Loan funds. The school can also choose not to recalculate, and instead have the student submit the updated information for the CPS to recalculate the EFC. If the school recalculates the EFC itself, it is liable for any overpayment that results from an incorrect recalculation of the EFC.

Effect on previous disbursements

A school may have made a disbursement to a student before his or her dependency status changed, or may have made an interim disbursement to a student selected for verification (see Chapter 8 of this publication for information on interim disbursements). If the school made a disbursement to a student based on information that is updated later, the school must use the updated information to determine the correct award, and adjust either the prior disbursement or future disbursements so that the student receives the correct amount.

Professional Judgment

An FAA may use professional judgment, only on a case-by-case basis, to either increase or decrease one or more of the data elements used to calculate the EFC. The reason must be documented in the student's file, and it must relate to that student's special circumstances that differentiate the individual student (not to conditions that exist for a whole class of students). An FAA can also use professional judgment to adjust the student's cost of attendance. The FAA 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.

Because the purpose of such adjustments is to allow FAAs to accommodate unusual circumstances, the Department does not provide detailed information on when the FAA may make adjustments. However, effective October 1, 1998, Reauthorization added some examples of special circumstances schools might consider. Examples of special circumstances listed in the law include elementary or secondary school tuition, medical or dental expenses not covered by insurance, unusually high child care costs, recent unemployment of a family member, or other changes in the family's income or assets. Use of professional judgment is neither limited to the situations mentioned nor required in those situations.

Another situation where a school might want to consider the use of professional judgment involves Roth IRAs. When someone converts a regular IRA into a Roth IRA (which is done by transferring funds), the amount converted has to be reported as taxable income on the tax return. Therefore, the income reported on the FAFSA will be higher than it would without the Roth conversion, even though the family doesn't actually have additional income or assets available. Schools can use professional judgment to reduce the income and taxes paid to the amount that would have been reported if there was no Roth conversion, if it thinks the adjustment is warranted for a particular student. Just like the specific special circumstances listed in the law, the school isn't **required** to make a professional judgement adjustment in this situation.

The law doesn't allow the school to modify either the formula or the tables used in the EFC calculation; the school can only change the cost of attendance or the values of specific data items used in the calculation. In addition, an FAA can't adjust data elements or the cost of attendance solely because he or she believes the tables and formula are generally not adequate or appropriate. The data elements that are adjusted must relate to the student's special circumstances. For example, if a family member is ill, an FAA might modify the AGI to allow for lower earnings in the coming year or might adjust assets to indicate that family savings will be spent on medical expenses.

The FAA can't exercise professional judgment to waive general student eligibility requirements or to circumvent the intent of the law or regulations. The Department specifically prohibits the use of professional judgment to change FSEOG selection criteria. Nor can the FAA include post-enrollment activity expenses in the student's COA. (For example, professional licensing exam fees are not allowable costs.)

Occasionally aid administrators make decisions contrary to the professional judgment provision's intent. These "**unreasonable**" judgments have included, for example, the reduction of EFCs based on reoccurring costs such as vacation expenses, tithing expenses, and standard living expenses (related to utilities, credit card expenses,

Adjustment Example

Kitty's mother had income earned from work of \$25,000 in 1999, but is no longer employed. The FAA at Bennet 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.

IPA Percentage Example

In 1999, Allen had \$2,000 in medical expenses that weren't covered by insurance. He's married and has two children, and he's the only member of his household in college, so his IPA is \$19,140. Of this amount, \$2,073.50 represents family expenditures for medical care. Because Allen's expenses are less than the amount for medical expenses already included in the IPA, the FAA at Sarven Technical Institute decides not to do a professional judgment adjustment for Allen.

childrens' allowances, and the like). Aid administrators, whom the Department grants significant latitude in exercising professional judgment, are expected and required to make “**reasonable**” decisions that support the intent of the provision. The school is held accountable for all professional judgment decisions made and for fully documenting each decision.

In making adjustments for unusual expenses, an aid administrator should keep in mind that the income protection allowance is already included in the EFC calculation to account for modest living expenses. The administrator should consider whether the expense is already taken into account through the income protection allowance before making an adjustment. In general, a school can assume that 30% of the income protection allowance amount is for food, 22% for housing, 9% for transportation expenses, 16% for clothing and personal care, 11% for medical care, and 12% for other family consumption. The income protection allowance used for a particular student is provided as one of the intermediate values in the FAA Information Section of the output document (labeled as “IPA”). See Chapter 7 of this publication for tables listing income protection allowances.

If an FAA uses professional judgment to adjust a data element, he or she must use the resulting EFC consistently for all federal student aid awarded to that student. For example, if the FAA adjusts the EFC for purposes of awarding the student's Federal Pell Grant, that adjusted EFC must also be used to award **all** other federal student aid to that student.

HOW TO SUBMIT CHANGES

Corrections can be submitted electronically through the school, on the Web, or on the SAR. Students who have received their DRN may use it to add schools, correct processor data entry errors, and/or to change their address and phone number by calling the Federal Student Aid Information Center (FSAIC).

EDE

Even if a school didn't transmit a student's application via EDE, the school can still make corrections electronically if the student brings the corrected information to the school. If the school wasn't on the student's SAR or *SAR Information Acknowledgement*, it must have the student's DRN to get access to the student's data. Also, the school must add itself in the next available institution field; if all six institution fields have been used, the student must tell the school which of the original six should be replaced with the new school's name and Federal School Code.

If the student's corrections are made through EDE, the corrected data is processed by the CPS, and an ISIR will be returned to the school; the student will receive the one-page SAR Information Acknowledgement. The school must keep signed documentation for corrections submitted electronically; the school must collect

SAR School Use Only Box

School Use Only	EFC: 0000	SEC EFC: 0000
Professional Judgment		
D/O 1 <input type="radio"/>	2 <input type="radio"/>	FAA EFC Adjustment <input type="radio"/> 1
Federal School Code	<input type="text"/>	
FAA Signature		
1		

documentation before sending data to the CPS (see Chapter 6 of this publication for more on signature requirements).

SAR

If a student applied by submitting a paper FAFSA, by using FAFSA Express, or by using FAFSA on the Web, the student may make corrections on Part 2 of the SAR and return it to the FAFSA processor at the address given at the end of Part 2. If the student applied electronically through a school and would like to make corrections to his or her information by mail, the student must request a duplicate copy of his or her SAR from the FSAIC at 1-800-4 FED AID (1-800-433-3243). The student must provide his or her name, SSN, and date of birth.

Students may correct all SAR data except their SSN and date of birth on the Web at www.fafsa.ed.gov.

The “School Use Only” box

The School Use Only box on the SAR allows the FAA to tell the CPS when he or she has adjusted a data element or when he or she has changed a student’s dependency status. There are four common scenarios:

- The FAA has the student correct a line item on the SAR. The FAA doesn’t need to make any notation; the student corrects the SAR and mails it to the FAFSA processor.
- The FAA makes a professional judgment adjustment to one of the line items on the SAR. He or she must fill in the oval labeled “FAA EFC Adjustment” to let the CPS know that the change was an adjustment rather than a correction to a line item.
- The FAA corrects a data element on the SAR and adjusts a different data element. An FAA should always report a combination of changes as an adjustment. He or she should fill in the oval labeled “FAA EFC Adjustment.”
- The FAA uses the SAR to change a student’s dependency status. He or she should fill in the appropriate dependency override oval (see Chapter 6 of this publication for details).

Whenever an FAA is indicating changes in the School Use Only box, he or she must fill in the school's Federal School Code and sign his or her name.

Adding a School and Changing a Student's Address

A school that receives a SAR that it isn't listed on has to add its Federal School Code to the student's record. A student might also want to add schools after filing the FAFSA. There are several ways to add schools. A student with a PIN can add a school using Corrections on the Web at the *FAFSA on the Web* site. A school can add itself electronically if the student gives the school his or her DRN from the SAR. The student can also correct the SAR and mail it to the processor to add that school or call the FSAIC's toll-free number 1-800-4 FED AID (1-800-433-3243) to make the change. To make changes by phone, the student will need to provide his or her DRN. Finally, a student can also add schools by sending a signed, written request to the FAFSA processor.

The student can use any of these methods to change his or her address as well. Any other changes can only be made through EDE or on the SAR, except that there's an additional correction method for FAFSA processing errors.

Sending data to more than six schools

The FAFSA only allows a student to list six schools that will receive the application data. For a student who wants information sent to more than six schools, there are several ways to make sure all the schools can receive his or her data.

- The student can list six schools on the FAFSA, wait for the SAR, and then correct the SAR by replacing some or all of the original six schools with other schools. After the application is processed, the student can also send a letter to the CPS requesting changes in schools; in this case, all six schools from the original application will be replaced with the schools the student lists in the letter. Corrections made at the same time this is done or subsequently won't be sent to the schools that are replaced with new schools.
- The student can call the FSAIC at 1-800-4 FED AID (1-800-433-3243) to request changes to the schools (institution codes) to which the SAR is sent.. The student must receive his or her SAR before requesting these changes.
- If a school that isn't listed on the SAR participates in EDE, that school can use the student's DRN number (printed on the SAR) to get the student's data electronically. That school would then replace one of the schools listed in the original application.

The CPS will send data to only six schools at a time for one student. For example, if the student originally listed six schools on the

application and then replaced all six with new schools by changing the SAR, only the second six schools would get data from this correction. If the student then made other corrections, only the second set of schools would get the corrected data.

FAFSA Processing Errors

If a student believes that the FAFSA processor incorrectly entered data from his or her application or from a submitted correction, the student can call the FSAIC and request a review of his file. An FSAIC counselor will look at an image of the student's form to determine whether the processor made an error. If so, the counselor can make the correction immediately. The correction will be transmitted to the processor and a corrected ISIR will be available within 72 hours. The schools the student listed on his or her application will receive a corrected ISIR, and the student will receive a corrected SAR in the mail within 10 days. The FSAIC, however, cannot change any data except data that the processor entered incorrectly.

