

Application and Verification Guide

Introduction

This guide is intended for college financial aid administrators and counselors who help students with the financial aid process—completing the Free Application for Federal Student Aid (FAFSA[®]) form, verifying information, and making corrections and other changes to the information reported on the FAFSA form.

Throughout the *Federal Student Aid Handbook*, we use “college,” “school,” and “institution” interchangeably unless a more specific use is given. Similarly, “student,” “applicant,” and “aid recipient” are synonyms. “Parents” in this volume refers to the legal parents of dependent students, and “you” refers to the primary audience of the *Handbook*: financial aid administrators at colleges. “We” indicates the U.S. Department of Education (the Department, ED), and “federal student aid” and “*Title IV* aid” are synonymous terms for the financial aid offered by the Department.

We appreciate any comments that you have on the *Application and Verification Guide* (AVG), as well as all the volumes of the FSA Handbook. We revise the text based on questions and feedback from the financial aid community, so please reach out to us about how to improve the *Handbook* through the “[Contact Customer Support](#)” feature in our [Partner Connect Help Center](#) clicking on “FSA Handbook” under the Topic section.

Sunset of COVID-19 Guidance and Waivers

Although COVID-19 continues to affect the lives of many Americans, the urgent need for waivers and flexibilities has diminished. The Federal Government ended the national emergency and the public health emergency associated with the pandemic. The COVID-19 national emergency ended on April 10, 2023, through enactment of H.J. Res. 7, Public Law No. 118-3. The COVID-19 public health emergency ended on May 11, 2023. These actions triggered the sunset of many waivers and flexibilities for the federal student financial aid programs related to the COVID-19 pandemic.

The Department of Education recognizes that the COVID-19 pandemic created many unique challenges for postsecondary institutions. The Department provided a variety of special guidance and regulatory flexibilities due to the President’s declaration of the COVID-19 national emergency on March 13, 2020. In addition, Congress passed legislation offering relief from certain statutory requirements related to the *Title IV*, HEA programs.

In general, the COVID-19 flexibilities and waivers remained in effect until the COVID-19 national emergency was declared over. For more details, see the [Electronic Announcement](#) published June 14, 2023, which describes the timeframes for the sunset of the COVID-19 waivers and flexibilities applicable to institutions and provides general guidance regarding the return to normal compliance with *Title IV*, *Higher Education Act (HEA)* requirements.

FAFSA Simplification Act

The *FAFSA Simplification Act*, passed on Dec. 27, 2020, as part of the *Consolidated Appropriations Act, 2021*, represents a significant overhaul of federal student aid, including the *Free Application for Federal Student Aid* (FAFSA[®]) form, need analysis, and many policies and procedures for schools that participate in the *Title IV* programs. FSA has implemented the *FAFSA Simplification Act* alongside the [FAFSA portion of the Fostering Undergraduate Talent by Unlocking Resources for Education \(FUTURE\) Act](#) to streamline the FAFSA application process.

Changes from the FUTURE Act

The *FUTURE Act* authorizes a direct data exchange – the FUTURE Act Direct Data Exchange (FA-DDX) – with the Internal Revenue Service (IRS) to facilitate completing the FAFSA form. The previous tool to transfer U.S. income and tax information from the IRS – the IRS Data Retrieval Tool (DRT) – where applicants initiated the electronic transfer of U.S. federal tax return information into their FAFSA form, will no longer be used. Implementation of the FA-DDX eliminates the need for most applicants (and their spouse or parents) to self-report their income and tax information reported to the IRS. Also, federal tax information (FTI) that is transferred via the FA-DDX to the FAFSA form is considered verified for *Title IV* purposes.

Unlike with the IRS-DRT, which allowed applicants to opt in, the FA-DDX **requires** applicants to provide consent for the Department to obtain FTI via the FA-DDX. Spouses and parents, as appropriate, will also be **required** to consent to the new data transfer for federal student aid eligibility.

Other Changes

Throughout the AVG, all dates, pertinent tax return and schedule information, along with various resources and references have been updated to support the requirements associated with the 2024-25 processing year and the 2022 base tax year. Also, where appropriate, links and publications associated with FSA's Partner Connect and Knowledge Center have been properly updated.

Some sections were moved to better align topics and assist with narrative flow. Use the search feature to find sections that may have been relocated.

Chapter 1: The Application Process

Chapter 1 outlines the changes to the FAFSA form mandated by the implementation of the *FAFSA Simplification Act* and the *FUTURE Act*. It includes an introduction to the new FAFSA Partner Portal (which replaces FAA Access to CPS Online). It also provides a brief explanation of the new requirements for StudentAid.gov accounts and the alternative identity verification process for individuals without Social Security numbers (SSNs). Chapter 1 also introduces the FAFSA Submission Summary, which replaces the Student Aid Report.

Chapter 2: Filling Out the FAFSA

Chapter 2 of the AVG has been completely redesigned to include all changes to the new FAFSA form. This chapter introduces the FA-DDX. It explains how a student or contributor may experience the new FAFSA form and provides updated guidance on how questions should be answered. Chapter 2 follows the order of the paper (PDF) FAFSA form, but the guidance provided includes information about completing the application electronically.

Notable changes

- The definition of family size (formerly household size) more closely aligns with who can be claimed as a dependent on a U.S. federal tax return.
- Number in college is no longer a factor in the need analysis formula but is still a required question on the FAFSA form.
- The definition of a veteran now aligns with the definition used by the Department of Veterans Affairs.
- Child support received is now considered an asset of the recipient in the needs analysis calculation.
- Parent killed in the line of duty is a new question and serves to identify students who may be eligible for a maximum Pell Grant award based on the death of a parent during military service or service as a public safety officer.

Chapter 3: Student Aid Index (SAI) and Pell Grant Eligibility

Similarly, Chapter 3 was completely redesigned to provide a robust explanation of the new need analysis formula, which produces the Student Aid Index (SAI). It also explains eligibility criteria for maximum and minimum Pell Grant awards.

Chapter 4: Verification, Updates, and Corrections

While verification remains largely unchanged, federal tax information (FTI) that is transferred via the FA-DDX to the FAFSA form is considered verified for Title IV purposes. Chapter 4 has been updated to reflect the implementation of the FA-DDX and the resulting changes to acceptable documentation.

Chapter 5: Special Cases

The *FAFSA Simplification Act* made significant changes to the *Higher Education Act (HEA)* regarding special and unusual circumstances. Most of these changes were introduced and effective beginning with the 2023-24 award year.

Chapter 1

The Application Process: FAFSA to ISIR

The laws governing the Federal Student Aid (FSA) programs require that a person apply for aid with a form provided by the U.S. Department of Education (ED) and that no fee be charged for processing it. This form is the Free Application for Federal Student Aid (FAFSA®) form.

To be considered for federal student aid, a student must complete a FAFSA form. It collects financial and other information used to calculate the Student Aid Index (SAI; formerly Expected Family Contribution or EFC) and to determine a student's eligibility through computer matches with other agencies.

The FAFSA form is the only application students must complete to apply for *Title IV* aid. A school cannot require extra information from students to package *Title IV* aid, except for verification, resolution of conflicting information, or professional judgment determinations. However, a school may require additional information for other purposes, such as packaging private or institutional aid. If the school collects additional information that affects *Title IV* eligibility, it must take the information into account when awarding *Title IV* aid.

Types of FAFSA Applications

More than 99% of FAFSA forms are filed electronically. However, there are other options for individuals unwilling or unable to file electronically.

FAFSA Online

Implementation of the *FAFSA Simplification Act* and the *FUTURE Act* required a complete overhaul of the FAFSA® form. Students, parents, and spouses will experience a brand new FAFSA form when they [complete an application online](#). Submitted FAFSA forms are sent directly to the FAFSA Processing System (FPS). Help is available for students online or by calling the Federal Student Aid Information Center (FSAIC) at 1-800-4-FED-AID (1-800-433-3243).

There are many advantages to filing electronically, including:

- Faster processing
- Availability of online help
- Skip logic, which allows applicants to skip over questions that don't pertain to them;
- Fewer errors and rejected applications because internal and end-of-entry data edits ensure that required fields are completed and conflicts are resolved prior to submission.

Paper (PDF) FAFSA Form

The paper (PDF) FAFSA form is available on [StudentAid.gov](#). The form can be printed and completed by hand, or by typing the data on the PDF before printing and mailing it. If needed, students can request single copies from the Federal Student Aid Information Center (FSAIC) by calling 1-800-433-3243. FSA no longer prints or mails aid-related publications, though they are available on [StudentAid.gov](#) for users to download and print.

Incarcerated Applicants

Incarcerated applicants who have access to the necessary technology can complete a FAFSA form online using their account username and password. However, many incarcerated applicants will not be able to file electronically due to limitations on access to computers and the internet. These applicants can complete a paper (PDF) FAFSA form designated specifically for incarcerated applicants, available on the [Prison Education Programs](#) resource page of the FSA Knowledge Center.

FAFSA Partner Portal

The new FAFSA Partner Portal (FPP) replaces the old FAA Access to CPS Online beginning with the 2024-25 award year.

FSA will decommission the FAA Access site after the 2023–24 application cycle closes. The two systems will operate concurrently during the overlap of the two cycle years.

The FAFSA Partner Portal removes FAAs' ability to initiate a new application on behalf of a student. This is due to the requirement in the *FUTURE Act* that all FAFSA form contributors (including students, spouses, and parents) to provide their consent to disclose information to the Internal Revenue Service (IRS) and approval to retrieve and use certain Federal Tax Information (FTI). FAAs cannot provide consent and approval on behalf of any other person. Therefore, you will not be able to use the FPP to start and submit a new FAFSA on an applicant's behalf. However, you can make certain corrections or updates.

Translation Assistance

The FAFSA form is available in English and Spanish. Translation assistance in additional languages is available by contacting FSAIC at 1-800-433-3243.

Account Username and Password (FSA ID)

The account username and password, also known as the FSA ID, is used to access a person's StudentAid.gov account and serves as an electronic signature and a digital identifier to allow access to various ED systems and services for students; spouses of students; parents; or spouses/partners of parents. Therefore, each individual should create their own account and should not share their login credentials with anyone, including FAAs. Users can [create an account](#) online at StudentAid.gov quickly and securely. See Electronic Announcement [GEN-23-213](#) for additional information on creating a StudentAid.gov account for individuals without a Social Security number.

Each person who provides data in the online FAFSA form **must** have an account username and password to access the form. In the past, a Social Security number (SSN) was required to create a StudentAid.gov account. Starting with the 2024–25 award year, all individuals—even those without an SSN—can create a StudentAid.gov account. Persons with an SSN will still have their information verified by the Social Security Administration (SSA), while those without an SSN will use the new verification process described below.

The account username and password are created in real-time so that the student or other contributor can use it immediately to enter the FAFSA form. Pending StudentAid.gov accounts with an SSN will be sent to the SSA to be matched. Only those accounts with a successful match ("SSA Match Status" value of 4 on the Institutional Student Information Record) will be considered verified. A pending username and password that has not been verified will still allow the user to access and submit the online FAFSA form, make corrections, and complete other limited actions on StudentAid.gov. However, the Department will not be able to retrieve federal tax data from the Internal Revenue Service (IRS). For this reason, we recommend that users do not sign and submit the online FAFSA form until the account username and password is verified through a match with the SSA.

If the SSN match is unsuccessful, the account is not considered verified, and an email is sent to notify the individual that they should review the information they provided (name, date of birth, and SSN) to ensure it is accurate. If the applicant used an unverified account username and password to sign their FAFSA form, the applicant is also sent a paper FAFSA Submission Summary requesting all required signatures.

TransUnion® Knowledge-Based Identity Verification

Users who create a StudentAid.gov account without an SSN will be required to complete a knowledge-based identity verification process with TransUnion® to verify their identity and provide login credentials. The student (if a citizen of one of the Freely Associated States), student's spouse, parent, or parent spouse/partner are sent through the TransUnion® process when they do not have an SSN and check the "I don't have an SSN" box during the account creation process. They will be asked to provide additional information to confirm their identity.

Returning FAFSA Filers

When a returning applicant or contributor with a verified StudentAid.gov account username and password logs in to the electronic FAFSA form, they will have the option to pre-fill some of the application data. By choosing this option, the

applicant can review each pre-filled item, update it if it has changed, and provide new information as needed.

FAFSA Filers Under the Age of 13

Because the *Children's Online Privacy Protection Act (COPPA)* of 1998 prohibits any entity, including a government agency, from electronically conducting business or communicating with a person under age 13, applicants who are 12 or younger cannot complete the FAFSA form online. Instead, when they apply for financial aid, the student, parent, legal guardian, financial aid administrator, or high school counselor can fill out the appropriate award year paper (PDF) FAFSA form and mail it to:

Federal Student Aid Programs
Attn: COPPA Process
25 Air Park Drive
London, KY 40744-8236

Note: This address is for the 2024-25 FAFSA form and forward. See [Electronic Announcement APP-24-02](#) for additional information.

Such applicants should not provide an email address on the application or any correction that might follow. After the FAFSA form is submitted, it will be processed and a paper FAFSA Submission Summary will be sent to the student and a regular ISIR will be sent to schools. See the [Electronic Announcement APP-22-06](#) for more information.

Processing the FAFSA

Applications that are signed and submitted online go directly to the FPS. The paper FAFSA forms go to the FAFSA processor for data entry and then to the FPS. The FPS uses application data to calculate the SAI and to match against several databases: NSLDS, the SSA, and the Department of Veterans Affairs, as well as the Department of Homeland Security's database of noncitizens.

The FPS also checks the application for possible inconsistencies and mistakes. For instance, if a dependent student reported the parents' marital status as married but reported the family size as "2," the edit checks would catch the inconsistency. Even when data is inconsistent, the FPS may be able to calculate an SAI based on assumptions. Students who submit applications online will be able to correct or confirm FPS edits before submitting the application.

Output Documents

After processing is complete, the FPS produces output documents – the *Institutional Student Information Record (ISIR)* and the *FAFSA Submission Summary* – that show the information the student originally provided, the SAI, results of the eligibility matches, information about aid history, and information about any inconsistencies identified through the FPS edits. If the FPS was unable to calculate an SAI, the output record will not show one. The ISIR is made available electronically to the schools the student listed on the FAFSA form (or added later) and their state agency. The FAFSA Submission Summary is made available to the student online or a paper FAFSA Submission is mailed to the student if it cannot be displayed online. The type of output document depends on the type of record that the applicant submitted. Neither the online nor the paper FAFSA Submission Summary will contain FTI. See *Volume 6* of the [2024-25 FAFSA Specifications Guide](#) for additional information.

You will receive an ISIR for the student only if the applicant includes your school on their FAFSA form. If your school is not listed, you can request an ISIR for the student through the FAFSA Partner Portal by adding your federal school code if you have the applicant's Data Release Number (DRN), which authorizes your access to the student's application information. The DRN appears on the FAFSA Submission Summary, on the FAFSA confirmation page, and in the FAFSA confirmation email.

You are required to receive ISIRs and to accept FAFSA Submission Summaries from students, but you cannot require students to submit FAFSA Submission Summaries to receive aid. If you don't have an ISIR for a student, your federal school code must be added to their record so an ISIR is sent to you. We recommend making corrections electronically via the online FAFSA (the student) or the FAFSA Partner Portal (the school); however, students can also use a paper FAFSA Submission Summary to make corrections. If you don't have an ISIR for a student who provided a FAFSA Submission

Summary, you must use the FAFSA Submission Summary to package and disburse the student aid. Again, you must also ensure that your school code is added to the student's FPS record (see the "How to Submit Corrections and Updates" section in Chapter 4).

The FAFSA Submission Summaries and ISIRs include comment codes and text explaining any questionable results from FAFSA processing. Some comment codes also have an associated C Flag, which you must resolve before paying the student aid. If a student's FAFSA Submission Summary/ISIR contains a comment code that requires resolution, the underlying issue must be resolved before any *Title IV* funds may be disbursed to the student. For instance, if an applicant has defaulted on a federal student loan, the FAFSA Submission Summary and ISIR will note this in several places, including comments to the applicant and the NSLDS financial aid history page. In addition, if a school disburses *Title IV* funds to a student with a comment code that requires resolution and the student withdraws before the school has resolved the underlying issue, any funds disbursed must be returned to ED since the funds were provided to an otherwise ineligible student.

For other problems, the FAFSA Submission Summary and ISIR will show that the FAFSA has been rejected and no SAI has been calculated. The FAFSA Submission Summary will tell the applicant how to resolve the reject by correcting errors or providing consent, signatures, or more information. A complete list of comments, C Flags, reject codes, and required resolutions are available in *Volume 7* of the [2024-25 FAFSA Specifications Guide](#).

A valid output document (ISIR or FAFSA Submission Summary) is one on which all the information reported on a student's FAFSA form is accurate and complete as of the date the application is signed.

Valid Output Document

[34 CFR 668.2](#)

Deadlines

The application processing cycle typically lasts 21 months, with the FAFSA form opening on October 1 in the year prior to the start of the award year. However, due to the complexity of implementing the *FAFSA Simplification Act* and *FUTURE Act*, FSA began accepting 2024-25 FAFSA applications in December 2023. Applications will be accepted through June 30, 2025.

The FPS must receive a student's online FAFSA information by June 30, 2025. A paper FAFSA form must be legible, and it must be mailed to the Federal Student Aid Programs address listed on the FAFSA form in time for the processor to receive it by June 30, 2025. There are no exceptions to these deadlines. An online application received after June 30, 2025, will not be processed. A paper application received before the application opens for the award year, or after June 30, 2025, will be returned unprocessed with a letter of explanation. If it is signed before and received after the application opens for the award year, it will be accepted but the student will receive a rejected FAFSA Submission Summary asking them to date and re-sign the FAFSA Submission Summary and return it for processing.

For other deadlines pertaining to corrections, changes, disbursements, and verification, see the official deadline notice for the 2024-25 award year. It will provide all the processing deadline dates and will be available in the Knowledge Center under "[Federal Registers](#)." For these deadlines, the date the FPS processed the ISIR transaction is the date the institution received the ISIR. The processed date is displayed above the SAI on the first page of the FAFSA Submission Summary and ISIR printout.

Students who submit the FAFSA form later in the award year can receive aid for the entire year, including completed payment periods, if they were not ineligible at the time. See the section on retroactive disbursements for completed periods in *Volume 3* and *Volume 4* of the *FSA Handbook*.

Websites for students

<https://studentaid.gov/>—Higher education portal that contains resources and information about paying for college. The site includes access to the FAFSA application, loan information, counseling, repayment, and other tools to help future, current, and former students access financial aid.

<https://studentaid.gov/fafsa>—Submit a FAFSA application or make corrections to a previously submitted application; get an online FAFSA Submission Summary; check status of an application.

<https://studentaid.gov/aid-estimator/>The *Federal Student Aid Estimator* can help applicants understand their options to pay for college or career school by providing an early estimate of the SAI and eligibility for federal student aid.

<https://studentaid.gov/fsa-id/create-account/launch>—Create an account username and password, which allows students, FAFSA contributors, and other borrowers access to the StudentAid.gov portal.

Resources for schools

[2024-25 FAFSA Specifications Guide](#) - This guide consolidates all FAFSA-related processing information and guidance into a multi-volume resource. It includes the following volumes and replaces previous stand-alone guides:

- Volume 1 - Summary of Changes
- Volume 2 - FAFSA Processing System (FPS) Schedule and Getting Help
- Volume 3 - Electronic Data Exchange (EDE) and FAFSA Processing
- Volume 4 - Record Layouts and Processing Codes
- Volume 5 - Edits and Rejects
- Volume 6 - ISIR Guide
- Volume 7 - Comment Codes
- Volume 8 - Agency Matches
- Volume 9 - Testing and Web Demo System

[FPS/SAIG Technical Support](#)—For questions related to the FAFSA Processing System (FPS), the Student Aid Internet Gateway (SAIG), web products such as the FAFSA Partner Portal (FPP), and assistance with software products such as EDconnect and EDEXpress. Questions related to Two Factor Authentication (TFA) tokens may also be directed here. Call or email FPS customer service: 1-800-330-5947, support@fps.ed.gov.

[Technical system publications](#)— Federal Student Aid has consolidated software and other tools used by the financial aid community for student aid processing on this page.

[FSA Help Center](#)—Collection of additional help and resources, including contact information for FSA Customer Service Centers.

Chapter 2

Filling Out the FAFSA

This chapter describes changes to the FAFSA form due to implementation of the *FAFSA Simplification Act* and the *FUTURE Act*. While the chapter follows the organization of the paper (PDF) FAFSA form and the ISIR, the guidance applies equally to the online FAFSA. To see how FAFSA data are used to calculate the Student Aid Index (SAI), refer to Chapter 3.

The easiest, fastest, and most accurate way to complete a FAFSA form is using the online application and providing consent and approval for the access, disclosure, and use of federal tax information (FTI). The online FAFSA form provides robust instructions and help in completing the form. It also provides a clear path for the student and each contributor, allowing them to skip (or never see) questions that are unnecessary, irrelevant, or already known based on information previously provided or imported. However, some applicants will be unable or unwilling to complete the FAFSA form online.

FUTURE Act Direct Data Exchange (FA-DDX)

The *Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act* amended Section 6103 of the Internal Revenue Code (IRC) to allow the Internal Revenue Service (IRS) to disclose certain FTI to FSA. The IRS and FSA worked together to develop the FUTURE Act Direct Data Exchange (FA-DDX) solution, which establishes a secure connection between both agencies through an application programming interface that will process requests in near-real time. The FA-DDX replaces the IRS Data Retrieval Tool (IRS-DRT) and will be used beginning with the 2024-25 award year to import certain FTI into an applicant's FAFSA form.

Consent and Approval

The student and each contributor to the FAFSA form must provide consent and approval to the access, disclosure, and use of FTI in evaluating the applicant's eligibility for *Title IV* aid. Consent and approval are required regardless of the application method (online or paper).

Definitions

FAFSA Privacy Act Consent – Formal consent provided by an applicant and any applicable contributor(s) for a given FAFSA cycle (e.g., December 2023 to September 2025 for the 2024-25 FAFSA form) that meets the statutory requirements of collecting and using an individual's personally-identifiable information (PII) under the *Privacy Act*, as amended (5 U.S.C. § 552a). PII provided on the FAFSA form (e.g., name, date of birth, Social Security number) with consent of the individual, will be provided to the IRS to conduct a match for the Department to receive FTI for purposes of determining an applicant's federal financial aid eligibility and permit further redisclosure of FTI by the Department.

FAFSA FTI Approval – Formal approval granted by an applicant and any applicable contributors for a given FAFSA cycle (e.g., December 2023 to September 2025 for the 2024-25 FAFSA form) to retrieve and use FTI to determine an applicant's federal financial aid eligibility as well as permit the redisclosure of FTI by the Department to an eligible institution; state higher education agency; or a designated scholarship organization for the application, award, and administration of student aid programs. An applicant and contributor (if applicable) must provide approval once each year. If FAFSA FTI approval is not provided, the student will not be eligible for any *Title IV* aid until the approval is provided by each contributor.

To provide consent and approval, FAFSA contributors (including parent(s) or spouse) must agree to (1) the Department's use and disclosure of their information (e.g., name and Social Security number) to match with the IRS; (2) the disclosure of their FTI by the IRS to the Department; (3) the use of their FTI by a Department official to determine an applicant's eligibility for federal student aid and the amount for which they are eligible; and (4) the redisclosure of FTI by the Department to an eligible institution, state higher education agency, or a designated scholarship organization (e.g.,

institutional or state financial aid). Only the Department has the authority to obtain approval and consent for the use and disclosure of FTI for such purposes. Our partners are not permitted to obtain approval and consent on behalf of FAFSA contributors (including parent(s) or spouse) for the use and disclosure of FTI.

Once a FAFSA contributor has provided consent and approval for use and disclosure of FTI for a FAFSA cycle (e.g., the 2024-25 FAFSA cycle), they cannot revoke consent for that cycle. The ability to revoke consent is not needed for FAFSA purposes because the FAFSA contributor is providing a one-time consent for a specific tax year and an annual consent is required for each FAFSA cycle.

Students and contributors are not able to view or edit the imported FTI data. This is to enhance security, privacy, and to reduce the risk of the misuse of sensitive data. However, you (the financial aid administrator) will be able to see the transferred data on the ISIR. Schools and other partners that receive ISIRs must protect federal student aid information provided to them by the Department or otherwise obtained in support of the application, award, and administration of the federal student aid programs as permitted under the IRC 6103(l)(13) and HEA, as amended. In keeping with the expectation that you protect the confidentiality of data associated with the *Title IV* programs, you must not disclose FTI from the FAFSA form unless the disclosure and use is permitted under the IRC 6103(l)(13) and HEA 1098h. For additional information and guidance on the use of FTI, see Electronic Announcement [GEN-23-34](#).

Federal Tax Information

The following data received by the Department from the IRS are considered FTI, starting with award year 2024-25 data:

- Tax Year (ex. Award year 2024-25 is based on 2022 tax year information from the IRS)
- Tax Filing Status
- Adjusted Gross Income (AGI)
- Number of Exemptions and Number of Dependents
- Income Earned from Work
- Taxes Paid
- Educational Credits
- Untaxed IRA distributions
- IRA deductions and payments
- Tax exempt interest
- Untaxed pension amounts
- Schedule C net profit/loss
- Indicators for Schedules A, B, D, E, F, H
- IRS response code

In some limited circumstances, the student or contributor may need to manually provide data if it is unavailable through the FA-DDX or does not reflect their current personal circumstances. In these cases, manually entered data will be used in the SAI calculation. For example, a contributor would be required to manually report income and tax data if they were married and filed their 2022 U.S. tax return jointly with their spouse but are now divorced.

IRS Response Codes

The IRS will provide one of the following response codes for each contributor, and they will appear on a student's ISIR.

Code	Indication
200	Usable FTI data retrieved successfully
214	No return on file
203 206	No usable FTI data retrieved

The IRS provides a response code value of “200” when the IRS has data and it was successfully shared with FSA for inclusion on the applicant’s FAFSA form. Income and tax information for contributors with a “200” IRS response code is considered verified. The IRS response code of “214” means the IRS was able to locate the individual in its records and confirmed that it does not have a tax return on file for that individual for the tax year, designating them as a non-U.S. tax filer.

IRS response codes “203”, “206”, and “212” indicate that the IRS is unable to provide FTI for that contributor. This may be because the IRS is unable to locate the individual in its records or the IRS is unable to share FTI (such as in cases of identity theft). If the IRS returns any of these codes for a contributor, that individual must manually provide income and tax information on the applicant’s FAFSA form. This manually entered data will be used in the SAI calculation and is **not** considered verified.

Contributors

“Contributor” refers to anyone who is required to provide information, consent, and approval, and a signature on the FAFSA form. Beginning with the 2024-25 FAFSA, each contributor will complete their own section of the form. The FAFSA form is organized by contributor, each section consisting of a group of questions and instructions pertaining to that contributor. The guidance in this chapter supplements those instructions and explains why some of the questions are needed on the FAFSA form.

The parents mentioned are the legal parents of dependent students. The numbers in parentheses below are for the items as they appear on the FAFSA Submission Summary, ISIR, paper (PDF) FAFSA, and FAFSA Partner Portal. The FAFSA form is considered a “snapshot” of the family’s information as of the date the application is signed and it can be updated only in certain circumstances and only for certain items. See Chapter 4 for more information about updating a FAFSA form.

The following sections discuss the questions found within each contributor section on the FAFSA form.

Contributor: Student

This section consists of 24 questions related to the student.

Student Identity Information (1)

This question requests the name, date of birth, and Social Security number (SSN) or Individual Taxpayer Identification Number (ITIN) of the student contributor. The name, with other identifying information, is used for several data matches. Because the U.S. Department of Education (ED) matches the student’s name and SSN with the Social Security Administration (SSA), the name on the FAFSA form should match the one in the SSA’s records (i.e., as it appears on the student’s Social Security card).

Students (except citizens of the Freely Associated States – see “Account Username and Password” in Chapter 1) must have an SSN to apply for federal student aid. If they submit a paper (PDF) FAFSA without an SSN, the FAFSA form will be returned unprocessed. Students will be unable to submit a FAFSA form electronically without an account username and password, which requires an SSN. To get an SSN or to find out what the number is if they lost their Social Security card, they must contact the local SSA office. Contact the SSA at 1-800-772-1213 or <https://www.ssa.gov/ssnumber/> for more information.

If the student’s name, date of birth, or SSN does not match with the Social Security Administration, the student typically needs to resolve the issue with the SSA. If the information submitted is correct, the student must contact SSA to update its records. After the student receives confirmation that SSA has corrected its records, the student must contact the Federal Student Aid Information Center (FSAIC) and ask them to manually sync their data with SSA. Alternatively, if the student notifies the school that they received confirmation from SSA, the FAA may update the Resend to Matches field to “Y” in the FAFSA Partner Portal and submit it as a correction so the transaction can go back to SSA for an updated match flag. Records sent for rematching will continue to receive this match flag until SSA updates its database.

Students who enter their name, date of birth, or SSN incorrectly should log in to StudentAid.gov and update their

information in *Account Settings*. The record will be resent to SSA for matching. Once SSA verifies the account, the student should update their FAFSA form by submitting a correction.

Student Contact Information (2)

This is the student's current mobile phone, email address, and permanent home address, with three exceptions:

- Students under the age of 13 should not provide an email address as FSA cannot communicate with them electronically. See "FAFSA Filers Under the Age of 13" in Chapter 1 for additional information.
- Incarcerated students should use the physical address of the facility they are in. If an incarcerated student is released, they should also update their address in their StudentAid.gov account or on their FAFSA Submission Summary.
- 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 if they have contacted the school for permission and instructions on how mail they receive at the school will reach them. As soon as homeless students have more permanent housing, they should update their address in their StudentAid.gov account or on their FAFSA Submission Summary.

If the student provides an email address, they should get an email with a link to their online FAFSA Submission Summary within one to three days after the FPS receives the completed application. The Department will also use this email address to correspond with the student regarding their application.

Student Current Marital Status (3)

This is marital status "as of today" – the day the application is signed. Marital status cannot be projected. It can be updated in limited circumstances; see Chapter 4.

A student who is only engaged should select "single (never married)" unless they wait until after their marriage date to complete the FAFSA form. A student in a relationship that meets the criteria for common-law marriage in their state of legal residence should select "married" and will be considered independent. Beginning in 2024-25, students who are separated from their spouse (and are not otherwise independent) should select "separated" and will be considered dependent students for FAFSA purposes.

Student College or Career School Plans (4)

Students should answer this question based on the degree or certificate program they will be working on at the start of the 2024-25 award year. Students may update the answer to this question if their plans change or they progress to a higher grade level during the award year.

A student's grade level is not based on the number of years the student has attended college but on work completed toward the degree or certificate. For instance, a full-time student might attain second-year grade level after one year of study, while a half-time student would take two years to reach that level.

The student should also indicate whether they will have a first bachelor's degree before beginning the 2024-25 year because eligibility for Pell and Federal Supplemental Educational Opportunity grants (FSEOG) is almost exclusively restricted to students who have not received a bachelor's degree or completed the requirements for one. See "General Eligibility Requirements for Federal Pell Grants" in *Volume 7*, Chapter 1 regarding degrees from unaccredited and foreign schools, which can count as bachelor's degrees for Pell and FSEOG eligibility.

Finally, the student should indicate if they will be pursuing an initial teaching certification at the elementary or secondary level. If a student answers "yes" to this question, you must evaluate and determine if the student is enrolled in a postbaccalaureate program for which a student may receive a Pell Grant. See *Volume 7*, Chapter 1 regarding eligible postbaccalaureate programs.

A student who is a graduate or professional student is independent for purposes of *Title IV* aid and not eligible for Pell grants or other forms of undergraduate aid. If a Pell-eligible student incorrectly indicates they are working on a master's or doctorate program, they must submit a correction before they can receive a Pell grant, even if they are independent for another reason. If a student completes an undergraduate program during the year and begins graduate school, the

student can update the answer to this question and the FPS will reprocess the student's application.

See *Volume 1*, Chapter 1 for definitions of undergraduate and graduate students.

Undergraduate student definition

[34 CFR 668.2 "Undergraduate student"](#)

Graduate student definition

[34 CFR 668.2 "Graduate or professional student"](#)

Student Personal (5), Other (6), or Unusual (7) Circumstances

The law governing the FSA programs is based on the premise that the family is the first source of the student's support, and the law provides several criteria that decide if the student is considered independent of their parents for aid eligibility. Note that a student reaching the age of 18 or 21 or living apart from their parents does not on its own affect their dependency status.

Questions 5 and 6, along with information from other FAFSA questions, are used to determine if a student meets eligibility criteria to be considered independent and not required to submit information about their parents. If a student is considered a dependent of their parents, the parents' income and assets must be included on the FAFSA form. The FPS will calculate a parent contribution and add it to the student's contribution to derive an SAI.

For the 2024-25 year, a student who meets one or more of the following criteria is independent:

From **Question 1:**

- The student was born before January 1, 2001.

From **Question 3:**

- The student is married (not separated) or remarried as of the application date.

From **Question 4:**

- The student is a graduate or professional student during the award year.

From **Question 5:**

- The student is currently serving on active duty in the U.S. armed forces for purposes other than training.
- The student is a veteran of the U.S. armed forces.
- The student has children or dependents other than a spouse.
- The student is (or was at any time after reaching the age of 13) an orphan, foster child, or ward/dependent of the court.
- The student is (or was when the student reached the age of majority) an emancipated minor or in a legal guardianship, as determined by a court in the student's state of legal residence.

From **Question 6:**

- The student was at any time on or after July 1, 2023, determined to be unaccompanied and (1) homeless or (2) self-

supporting and at risk of being homeless with a determination from one of the entities listed on the FAFSA form.

Independent Student Determination

HEA Sec. 480(d)

In unusual circumstances, an aid administrator can determine that a student who doesn't meet any of the criteria listed above should still be treated as an independent student. A student may indicate that they have an unusual circumstance by selecting "Yes" to **Question 7** on the FAFSA form. The student may then skip the parent sections of the form. Students who select "Yes" to this question will be given provisional independent student status and directed to provide documentation to their financial aid office for determination. (See "Unusual Circumstances" in Chapter 5.)

Active duty in the U.S. Armed Forces

Persons on active duty in the U.S. armed forces (the Army, Navy, Air Force, Marines, Space Force, or Coast Guard) for purposes other than training are independent.

Veteran of the U.S. Armed Forces

The *FAFSA Simplification Act* aligns the definition of veteran with the definition used by the U.S. Department of Veteran Affairs (VA) to determine veterans' benefits. The Act cites *Title 38* of the U.S. Code for the definition of a veteran.

Generally, a veteran is an individual who:

- Served on active duty in the U.S. armed forces (the Army, Navy, Air Force, Marines, Space Force, or Coast Guard) for other than training and who was discharged or released under a condition other than "dishonorable"; or
- Served on active duty for training or inactive duty for training in the U.S. armed forces and was disabled from injury incurred or aggravated in the line of duty.

Members of the National Guard or Reserves are only considered veterans if they were called up to active federal duty by presidential order for a purpose other than training. It does not matter how long the active duty lasted or if the student returned to reserve status afterward, but, as with the other qualifying veterans, the student must have had a character of service that was not "dishonorable."

The FAFSA form also tells students to answer "Yes" to the question about veteran status if they aren't yet a veteran but will be by June 30, 2025.

Students serving in ROTC or currently attending a U.S. military academy are not veterans. Additionally, students who attended a U.S. military academy or military academy preparatory school but were discharged prior to commission (commonly known as "early exit cadets") are not veterans.

Veteran Definition

[38 USC 101: Definitions](#)

[38 CFR 3.1\(d\)](#)

If a student indicates they are a veteran in **Question 5**, the FPS performs a match with VA records to confirm that status. The VA sends the result back, which appears as a match flag in the FAA Information section of the output document. For VA Match Flags 2, 3, and 4 (listed below), a comment and a C flag will appear on the FAFSA Submission Summary only if veteran status is the sole reason that the student would be independent. See *Volume 7* of the [2024-25 FAFSA](#)

[Specifications Guide](#) for additional details.

- VA Match Flag 1: Confirmed – There won't be any comments on the output document if the VA confirms that the student is a veteran.
- VA Match Flag 2: Not a Qualifying Veteran – A student will receive this flag if the VA database indicates they are not a veteran.
- VA Match Flag 3: Not found by VA – A student will receive this flag if the student is not in the VA database.
- VA Match Flag 4: Active Duty – If the student is currently on active duty, they are not a veteran yet. However, if their active duty will end by June 30, 2025, they count as a veteran for purposes of determining dependency status. Because the student should have answered “Yes” to the active-duty question, they would be independent by that criterion and wouldn't have to resolve this situation.

A student who receives a VA Match Flag of 2 or 3 and is independent for reasons other than being a veteran can receive aid as an independent student without resolving the problem with their veteran status, although the student should have the VA correct its database if it has incorrect information. If the student is not independent for reasons other than being a veteran, the student must either resolve the problem with their veteran status or correct their FAFSA form.

If the student is a veteran, they should correct any problem with the VA or provide documentation showing they are a veteran, or will be one by June 30, 2025. Students should provide the financial aid office at their school a copy of their DD214 (the Certificate of Release or Discharge from active duty, with “Character of Service” as anything but “dishonorable”). If it shows that the student is a veteran, they can receive aid as an independent student. If a National Guardsman or a reservist who served on active duty (for other than training) did not receive a DD214 but can obtain a letter from a superior officer that documents the call-up to active duty and that classifies the character of service as anything but “dishonorable,” the student will be considered a veteran for FSA purposes. If the VA match problem is due to an error in the VA's database, the student should contact the VA and correct the error. A subsequent transaction will then redo the match with the VA.

If the student is not a veteran and will not be one by June 30, 2025, they must correct their answer to Question 5 and invite at least one parent to contribute to their FAFSA form.

Children and Legal Dependents

Students who have legal dependents are independent. Legal dependents include children or other people (except a spouse) who meet all the following criteria:

- They live with the student (or, in the case of children, live apart from the student due to a qualifying temporary absence under IRS code, such as living apart due to college enrollment).
- They currently receive more than half of their support from the student.
- They will continue to receive more than half of their support from the student between July 1, 2024, and June 30, 2025

If one or both student's parents are directly or indirectly providing more than 50% support in cash or other assistance to the student's child, then the student could not claim to have a legal dependent who receives more than half of their support from the student. “Indirect support” includes support that a parent gives to the student on behalf of the child. If the student is living with a parent who is paying for most of the household expenses, the parent would usually be considered the primary source of support to the student's child, and the student should not indicate they have legal dependents. However, there may be some cases where the student can demonstrate that they provide more than half of their child's support even while living at home with their parents, in which case the student could indicate they have legal dependents.

If the student receives money or other support for the legal dependent from sources other than their parents, the student may count it as part of their support to the child. Sources include government programs, such as Temporary Assistance for Needy Families (TANF) and Supplemental Nutrition Assistance Program (SNAP), that provide benefits for dependent children. So, a student may be considered independent when the benefit they receive is the primary support for the child. However, child support received from a noncustodial parent cannot be counted as part of the student's support to the child.

When a student completes a FAFSA form after the award year has begun and indicates they have a legal dependent who

is not the student's child, the support already given by the student during the award year plus the future support for the remainder of the award year must total more than 50% for the whole award year for the individual to meet the definition of a legal dependent.

Legal dependent examples

AVG, Chapter 2, Example 1: A student and their disabled sibling currently live together. The sibling receives a small disability payment each month, but the student provides more than 50% support for the sibling and expects to continue to do so through the award year. The sibling is considered a dependent of the student and can be included in the student's family size on the FAFSA form. The student is also an independent student due to having a legal dependent.

AVG, Chapter 2, Example 2: The same student and disabled sibling currently live together and expect to continue to do so through the award year. The sibling receives a small disability payment AND a pension payment each month. The combination of the pension and the disability payment will be enough that the student won't be providing more than half of the sibling's support. Therefore, the student won't be able to include the sibling in their family size. Additionally, the student may or may not be independent, depending on their responses to other dependency questions.

AVG, Chapter 2, Example 3: A student is appointed legal guardian of their minor cousin, who lives with the student. The cousin receives Social Security benefits, which are paid to the student since the cousin is a minor. These benefits provide more than half of the cousin's support. Because the cousin lives with and is supported by the student (through the Social Security benefits) throughout the award year, the student indicates they have a legal dependent on the FAFSA form and is an independent student. However, if the cousin did not live with the student, the student would not be able to indicate they have a legal dependent and would only be independent if they meet other independent circumstances.

AVG, Chapter 2, Example 4: A student and their partner live together but are not married. The student pays \$1,500 per month to support their partner. The partner also has earned income of \$2,000 per month and receives \$200 per month from their parents. The partner uses all of this for their support. The student cannot consider their partner a legal dependent since the \$1,500 they provide is not more than half of the partner's total support of \$3,700.

AVG, Chapter 2, Example 5: In April 2024, a student applies for aid for both 2023-24 and 2024-25 award years. One month prior to that, their parent moved in with the student. The parent is undocumented and does not work or qualify to receive other federal benefits. Even though the student provides all their parent's support, the months of support for March through June 2024 (the end of the award year) would not be more than 50% for 2023-24 award year. Therefore, the student cannot claim their parent as a legal dependent on their 2023-24 FAFSA form. If the parent had moved in before the midpoint of the year, the student would have been able to count the parent as a dependent for 2023-24. However, because the two plan to live together and the student plans to provide more than 50% support at least through June 2025, the student can count the parent as a dependent for 2024-25.

AVG, Chapter 2, Example 6: A student lives alone with their infant child. The infant child's other parent pays \$200 per month in child support to the student. The student also receives the equivalent of \$500 per month from government assistance programs for the child. The student provides the remainder of the child's support through part-time work. The student can consider the child a legal dependent as they live together and the student provides more than 50% of the child's support.

AVG, Chapter 2, Example 7: A student lives alone with their infant child. The child's other parent shares custody of the child and pays \$1,000 per month in child support to the student. The student receives the equivalent of \$500 per month from government assistance programs for the child. The student does not work and relies on the child support and government assistance to support the child. The student **cannot** consider the child a legal dependent, even though the child lives with the student, because the student does not provide more than 50% of the child's support. If the student is not otherwise independent, the student will need to provide parent

information on the FAFSA form. If the child's other parent is also a student, they **could** consider the child a legal dependent on their FAFSA form if the child lived with them and they provide more than 50% of the child's support.

Orphan, Foster Child, or Ward of the Court

A student who is an **orphan** – both parents are dead – when 13 or older is independent even if the student has subsequently been adopted. Likewise, a student who was, at any time since the age of 13, a **foster child** or a **ward of the court** is independent even if their status changed later.

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

If an institution requires that a student provide documentation that they were in foster care at age 13 or older, you must consider any of the following documentation to be adequate:

- Submission of a court order or official state documentation that the student received federal or state support in foster care.
- A documented phone call, written statement, or verifiable electronic data match from
 - a state, county, or tribal agency administering a program under part B or E of *Title IV* of the *Social Security Act* (42 U.S.C. 621 et seq. and 670 et seq.);
 - a state Medicaid agency; or
 - a public or private foster care placing agency or foster care facility or placement.
- A documented phone call or a written statement from an attorney, guardian ad litem, or Court Appointed Special Advocate.
- Verification of the student's eligibility for an education and training voucher under the John H. Chafee Foster Care Program under section 477 of the *Social Security Act* (42 U.S.C. 677).
- A documented phone call or written statement from a financial aid administrator who documented the student's circumstance in the same or a prior award year.

Emancipation and Legal Guardianship

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 their state of legal residence at the time of the adjudication. The emancipation must be determined by a court, not by an attorney, though the basis for it can vary by state.

Students placed in legal guardianship to their parents—e.g., if they are disabled adults and under their parents' care—are not independent for *Title IV* program purposes. Similarly, guardianship of a person's estate does not qualify as a legal guardianship of the student for this purpose. If the student's documentation says “custody” instead of “guardianship,” they should contact you for additional guidance. Most states have a clear definition of legal guardianship that is distinct from custody, but if a given state does not, ask your school's legal counsel for help with this question.

Unaccompanied Homeless Youth

A student is independent if, at any time on or after July 1, 2023, the student is determined to be an unaccompanied youth who is homeless or is self-supporting and at risk of being homeless. In determining independence due to homelessness, you must consider documentation from any of the following entities—provided through a documented phone call, written statement, or verifiable electronic data match—to be adequate:

- A local educational agency homeless liaison (or designee), as designated by the *McKinney-Vento Homeless Assistance Act* (42 U.S.C. 11432(g)(1)(J)(ii)).
- The director (or designee) of an emergency or transitional shelter, street outreach program, homeless youth drop-in center, or other program serving individuals who are experiencing homelessness.
- The director (or designee) of a Federal TRIO program or a Gaining Early Awareness and Readiness for Undergraduate

program (GEAR UP) grant.

- A financial aid administrator at another institution who documented the student's circumstance in the same or a prior award year.

In the absence of a determination by the entities above, you, the FAA, **must** make a case-by-case determination of homeless youth status (see Chapter 5) based upon a written statement from, or a documented interview with, the student that confirms that they are an unaccompanied homeless youth, or unaccompanied, at risk of homelessness, and self-supporting.

Apply for a Direct Unsubsidized Loan Only (8)

A student whose parents are unwilling to provide their information on the student's FAFSA form but who does not have an unusual circumstance (as defined in **Question 7**) may request that an FAA review their eligibility for a Direct Unsubsidized Loan only by selecting "Yes" to this question.

Family Size (9)

Under FAFSA Simplification, family size (formerly "household size") now aligns with the number of exemptions (which equal the tax filer(s) plus dependents) claimed on an individual's tax return. Individuals who complete the FAFSA form online, provide the required consent and approval to retrieve and use IRS FTI, and have their tax data successfully transferred via the FA-DDX will not be asked to report the size of their family as their family size will be derived from that FTI. Instead, these individuals will be asked if their family size is different from the number of individuals claimed on their tax return. If they indicate there was a change, they will be asked to manually report their family size in a follow-up question.

On the paper (PDF) FAFSA form, family size appears in both the student and parent contributor sections. Dependent students are instructed to skip question 9 on the paper (PDF) FAFSA form. Dependent students completing the online FAFSA form will not see the family size question in the student section.

The following persons are included in the family size of an **independent student**:

- **The student and their spouse**, unless the spouse has died or is not living in the household due to separation or divorce.
- **The student's dependent children**, if they live with the student (or live apart from the student due to a qualifying temporary absence under IRS code, such as living apart due to college enrollment) and will receive more than half of their support from the student (and spouse) from July 1, 2024, through June 30, 2025. Unborn children should not be included in the family size, though the family size can be updated if the child is born during and will receive more than half of their support from the student (and spouse) during the award year.
- **Other persons**, who live with and receive more than half their support from the student and will receive more than half support for the entire award year. For FAFSA forms submitted after the start of the year, see the relevant paragraph and example about legal dependents provided earlier in this chapter under the "Children and legal dependents" section.

Family size example

AVG, Chapter 2, Example 8: A married student recently separated from their spouse, and they are no longer living together. The student is paying child support to the spouse, but it isn't enough to provide more than half the child's support. The spouse and child cannot be included in the student's family size, even though the student and spouse are not yet legally divorced. However, the student's nephew lives with the student and receives more than half of their support from the student (and will do so for the award year). The student can count the nephew in their family size, which is two. The nephew, who recently turned 24, is an independent student on his own FAFSA form and his household size is one.

Number in College (10)

While number in college is no longer a factor in the SAI formula, it is a required question on the FAFSA form. Schools can use the information provided to perform a special circumstance adjustment for a student. See “Professional Judgment” in Chapter 5: Special Cases of this volume for additional information.

The student is always included in the number in college. Also included are those in the family size who are or will be enrolled at least half time during the award year in a degree or certificate program at a *Title IV*-eligible school.

Student Demographic Information (11) and Student Race and Ethnicity (12)

These questions collect sex/gender and race/ethnicity information about the student. The answers to these questions will not affect the student’s eligibility for federal student aid, be used in any calculations, or be shared with the schools to which the student applies. They will be used for research purposes only.

Student Citizenship (13)

Examples of eligible noncitizen categories are given in the FAFSA instructions, and a detailed discussion of citizenship issues can be found in *Volume 1: Student Eligibility* of the *FSA Handbook*. Only U.S. citizens or certain classes of noncitizens are eligible for *Title IV* aid; however, other students can still submit the FAFSA form because they might be eligible for aid from institutional, state, or private sources that do not have the same requirements but use FAFSA information.

Students who select “Eligible noncitizen” should include their A-Number, if they have one.

Student State of Legal Residence (14)

This is used to determine which poverty guideline to use when evaluating eligibility for a Maximum or Minimum Pell Grant for an independent student.

This is also used to determine which state agency should receive the student’s FAFSA information. States have varying criteria for determining whether the student is a resident for purposes of their financial aid. However, residing in one state for five years will meet any state’s criteria.

Parent Education Status (15)

Some state agencies and institutions use this information to award grants and scholarships.

Parent Killed in the Line of Duty (16)

A student may be eligible for a Maximum Pell Grant if they have a parent or guardian who died in the line of duty while either (1) serving on active duty as a member of the U.S. armed forces on or after September 11, 2001, or (2) performing official duties as a public safety officer. You should evaluate students who select “Yes” to this question for additional Pell Grant eligibility under HEA Sec. 401(c).

Special Rule

HEA Sec. 401(c), as amended by the *FAFSA Simplification Act*

Student High School Information (17)

The student indicates one of the following high school completion statuses:

- High school diploma
- State-recognized high school equivalent (e.g., GED certificate)
- Homeschooled
- None of the previous

A foreign secondary education credential typically counts as a high school diploma.

Foreign High School Diploma

[FHD-Q1 on the program integrity website](#)

A state-recognized high school equivalent is what students receive after passing a “state authorized examination.” This includes tests comparable to the GED—i.e., those created and distributed by a test publisher—such as the High School Equivalency Test (HiSET) or the Test Assessing Secondary Completion (TASC), as well as those established by states, for example, the California High School Proficiency Exam (CHSPE). California considers a passing grade on the CHSPE to be equivalent to a diploma.

Recognized Equivalent of a High School Diploma

[34 CFR 600.2](#)

“None of the previous” includes those who have the recognized equivalent of a high school diploma other than a state-recognized certificate or who may qualify under the Ability-to-Benefit (ATB) alternatives (see *Volume 1*, Chapter 1 for additional information on ATB alternatives).

If the student selects “High School Diploma,” they must include the name, city and state (or FC for foreign country) where the student received or will receive their diploma. On the FAFSA website, the student can use city and state to search for their high school. If they are unable to find their high school using the search functionality, they can manually enter the high school information. If the student selects “State-recognized high school equivalent,” they must indicate the equivalent type (GED, TASC, HiSET, or Other) and the issuing state. See *Volume 1*, Chapter 1, regarding a school’s policy about checking the validity of a high school diploma.

Federal Benefits Received (18)

A student may be eligible to have their assets excluded from the SAI calculation if they (or someone in their family) received one (or more) of the following federal benefits during the 2022 or 2023 calendar years.

- Earned income credit (EIC)
- Federal housing assistance
- Free or reduced-price school lunch*
- Medicaid
- Refundable credit for coverage under a qualified health plan (QHP)
- Supplemental Nutrition Assistance Program (SNAP)
- Supplemental Security Income (SSI)
- Temporary Assistance for Needy Families (TANF)
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

*Some individuals may receive free or reduced-price school lunch due to community eligibility rather than household eligibility. Students should only indicate they received free or reduced-price school lunch on the FAFSA form if they meet the income eligibility guidelines published by the [U.S. Department of Agriculture](#).

Student Tax Filing Status (19)

This question asks if a 2022 IRS 1040 or 1040-NR was (or will be) completed. It also asks about income earned in a foreign country or if the student filed a tax return in a U.S. territory. Married students are asked if they filed their 2022 tax return with their current spouse. Individuals who were married and filed jointly with the IRS and are no longer married to the spouse on the applicable tax return, and/or who have married a different spouse, will be required to manually enter their income and tax information. Individuals who only file foreign tax returns will also be unable to use the FA-DDX since it does not link to foreign tax authorities. They will instead need to manually input their income and tax data by converting foreign currency to U.S. dollars and entering the resulting amounts in the comparable fields from U.S. tax returns.

An independent student who is not required to file a 2022 federal tax return will be automatically eligible for a Maximum Pell Grant. If an independent student is married, their spouse must also be not required to file a 2022 tax return to qualify for a Maximum Pell Grant. The student will be assigned an SAI of -1,500 and will not be required to provide any further financial information on the FAFSA form.

Puerto Rico and other U.S. Territory Residents

Some individuals who reside in Puerto Rico or another U.S. territory may use an IRS Form 1040 or 1040-NR but file their taxes with their local tax authority, not the IRS. These individuals should answer “No” to the question “Did or will the student file a 2022 IRS form 1040 or 1040-NR?”.

Additionally, some individuals who live and work in Puerto Rico may file two tax returns – one with the IRS and one with the Puerto Rico tax authority. If they are filing electronically and FTI is available via the FA-DDX, only their tax information filed with the IRS will be imported to the FAFSA form. They will not be able to manually enter the information from their tax return filed with Puerto Rico. The FAA should evaluate the applicant’s information and determine if the information from the Puerto Rico tax return should replace the information imported from the IRS. For the 2024-25 application cycle, FAAs who determine that the information from the Puerto Rico tax return should be on the FAFSA should update the appropriate FAFSA fields and set the “Professional Judgment” indicator. While this is not a PJ, the changes to the FAFSA application system require this work-around to override the IRS-transferred FTI with the manually updated FTI. FSA is working on system changes for future application cycles to allow for these updates without setting the “Professional Judgment” indicator. See Electronic Announcement [GEN-23-118](#) for additional information.

Student 2022 Tax Return Information (20)

For U.S. tax filers, much of the information in Question 20 will be transferred directly from the IRS via the FA-DDX. However, as noted previously, there will be instances where manual entry of tax information will be necessary.

This information comes directly from the student’s (and student’s spouse’s, if married and filed jointly with their current spouse) 2022 federal tax return. Non-tax filers will not be required to provide this information. The first list below is data elements that will transfer via the FA-DDX, if available. The second list is data elements that the student must enter manually.

FA-DDX Transferred Data

- **Filing status.** Single, head of household, married filing jointly, married filing separately, or qualifying surviving spouse.
- **Income earned from work.** From IRS Form 1040 (or IRS Form 1040-NR): line 1z + Schedule 1: lines 3 + 6.
- **Tax exempt interest income.** From IRS Form 1040: line 2a.
- **Untaxed portions of IRA distributions.** The filer reports the full amount, including rollovers, of the untaxed portion, which is determined from IRS Form 1040: line 4a minus 4b. Rollover amounts are manually entered separately and excluded in the SAI formula calculation.
- **Untaxed portions of pensions.** The filer reports the full amount, including rollovers, of the untaxed portion, which is determined from IRS Form 1040: line 5a minus 5b. Rollover amounts are manually entered separately and

excluded in the SAI formula calculation.

- **Adjusted gross income.** From IRS Form 1040 (or IRS Form 1040-NR): line 11. Amount can be negative.
- **Income tax paid.** From IRS Form 1040: line 24
- **IRA deductions and payments to self-employed SEP, SIMPLE, and qualified plans.** From IRS Form 1040 Schedule 1: total of lines 16 + 20.
- **Education credits. Includes American Opportunity (AOTC) and Lifetime Learning (LLC) credits.** From IRS Form 8863: line 8 + 19.
- **Schedules filed.** Did the tax filer file a Schedule A, B, D, E, F, or H
- **Net business profit or loss.** From IRS Form 1040 Schedule C: line 31. Amount can be negative.

Manually Entered Data/Manually Provided Tax-Payer Data

- **IRA rollover into another IRA or qualified plan.** Typically indicated as "ROLLOVER" on IRS Form 1040-line 4.
- **Pension rollover into an IRA or other qualified plan.** Typically indicated as "ROLLOVER" on IRS Form 1040-line 5.
- **Earned income credit (EIC) received.** IRS Form 1040: line 27.
- **Taxable grants, scholarships, or AmeriCorps benefits.** This question is optional. The student should report only the amount of grants and scholarships received (by the student and the student's spouse, if applicable) that was reported as taxable income on the return. This includes grant and scholarship (not employment) portions of fellowships and assistantships, as well as taxable stipends and employer tuition reimbursements. Include AmeriCorps benefits (awards, living allowances, and interest accrual payments) except those for health care or childcare. Employers may help with education costs by paying stipends or reimbursing employees for classes taken. These benefits count as other financial assistance (or reduce the cost of attendance) even if they aren't received until the end of the class(es) and are contingent on earning a minimum grade. Any taxable portion should be included in this field.
- **Foreign earned income exclusion.** From IRS Form 1040 Schedule 1: line 8d. This amount is typically a negative value on the tax return. The SAI formula will consider the absolute value of any negative value reported. Foreign earned income exclusion amounts are included in the calculation of an applicant's SAI but are not considered when determining the applicant's eligibility for a Maximum Pell Grant. As such, for the 2024-25 Award Year there will be a new C flag comment code added to the ISIR that will require institutions to review how foreign income exclusion amounts impact eligibility for a Maximum Pell Grant prior to awarding federal student aid. See the [relevant Q&A](#) on Office of Postsecondary Education (OPE) website for details.

Annual Child Support Received (21)

Annual child support received is included as an asset of the recipient in the SAI formula. If an independent student (and their spouse, if married) received child support in the last complete calendar year, they should enter the total amount received for all children in the family size in this question.

Student Assets (22)

An asset is property that the family owns and has an exchange value. The FAFSA form collects current data (as of the day the FAFSA form is signed) about cash, savings and checking accounts; investments and real estate; and businesses and investment farms.

Most assets are **investments** such as college savings plans, Coverdell education savings accounts, real estate, installment and land sale contracts (including mortgages held), trust funds, mutual funds, money market funds, Uniform Gifts and Uniform Transfers to Minors (UGMA and UTMA) accounts, certificates of deposit, stocks, stock options, bonds, commodities, and precious metals. If the asset isn't a business or farm, it is reported as an investment.

The FAFSA form asks for the net worth of investments, which is their total current market value minus their associated debts. If their net worth is negative, zero should be reported.

Applicants will be asked to report the net worth of **all businesses and farms**, regardless of the size of the enterprise, location of the family's residence on the property, or number of employees. The current net worth (the current market

value minus the debt owed on it) is reported for land, buildings, machinery, equipment, livestock, unharvested crops, and inventories. However, the value of a family's primary residence is still excluded, even if the residence is on the farm property or used to run the business. Applicants should determine the total net value of all farm assets and subtract the net value of their principal residence to determine the final value of their farm assets. The principal residence may include the family's home, as well as structures and land adjacent to the home that are not being used, stored, or sold for farming or other commercial activities. Property values are generally assessed at a rate that considers the use of the property and the value of the land. Applicants and their families may refer to their property tax assessments from municipal, county, or state governments to help determine and separate the value of their principal residence from other property.

Qualified education benefits or education savings accounts include Coverdell savings accounts, 529 college savings plans, and the refund value of 529 prepaid tuition plans. For an independent student, the accounts owned by the student (and/or the student's spouse) are reported as student investments. For a dependent student, an account is reported as a parental investment if the account is designated for the dependent student (accounts designated for other children in the family are not included). If the student is the beneficiary (but not the owner) of the account, the value is not reported as a student asset.

States, their agencies, and some colleges sponsor **qualified tuition programs (QTPs)**. The IRS mentions two types of QTPs that are commonly called prepaid tuition plans and college savings plans. States may offer both types, but colleges may only sponsor prepaid tuition plans.

Prepaid tuition plans allow a person to buy tuition credits or certificates, which count as units of attendance. The number of units doesn't change even though tuition will likely increase before the beneficiary uses the tuition credits. They are an asset of the plan owner, and their worth is the refund value of the credits or certificates.

College savings plans allow a benefactor to deposit money into an account that will be used for the beneficiary's college expenses. The buyer does not pre-purchase tuition credits as with a prepaid tuition plan. Rather, this type of plan is essentially a savings account, and its value as an asset is the current balance of the account.

Coverdell education savings accounts, or ESAs, are another tax-advantaged savings vehicle for college education. They are treated the same as college savings plans: the current balance is an asset of the account owner.

If distributions from QTPs and ESAs do not exceed the qualified education expenses for which they are intended, they are tax-free, so they will not appear in the next year's AGI. They should not be treated as other financial assistance (OFA). For more information on these benefits, see the [IRS's Publication 970, Tax Benefits for Education](#).

Rental properties are an asset. A unit within a family home that has its own entrance, kitchen, and bath (therefore a rented bedroom would not count) and that is rented to someone other than a family member counts as an asset. To calculate its net value, multiply the net value of the entire structure by the fraction the rented space represents. Similarly, if a family owned a 10-unit apartment building and lived in one of the apartments, 9/10 or 90% of the net value of the building would be an asset.

Take-back mortgage value should be reported as an asset. In a take-back mortgage, the seller of a house finances a portion of its cost for the buyer, who repays this additional mortgage to the seller. The seller reports the interest part of any payments received from the buyer on Schedule B of IRS Form 1040. Therefore, if such interest is reported on a tax return, it likely indicates an asset that should be reported on the FAFSA form: the value of the take-back mortgage. There would be no debt reported against this asset. For example, if an individual sold their house for \$200,000 and financed a take back mortgage of \$40,000 to the buyer, the seller should report \$40,000 as the net worth of the investment. The worth will decrease each year depending on how much of the principal the buyer paid back that year. This concept applies to other forms of seller financing of the sale of a home or other property.

Virtual currency (or cryptocurrency) such as Bitcoin is considered an asset. The value (in U.S. dollars as of the day the FAFSA form is completed) of virtual currency must be reported on the FAFSA form. If the owner sells virtual currency and has a capital gain from the sale, the taxable portion will be in the AGI for the year it is reported on the tax return, and the AGI will then be included on the associated FAFSA form. For more information on how the IRS treats virtual currencies, please see the [IRS virtual currency webpage](#).

Uniform Gifts and Uniform Transfers to Minors Acts (UGMA and UTMA) allow the establishment of an account for gifts of cash and financial assets for a minor without the expense of creating a trust. Because the minor is the owner of the account, it counts as the minor's asset on the FAFSA form, not the asset of the custodian, who is often the parent.

Trust funds are considered an asset of the named beneficiary of the trust, even if the beneficiary's access to the trust is restricted. If the settlor of a trust has voluntarily placed restrictions on its use, then the beneficiary should report its present value as an asset, as discussed below. If a trust has been restricted by court order, however, the beneficiary should not report it. An example of such a restricted trust is one set up by court order to pay for future surgery for the victim of a car accident.

How the trust must be reported depends on whether the beneficiary receives or will receive the interest income, the trust principal, or both. In the case of a divorce or separation where the trust is owned jointly and ownership is not being contested, the property and the debt are equally divided between the owners for reporting purposes unless the terms of the trust specify some other method of division.

If a beneficiary receives **interest only** from the trust, any interest received in the base year must be reported as income. If the interest accumulates and is not paid out, the recipient must report an asset value for the interest they will receive. The trust officer can usually calculate the value of the interest the person will receive while the trust exists. This value represents the amount a third person would be willing to pay for the interest income.

The person who will receive **principal only** from the trust must report the present value of his or her right to that principal as an asset. For example, if a \$10,000 principal reverts to a student's parent when the trust ends in ten years and the student is receiving the interest, the student would report the interest received as income and the present value of the student's parent's rights to the principal is reported as an asset of the parent (if the student is required to report parental data) on the student's FAFSA form. The present value of the principal can be calculated by the trust officer; it's the amount that a third person would pay for the right to receive the principal ten years from now—basically, the amount that one would have to deposit now to receive \$10,000 in ten years.

If a beneficiary receives both **interest and principal** from the trust, the beneficiary should report the present value of both interest and principal, as described in the discussion of principal only. If the trust is set up so that the interest accumulates within the trust until it ends, the beneficiary should report the present value of the interest and principal that they are expected to receive when the trust ends as an asset.

In some cases, ownership of an asset may be **divided or contested**, which can affect how the owner reports the asset. If the owner has only part ownership of an asset, the owner should report only the owned part. Generally, the value of an asset and debts against it should be divided equally by the number of people who share ownership unless the share of the asset is determined by the amount invested or the terms of the arrangement specify some other means of division.

If **ownership is contested**, the asset should not be reported on the FAFSA form. For instance, if a couple is separated and can't sell or borrow against jointly owned property because it's being contested, the net worth of the property would not be reported as an asset. If ownership of an asset is resolved after the initial application is filed, the value cannot be updated. If there's a **lien against the asset**, the net value of the asset is determined by subtracting any associated debt and the amount of the lien from its total value. If foreclosure of an asset is imminent, the net value of the asset would still be reported until the party making the foreclosure completes legal action to take possession of the asset. If the status of the property changes after the application is filed, the value cannot be updated.

Excluded Assets

The following are **excluded assets** and should not be reported on the FAFSA form:

- **Possessions** such as a car for personal use, a sound system, clothes, or furniture.
- A family's **principal place of residence**, even if it is part of a business or farm property.
- **Retirement and life insurance plans and ABLÉ accounts.** An ABLÉ account is a tax-advantaged savings account for a disabled person and their family; its value does not count as an asset on the FAFSA form. The value of retirement plans—401(k) plans, pension funds, annuities, noneducation IRAs, Keogh plans, etc.—also is not counted as an asset, but distributions do count as income. An exception to reporting pension distributions is when they are rolled over into another retirement plan in the same tax year (rollover). Similarly, the cash value or equity of a whole life insurance policy isn't reported as an asset, but an insurance settlement may count as income if it is included in the student's AGI.
- **Excluded assets for Native American students.** The law excludes reporting any income and asset of \$2,000 or less per individual payment (any amount over \$2,000 is reported as an asset of the recipient) received under the *Per Capita Act* or the *Indian Tribal Judgment Funds Use or Distribution Act*. It also excludes any income received under

the *Alaska Native Claims Settlement Act* or the *Maine Indian Claims Settlement Act*. Per capita distributions or the proceeds received from the Land Buy-Back Program for Tribal Nations—a tribal purchase of fractionated lands because of the Cobell settlement under the *Claims Resolution Act* of 2010 (42 U.S.C. 1305)—should also be excluded.

Excluded assets for Native American students

HEA Sec. 479C

Colleges (23)

For a school to be able to receive the student's data, the student must list the college's federal school code (not the OPE ID) or enter its complete name, address, city, and state. There is a federal school code search in the online FAFSA form, and the entire list of school codes is available as a Microsoft Excel spreadsheet and an Adobe PDF document on the [Knowledge Center website](#) under the Library section's "Publications by Resource Type" area.

The student can list up to 10 schools on the paper (PDF) FAFSA form and 20 on the web (at least one is required). If a student wants their information to be available to more schools, they can change the schools listed online or use their FAFSA Submission Summary. The FPS will send data to no more than 20 (10 with the PDF FAFSA form) schools at a time. Chapter 4 explains how students can add or change schools.

The ISIR will only display the federal school code of the receiving school. The information of other schools the student included on the FAFSA form will not appear except on the FAFSA Submission Summary and on ISIRs sent to state grant agencies. See *Volume 6* of the [2024-25 FAFSA Specification Guide](#).

Student Consent, Approval, and Signature (24)

Every student **must** provide the following to be eligible for *Title IV* aid:

- **Consent** – The student must consent to the disclosure of certain identifying information to the IRS.
- **Approval** – The student must affirmatively approve that the U.S. Department of Education may receive, use, and redisclose to certain entities their federal tax information (FTI).
- **Signature** – The student's FSA ID (account username and password) will serve as their signature on the online FAFSA form. Paper (PDF) FAFSA form filers will provide a physical signature on their form.

In addition to certifying that the data on the FAFSA form is correct, the student is also signing a statement of educational purpose, which is required to receive *Title IV* funds. Among other things, the student agrees to spend *Title IV* funds only on educational expenses and affirms that they are not in default on a federal loan and do not owe a grant overpayment.

FAFSA Submission

Students who do not have any other required contributors now have a complete FAFSA form. Students who complete and submit their FAFSA form online will receive an email confirmation when their FAFSA form is processed. Applicants with additional required contributors will need these individuals to contribute to their FAFSA form, as described next.

Contributor: Student Spouse

This section consists of five questions related to the student's spouse. The student's spouse is a required contributor on the FAFSA form if the student is married and did not file a 2022 tax return jointly with their spouse.

If a married student is completing the FAFSA form online and the student's spouse is identified as a required contributor, the student will be prompted to enter their spouse's identity information (name, Social Security number, date of birth, and email address) to invite them to contribute to their FAFSA form. The student spouse will use the email they receive to access the student's FAFSA form and complete their portion of the form. If the student's spouse is not a required

contributor, the student will enter the same identifying information and email address, but the student's spouse will not be invited to contribute to the student's FAFSA form.

If the student is completing the paper (PDF) FAFSA form, they will have their spouse complete the student spouse contributor section.

Student Spouse Identity Information (25)

Like the student, the student spouse identity information should match what appears on their social security card. If the student spouse does not have a Social Security number and is completing their section of the form online, the SSN field will be blank, based on their FSA ID information. If they are completing their section on the paper (PDF) FAFSA, they should enter all zeros in the SSN field. In both application methods, the student spouse should enter their ITIN, if they have one in the ITIN field.

Student Spouse Contact Information (26)

This is the student spouse's current mobile phone, email address, and permanent home address.

Student Spouse Tax Filing Status (27)

This question asks if a 2022 IRS Form 1040 or 1040-NR was (or will be) completed. It also asks about income earned in a foreign country or if the student spouse filed a tax return in a U.S. territory. See the "Student Tax Filing Status (19)" question for additional information.

Student Spouse 2022 Tax Return Information (28)

This information comes directly from the student spouse's 2022 tax return. See the discussion of tax return data in the "Student 2022 Tax Return Information (20)" question for a list of data elements that will transfer via the FA-DDX or be manually entered by the student spouse. Unlike the student, the student spouse will not be asked to report either (1) taxable college grants, scholarships, or AmeriCorps benefits, or (2) receipt of the earned income credit.

Student Spouse Consent, Approval, and Signature (29)

Every student spouse contributor must provide the following for the student to be eligible for Title IV aid:

- **Consent** – The student spouse contributor must consent to the disclosure of certain identifying information to the IRS.
- **Approval** – The student spouse contributor must affirmatively approve that the U.S. Department of Education may receive, use, and redisclose to certain entities their federal tax information (FTI).
- **Signature** – The student spouse contributor's FSA ID (username and password) will serve as their signature on the online FAFSA. Paper (PDF) FAFSA filers will provide a physical signature on their form.

FAFSA Submission

Married, independent students who did not file a 2022 tax return jointly with their current spouse now have a complete FAFSA ready for submission. The student will receive an email confirmation when their FAFSA form is processed. The spouse will see an abbreviated confirmation that the form is complete and that the student has been notified.

Contributor: Parent

This section consists of 12 questions related to the parent of a dependent student.

Dependent students will always have at least one parent contributor. If the student is completing the FAFSA form online, they will be prompted to enter their parent's identity information (name, Social Security number, date of birth, and email address) to invite them to contribute to their FAFSA form. The parent will use the email they receive to access the student's FAFSA form and complete their portion. If the student's parent is married and filed their 2022 taxes jointly with their current spouse, only one parent contributor is required. If the student's parent is either (1) married or remarried, or

(2) unmarried and living together, and did not file their 2022 taxes jointly with their current spouse or partner, the parent's spouse or partner will be a required contributor on the student's FAFSA form.

If the student is completing the paper (PDF) FAFSA form, they will have their parent complete the parent section.

Who Counts as a Parent on the FAFSA?

In most cases, it's clear who the parents are. A parent is a biological or adoptive parent, or a person that the state has determined to be a parent (for example, when a state allows another person's name to be listed as a parent on a birth certificate). A stepparent is considered a parent if married to a biological or adoptive parent and if the student counts them in their family size. Biological and adoptive parents who are unmarried and living together select that as their marital status, and both report their information on the FAFSA form.

However, a stepparent who did not adopt the student cannot be the sole parent for determining dependency status. If one parent dies, the student is still a dependent of the remaining biological or adoptive parent, not the stepparent.

Surviving parent and stepparent example

AVG, Chapter 2, Example 9: A dependent student's parents divorced when the student was five years old. The student's mother remarried, and the student lived with her and the student's stepfather, who did not adopt the student. The student's mother died last year, but the student's biological father is still living. The student does not meet any of the criteria to be independent. Because the student's biological father is the only surviving parent, the student needs to report the father's information on the FAFSA form, even if the student is still living with and being supported by the stepfather.

If parents are divorced or never married and not living together, the parent on the FAFSA form should be the parent who provided more than 50% of the financial support for the student during the last 12 months. This may be different from the parent the student lived with during that same period. If one parent pays child support to the other parent, the child support paid counts for the payer when determining which parent is a required contributor on the FAFSA form. Once the parent who provides more than 50% of the financial support for the student has been determined, that parent (and their current spouse, if applicable) should report their income and asset information on the student's FAFSA form as a contributor. If neither parent provided more than 50% of the financial support for the student, the parent (and current spouse, if applicable) with the greater income and assets is a required contributor on the FAFSA form.

A foster parent or a legal guardian is not treated as a parent for Title IV purposes. If at any time since the age of 13 both student's parents were dead (and they did not have an adoptive parent at that time) or the student was in foster care, they are independent. If the student is now or was when they became an adult an emancipated minor or in legal guardianship, the student is independent.

If a student is living with their grandparents or other relatives, their data should not be reported on the FAFSA form as parental data unless they have adopted the student.

Student living with relatives example

AVG, Chapter 2, Example 10: A student's father is dead, and the student's mother can't support the student, so the student is living with their grandparents. The student's mother doesn't pay any money for the student's support. The student doesn't meet any of the independence criteria, so the student must provide parental information. Because the student's grandparents haven't adopted the student, they are not the student's parents. The student will have to provide information about their mother on the form unless there are unusual circumstances that would warrant a dependency override or the student may elect to receive only unsubsidized loans. See Chapter 5 for additional guidance on unusual circumstances.

Parent Identity Information (30)

Like the student, the parent identity information should match what appears on their social security card. If the parent does not have a Social Security number and is completing their section of the form online, the SSN field will automatically be blank, based on the information in the FSA ID account. If the parent is completing their section of the form using the paper (PDF) FAFSA, they should enter all zeros in the SSN field. In both application methods, the parent should enter their ITIN, if they have one, in the ITIN field.

Parent Contact Information (31)

This is the parent's current mobile phone, email address, and permanent home address.

Parent Current Marital Status (32)

This is the parent's marital status "as of today" – the day the application is signed. Marital status cannot be projected. It can be updated in limited circumstances; see Chapter 4.

A student's parent in a relationship that meets the criteria for common-law marriage in their state of legal residence should select "married". If the state doesn't consider their situation to be a common-law marriage or doesn't recognize common-law marriage, then they aren't married; parents would report that they are unmarried and living together. Check with the appropriate state agency concerning the definition of a common-law marriage.

Parent State of Legal Residence (33)

This is used to determine which poverty guideline to use when evaluating eligibility for a Maximum or Minimum Pell Grant for a dependent student.

Family Size (34)

See "Family Size (9)" in the student section for further explanation of family size for online filers.

For paper (PDF) FAFSA filers, family size appears in both the student and parent contributor sections of the form. The information reported in the parent section of the paper (PDF) FAFSA form will supersede information reported in the student section, if applicable.

The following persons are included in the family size of a **dependent student**:

- **The student**
- **The parent (and their spouse or partner)**
- **The parent's dependent children**, (even if they live apart from the parents due to a qualifying temporary absence under IRS code, such as living apart due to college enrollment) who will receive more than half of their support from the parent (and spouse or partner) from July 1, 2024, through June 30, 2025. Unborn children should not be included in the family size, though the family size can be updated if the child is born during and will receive more than half of their support from the parent (and spouse or partner) during the award year.
- **Other persons** who live with and receive more than half their support from the parent (and spouse or partner) and will receive more than half support for the entire award year.

Number in College (35)

While number in college is no longer a factor in the SAI formula, it is a required question on the FAFSA form. Schools can use the information provided to perform a special circumstance adjustment for a student. See "Professional Judgment" in Chapter 5: Special Cases of this volume for additional information.

The student is always included in the number in college. Also included are those in the family size who are or will be enrolled at least half time during the award year in a degree or certificate program at a *Title IV*-eligible school.

Federal Benefits Received (36)

A student may be eligible to have their and their parents' assets excluded from the SAI calculation if they (or someone in their family) received one (or more) federal benefits during the 2022 or 2023 calendar years. See the "Federal Benefits Received (18)" question for a list of these federal benefits.

Parent Tax Filing Status (37)

This question asks if a 2022 IRS 1040 or 1040-NR was (or will be) completed. It also asks about income earned in a foreign country or if the parent filed a tax return in a U.S. territory. Married individuals are asked if they filed their 2022 tax return with their current spouse. Individuals who were married and filed jointly with the IRS and are no longer married to the spouse on the applicable tax return, or who have married a different spouse, will be required to manually enter their income and tax information. Individuals who only file foreign tax returns will also be unable to use the FA-DDX since it does not link to foreign tax authorities. They will instead need to manually input their income and tax data by converting foreign currency to U.S. dollars and entering the resulting amounts in the comparable fields from U.S. tax returns. See the "Student Tax Filing Status (19)" question for additional information.

A dependent student whose parent (and parent's spouse or partner) is not required to file a 2022 federal tax return will be automatically eligible for a Maximum Pell Grant. The student will be assigned an SAI of -1,500 and will not be required to provide any further financial information on the FAFSA form.

Parent 2022 Tax Return Information (38)

For U.S. tax filers, much of the information in Question 38 will be transferred directly from the IRS via the FA-DDX. However, there will be instances where manual entry of tax information will be necessary.

This information comes directly from the parent's (and parent's spouse's if married and filed jointly with their current spouse) 2022 federal tax return. See the discussion of tax return data in the "Student 2022 Tax Return Information (20)" question for a list of data elements that will transfer via the FA-DDX or be manually entered by the parent.

Annual Child Support Received (39)

Annual child support received is included as an asset of the recipient in the SAI formula. If a dependent student's parent (and their spouse or partner) received child support in the last complete calendar year, they should enter the total amount received for all children in the family size in this question.

Parent Assets (40)

An asset is property that the family owns and has an exchange value. The FAFSA form collects current data (as of the day of signing the FAFSA form) about cash, savings, and checking accounts; investments; real estate; businesses; and investment farms. See the "Student Assets (22)" question for additional discussion of assets.

Parent Consent, Approval, and Signature (41)

Every parent contributor **must** provide the following for the student to be eligible for *Title IV* aid:

- **Consent** - The parent contributor must consent to the disclosure of certain identifying information to the IRS.
- **Approval** - The parent contributor must affirmatively approve that the U.S. Department of Education may receive, use, and redisclose to certain entities their federal tax information (FTI).
- **Signature** - The parent contributor's FSA ID (username and password) will serve as their signature on the online FAFSA. Paper (PDF) FAFSA filers will provide a physical signature on their form.

FAFSA Submission

A dependent student with (1) a single parent or (2) married parents who filed their 2022 tax return jointly with their current spouse now has a complete FAFSA ready for submission. The student will receive an email confirmation when their FAFSA form is processed. The parent will see an abbreviated confirmation that the form is complete and that the

student has been notified.

Contributor: Parent Spouse or Partner

This section consists of five questions related to the spouse or partner of a parent of a dependent student. If the student's parent is married, the spouse's information is always required on the FAFSA form. If the student's parent is unmarried and living with a partner, the partner's information is only required on the FAFSA form if the partner is also the student's legal parent.

The parent spouse or partner is only a required contributor on the FAFSA form if the parent is either (1) married or remarried and did not file taxes jointly with their current spouse in 2022, or (2) unmarried and living with the student's other legal parent. If the parent contributor is completing the FAFSA form online and the parent's spouse is identified as a required contributor, the parent will be prompted to enter the parent spouse's or partner's identity information (name, Social Security number, date of birth, and email address) to invite them to contribute to the student's FAFSA form. The parent spouse or partner will use the email they receive to access the student's FAFSA and complete their portion of the form. If the parent's spouse is not a required contributor, the parent will enter the same identifying information and email address, but the parent's spouse will not be invited to contribute to the student's FAFSA form.

If the student is completing the paper (PDF) FAFSA form, they will have their parent's spouse or partner complete the parent spouse or partner contributor section.

Parent Spouse or Partner Identity Information (42)

Like the student, the parent spouse or partner identity information should match what appears on their social security card. If the parent spouse or partner does not have a Social Security number and is completing their section of the form online, the SSN field will automatically be blank based on the information in their FSA ID account. If the parent spouse is completing their section using the paper (PDF) FAFSA, they should enter all zeros in the SSN field. In both application methods, the parent should enter their ITIN, if they have one, in the ITIN field.

Parent Spouse or Partner Contact Information (43)

This is the parent spouse's or partner's current mobile phone, email address, and permanent home address.

Parent Spouse or Partner Tax Filing Status (44)

This question asks if the parent spouse or partner filed (or will file) a 2022 IRS 1040 or 1040-NR. It also asks about income earned in a foreign country or if the parent spouse or partner filed a tax return in a U.S. territory. See the discussion of tax return data in the "Student 2022 Tax Return Information (20)" question for a list of data elements that will transfer via the FA-DDX or be manually entered by the parent spouse or partner.

Parent Spouse or Partner 2022 Tax Return Information (45)

This information comes directly from the parent spouse's or partner's 2022 federal tax return. See the discussion of tax return data in the "Student 2022 Tax Return Information (20)" question for a list of data elements that will transfer via the FA-DDX or be manually entered by the parent spouse or partner. Unlike the parent, the parent spouse or partner will not be asked to report either (1) taxable college grants, scholarships, or AmeriCorps benefits, or (2) receipt of the earned income credit.

Parent Spouse or Partner Consent, Approval, and Signature (46)

Every parent spouse or partner contributor **must** provide the following for the student to be eligible for *Title IV* aid:

- **Consent** – The parent spouse or partner contributor must consent to the disclosure of certain identifying information to the IRS.
- **Approval** – The parent spouse or partner must affirmatively approve that the U.S. Department of Education may receive, use, and redisclose to certain entities their federal tax information (FTI).

- **Signature** – The parent spouse or partner contributor’s FSA ID (username and password) will serve as their signature on the online FAFSA. Paper (PDF) FAFSA filers will provide a physical signature on their form.

FAFSA Submission

A dependent student with (1) unmarried parents living together or (2) a married or remarried parent who did not file their 2022 tax return jointly with their current spouse now have a complete FAFSA ready for processing. The student will receive an email confirmation that their FAFSA form is complete. The parent spouse or partner will see an abbreviated confirmation that the form is complete and that the student has been notified.

Role: Preparer

If someone other than the student, student spouse, parent, or parent spouse or partner completed a portion of the FAFSA form on the applicant’s behalf, that person must complete the Preparer section. **Paid preparers are prohibited.** This section consists of three questions related to the unpaid preparer. This section appears on the paper (PDF) FAFSA form but the Preparer role will not be available in the online FAFSA form for the 2024-25 award year.

Preparer Identity Information (47)

First name, last name, and either Social Security number (SSN) or Employer Identification Number (EIN).

Preparer Contact Information (48)

This is the preparer’s affiliation or organization and mailing address.

Preparer Signature (49)

The preparer must sign and date the FAFSA form.

Chapter 3

Student Aid Index (SAI) and Pell Grant Eligibility

Beginning with the 2024-25 award year, a student may qualify for a Pell Grant in one of three ways:

- Maximum Pell Grant (Max Pell)
- Minimum Pell Grant (Min Pell)
- Calculated Pell Grant, based on SAI (Calculated Pell = Max Pell minus SAI)

The first two paths to Pell Grant eligibility are briefly discussed below. However, most of this chapter is spent discussing how the SAI is calculated.

General Information

The FAFSA Processing System (FPS) uses data provided by the applicant and contributors on the FAFSA form to determine Max or Min Pell Grant eligibility and calculate the SAI.

Maximum Pell Grant Eligibility Criteria

A student is eligible for a Maximum Pell Grant if any of the following is true:

Dependent Student

- The student's parent(s) is not required to file a federal income tax return; or
- The student's parent is a single parent and has an AGI greater than zero and less than or equal to 225% of the poverty guideline for the applicant's family size and state of residence; or
- The student's parent is not a single parent and has an AGI greater than zero and less than or equal to 175% of the poverty guideline for the applicant's family size and state of residence.

Independent Student

- The student (and spouse, if applicable) is not required to file a federal income tax return; or
- The student is a single parent and has an AGI greater than zero and less than or equal to 225% of the poverty guideline for the applicant's family size and state of residence; or
- The student is not a single parent and has an AGI greater than zero and less than or equal to 175% of the poverty guideline for the applicant's family size and state of residence.

SAI for Maximum Pell Grant Recipients

A dependent student whose parents are not required to file a federal income tax return OR an independent student (and spouse, if applicable) who is not required to file a federal income tax return for the prior-prior tax year is assigned an SAI equal to -1500. Other students eligible for a maximum Pell Grant will be assigned an SAI equal to 0 or a calculated SAI, whichever is less.

Maximum Pell Grant Eligibility

HEA Sec. 401(b)(1)(A)

Minimum Pell Grant Eligibility Criteria

A student who does not qualify for a Maximum Pell Grant or for a calculated Pell Grant because the SAI is too high can still be eligible for a Minimum Pell Grant if any of the following is true:

Dependent Student

- The student's parent is a single parent and has an AGI less than or equal to 325% of the poverty guideline for the applicant's family size and state of residence; or
- The student's parent is not a single parent and has an AGI less than or equal to 275% of the poverty guideline for the applicant's family size and state of residence.

Independent Student

- The student is a single parent, and the AGI is less than or equal to 400% of the poverty line; or
- The student is a parent and is not a single parent, and the AGI is less than or equal to 350% of the poverty guideline for the applicant's family size and state of residence; or
- The student is not a parent, and the student's (and spouse's if applicable) AGI is less than or equal to 275% of the poverty guideline for the applicant's family size and state of residence.

SAI for Minimum Pell Grant Recipients

Students eligible for a Minimum Pell Grant under this guidance retain their calculated SAI.

Minimum Pell Grant Eligibility

HEA Sec. 401(b)(1)(C)

Student Aid Index (SAI) Formulas

The SAI formulas use income, assets, and the number of persons in the family size for the award year.

The law gives three SAI formulas:

1. Formula A – Dependent students,
2. Formula B – Independent students without dependents other than a spouse, and
3. Formula C – Independent students with dependents other than a spouse

SAI Formulas

HEA Sec. 474-479

Tables used in the computation of the SAI are updated annually and published on the [Knowledge Center](#) in a *Federal Register*. The Department's [SAI Formula Guide](#) is also updated annually and available at fsapartners.ed.gov/knowledge-center in the Library section under Resource Type > Handbooks, Manuals, or Guides.

The *FAFSA Simplification Act* eliminated the simplified needs test and automatic zero provisions. However, some applicants will be exempt from reporting assets and/or will have assets excluded from consideration in the SAI formula.

Applicants Exempt from Asset Reporting

A **dependent student** is exempt from asset reporting if they meet one of the following criteria.

1. The applicant qualifies for a Maximum Pell Grant
2. The applicant's parents' 2022 combined AGI is less than \$60,000 and they do not file a Schedule A, B, D, E, F, or H, **AND**
 - a. They do not file a Schedule C, **OR**
 - b. They file a Schedule C with net business income of not more than a \$10,000 loss or gain.
3. The applicant or applicant's parent received a benefit under a means-tested Federal benefit program during the 2022 or 2023 calendar year.

Exception: A dependent student is not exempt from asset reporting if their parents (1) live outside the U.S. **or** (2) do not file taxes in the U.S. or a U.S. territory, unless their nonfiling is due to having income below the filing threshold.

An **independent student** is exempt from asset reporting if they meet one of the following criteria.

1. The applicant qualifies for a Maximum Pell Grant
2. The applicant's (and applicant's spouse, if applicable) 2022 combined AGI is less than \$60,000 and they do not file a Schedule A, B, D, E, F, or H, **AND**
 - a. They do not file a Schedule C, **OR**
 - b. They file a Schedule C with net business income of not more than a \$10,000 loss or gain.
3. The applicant or applicant's spouse received a benefit under a means-tested federal benefit program during the 2022 or 2023 calendar year.

Means-Tested Federal Benefits Programs

The means-tested federal benefit programs are listed in Chapter 2. A person need not have received the benefit for an entire year; receiving it at any time in the base or following year qualifies. Also, an FAA may use professional judgment (PJ) to count a benefit if a person did not receive it during those 24 months but is receiving it now.

No Prorated SAIs

The *FAFSA Simplification Act* eliminated the provision that allowed schools to use alternate or prorated EFCs (now SAIs) when packaging students for periods other than 9 months. Therefore, you should use the calculated SAI to package a student, regardless of the length of time of the student's enrollment.

The SAI Worksheets

The [2024-25 SAI Formula Guide](#) contains SAI worksheets and tables for each formula (A, B and C), which can be used to manually calculate an SAI or to see how the SAI is determined for each of the formulas.

The following information provides additional insight into the SAI calculation process and may prove helpful when reviewing the SAI worksheets in the SAI Formula Guide.

Formula A - Dependent Students

The SAI for a dependent student is calculated using the FAFSA data for the student and their parents. The FPS calculates the parents' contribution from income and assets, the student's contribution from income, and the student's contribution from assets; the SAI is the sum of these three values.

Parents' Contribution from Available Income and Assets

Parents' available income. The parents' available income is calculated by subtracting certain allowances from the

parents' total income. These allowances account for certain nondiscretionary expenses, such as taxes and basic living expenses. Once a minimum level of support has been offset for those expenses, the formula assumes that the remaining income is available for discretionary purposes, including paying for a postsecondary education. The available income can be a negative number.

The total income is the sum of the taxable and untaxed income, minus amounts reported in the income but excluded from the formula.

Parents' taxed/untaxed income. The sum of following items, reported on a U.S. tax return, increases the parents' total income:

- Parents' AGI
- Parents' deductible payments to self-employed SEP, SIMPLE, Keogh, and other qualified retirement accounts
- Tax-exempt interest
- Untaxed IRA/pension distributions (excluding rollovers)
- Foreign income exclusion

Parents' income offsets. The sum of the following items decreases the parents' total income:

- **Parents' taxable college grant and scholarship aid (included as income).** This amount is self-reported on the FAFSA.
- **Parents' education credits.** Use the amount reported on the FAFSA.
- **Parents' Federal Work-Study (FWS).** Beginning with the 2024-25 award year, schools will report FWS earnings by individual earners to the Department of Education. ED will then use this information to report FWS on the individual earner's FAFSA form.

Parents' income allowances. The sum of the following allowances reduces the parents' total income:

- **U.S. income tax paid.** Use the amount reported on the FAFSA form.
- **Parents' payroll tax allowance.** Use "Table A1: Payroll Tax Allowance" in the [2024-25 SAI Formula Guide](#). Apply the rates shown in each step of the table to the total income earned from work in 2022 for both parents (as reported on the FAFSA form). The total allowance for payroll taxes is never less than zero.
- **Income protection allowance.** Use "Table A2: Income Protection Allowance" in the [2024-25 SAI Formula Guide](#). This allowance is for the basic living expenses of a family. It varies according to the number in the parents' family size, as reported on the FAFSA form. 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.
- **Employment expense allowance.** This allowance recognizes extra expenses incurred by families with working parents. The allowance is 35% of the parents' combined income earned from work or \$4,730, whichever is less. The maximum allowance is updated annually. See the [2024-25 SAI Formula Guide](#) for the current year allowance amount. The employment expense allowance is never less than zero.

Parents' contribution from assets. The full formula uses the assets of parents of a dependent student and determines a "contribution from assets." This amount is combined with available income to quantify the family's financial strength.

First, the parents' **net worth** is calculated by adding the following assets reported on the FAFSA form.

- **Cash, savings, checking, time deposits, and money market funds.** Use the amount reported on the FAFSA.
- **Net worth of investments.** Includes real estate (excluding primary residence), vacation homes, income producing property, trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, and qualified education benefits.
- **Adjusted net worth of business and/or investment farm.** Use "Table A3: Business/Farm Net Worth Adjustment" in the [2024-25 SAI Formula Guide](#) to adjust the total reported on the FAFSA.
- **Child support received.** Use the amount reported on the FAFSA form. Child support received should be reported as the total amount received in the most recently completed calendar year. For example, if the FAFSA form is completed in January 2024, the amount of child support received should be the total for the 2023 calendar year.

Second, the parents' **discretionary net worth** is calculated by subtracting the asset protection allowance ("Table A4:

Asset Protection Allowance” in the [2024-25 SAI Formula Guide](#)) from the parents’ net worth. Discretionary net worth may be less than zero.

Finally, the discretionary net worth is multiplied by the conversion rate of 12% to get the **parents’ contribution from assets**, which represents the portion of parental assets considered available to help pay for the student’s college education. If the contribution from assets is negative, it is set to zero.

Calculation of parents’ contribution. This is the final step in determining the parents’ contribution. The parents’ available income and contribution from assets are added together to determine the parents’ adjusted available income, which can be a negative number. The total parents’ contribution from adjusted available income is calculated from the amounts and rates in “Table A5: Parents’ Contribution from Adjusted Available Income” in the [2024-25 SAI Formula Guide](#). The rates in Table A5 increase from 22% to 47% as the adjusted available income increases. This is based on the principle that as income increases beyond the amount needed to maintain a basic standard of living, the portion used for family maintenance decreases and the portion available for discretionary purposes increases. Therefore, a progressively larger amount of income may be contributed toward postsecondary educational costs. The parents’ contribution from adjusted available income may be negative (as low as -1,500).

Student’s Contribution from Income

Student’s available income. The student’s available income is calculated by subtracting certain allowances from the student’s total income. These allowances account for certain nondiscretionary expenses, such as taxes and basic living expenses. Once a minimum level of support has been offset for those expenses, the formula assumes that the remaining income is available for discretionary purposes, including paying for a postsecondary education.

The student’s available income is the sum of the taxable and untaxed income, minus amounts reported in the income but excluded from the formula (offsets and allowances).

Student’s taxed/untaxed income. The sum of the following items, reported on a U.S. tax return, is the student’s total income:

- Student’s AGI
- Student’s deductible payments to self-employed SEP, SIMPLE, Keogh, and other qualified retirement accounts
- Student’s tax-exempt interest
- Student’s untaxed IRA/pension distributions (excluding rollovers)
- Student’s foreign income exclusion

Student’s income offsets. The sum of the following items decreases the student’s total income:

- **Student’s taxable college grant and scholarship aid (included as income).** This amount is self-reported on the FAFSA.
- **Student’s education credits.** Use the amount reported on the FAFSA.
- **Student’s Federal Work-Study (FWS).** Beginning with the 2024-25 award year, schools will report FWS earnings by individual earners to the Department of Education. ED will then use this information to report FWS on the individual earner’s FAFSA.

Student’s income allowances. The sum of the following allowances reduces the student’s total income:

- **U.S. income tax paid.** Use the amount reported on the FAFSA form.
- **Student’s payroll tax allowance.** Use “Table A1: Payroll Tax Allowance” in the [2024-25 SAI Formula Guide](#). Apply the rates shown in each step of the table to the total income earned from work in 2022 for the student (as reported on the FAFSA form). The total allowance for payroll taxes is never less than zero.
- **Income protection allowance.** This amount is set annually. See the [2024-25 SAI Formula Guide](#) for the current year allowance amount.
- **Allowance for parents’ negative adjusted available income.** If the parents’ adjusted available income is negative, enter the amount as a positive amount in the calculation. If the value is positive, set this allowance to 0.

Finally, the student’s available income is multiplied by the assessment rate of 50% to determine the student’s contribution from income, which may be a negative number (as low as -1,500).

Student's Contribution from Assets

The full formula uses the student's assets and determines a "contribution from assets."

First, the student's **net worth** is calculated by adding the following assets reported on the FAFSA form.

- **Cash, savings, checking, time deposits, and money market funds.** Use the amount reported on the FAFSA.
- **Net worth of investments.** Includes real estate (excluding primary residence), vacation homes, income producing property, trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, and qualified education benefits.
- **Adjusted net worth of business and/or farm.** Use "Table A3: Business/Farm Net Worth Adjustment" in the [2024-25 SAI Formula Guide](#) to adjust the total reported on the FAFSA.

Second, the student's **net worth** is multiplied by the conversion rate of 20% to get the **student's contribution from assets**. If the contribution from assets is negative, it is set to zero.

SAI Calculation – Dependent Student

The student's SAI is determined by adding the parents' contribution, the student's contribution from available income, and the student's contribution from assets. The SAI may be negative (but not less than -1,500).

Formula B—Independent Student Without Dependents Other Than a Spouse

The SAI for an independent student without dependents other than a spouse is calculated using FAFSA data for the student and spouse. The FPS calculates a contribution from available income and a contribution from assets; the SAI is the sum of these two values.

Contribution from available income

Student's (and Spouse's) available income. The student's (and spouse's) available income is calculated by subtracting certain allowances from the student's (and spouse's) total income. These allowances account for certain nondiscretionary expenses, such as taxes and basic living expenses. Once a minimum level of support has been offset for those expenses, the formula assumes that the remaining income is available for discretionary purposes, including paying for a postsecondary education. The available income can be a negative number.

The student's (and spouse's) available income is the sum of the taxable and untaxed income minus amounts reported in the income but excluded from the formula (offsets and allowances).

Student's (and spouse's) taxed/untaxed income. The sum of the following items, reported on a U.S. tax return, is the student's (and spouse's) total income:

- Student's (and spouse's) AGI
- Student's (and spouse's) deductible payments to self-employed SEP, SIMPLE, Keogh, and other qualified retirement accounts
- Student's (and spouse's) tax-exempt interest
- Student's (and spouse's) untaxed IRA/pension distributions (excluding rollovers)
- Student's (and spouse's) foreign income exclusion

Student's (and spouse's) income offsets. The sum of the following items decreases the student's (and spouse's) total income:

- **Student's (and spouse's) taxable college grant and scholarship aid (included as income).** This amount is self-reported on the FAFSA.
- **Student's (and spouse's) education credits.** Use the amount reported on the FAFSA.
- **Student's (and spouse's) Federal Work-Study (FWS).** Beginning with the 2024-25 award year, schools will report FWS earnings by individual earners to the Department of Education. ED will then use this information to report FWS on the individual earner's FAFSA.

Student's (and spouse's) income allowances. The sum of the following allowances reduces the student's (and spouse's) total income:

- **U.S. income tax paid.** Use the amount reported on the FAFSA form.
- **Student's (and spouse's) payroll tax allowance.** Use "Table B1: Payroll Tax Allowance" in the [2024-25 SAI Formula Guide](#). Apply the rates shown in each step of the table to the total income earned from work in 2022 for the student (and spouse) as reported on the FAFSA form. The total allowance for payroll taxes is never less than zero.
- **Income protection allowance.** This amount differs for unmarried students (single, separated, divorced, or widowed) and married students (married or remarried). See the [2024-25 SAI Formula Guide](#) for the current year allowance amount.
- **Employment expense allowance.** If the student is not married (single, separated, divorced, or widowed) this allowance is \$0. If the student is married (or remarried), this allowance is 35% of the student and spouse's combined earned income or \$4,730, whichever is less. The maximum allowance is updated annually. See the [2024-25 SAI Formula Guide](#) for the current year allowance amount. The employment expense allowance is never less than zero.

Finally, the student's (and spouse's) available income is multiplied by the assessment rate of 50% to determine the student's contribution from income, which may be a negative number.

Student's (and Spouse's) Contribution from Assets

The full formula uses the student's (and spouse's) assets of the and determines a "contribution from assets."

First, the student's (and spouse's) **net worth** is calculated by adding the following assets reported on the FAFSA form:

- **Cash, savings, checking, time deposits, and money market funds.** Use the amount reported on the FAFSA.
- **Net worth of investments.** Includes real estate (excluding primary residence), vacation homes, income producing property, trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, and qualified education benefits.
- **Adjusted net worth of business and/or investment farm.** Use "Table B2: Business/Farm Net Worth Adjustment" in the [2024-25 SAI Formula Guide](#) to adjust the total reported on the FAFSA.

Second, the student's (and spouse's) **discretionary net worth** is calculated by subtracting the asset protection allowance ("Table B3: Asset Protection Allowance" in the [2024-25 SAI Formula Guide](#)) from the student's (and spouse's) net worth.

Finally, the student's (and spouse's) **net worth** is multiplied by the conversion rate of 20% to determine the student's contribution from assets. If the contribution from assets is negative, it is set to zero.

SAI Calculation – Independent Student without Dependents other than a Spouse

The student's SAI is determined by adding the student's contribution from income and the student's contribution from assets. The SAI may be negative (but not less than -1,500).

Formula C—Independent Student with Dependents Other Than a Spouse

The SAI for an independent student with dependents other than a spouse is calculated using FAFSA data for the student and spouse. The FPS calculates a contribution from available income and a contribution from assets; the SAI is the sum of these two values.

Contribution from Available Income

Student's (and Spouse's) available income. The student's (and spouse's) available income is calculated by subtracting certain allowances from the student's (and spouse's) total income. These allowances account for certain nondiscretionary expenses, such as taxes and basic living expenses. Once a minimum level of support has been offset for those expenses, the formula assumes that the remaining income is available for discretionary purposes, including paying for a postsecondary education. The available income can be a negative number.

The student's (and spouse's) available income is the sum of the taxable and untaxed income minus amounts reported in the income but excluded from the formula (offsets and allowances).

Student's (and spouse's) taxed/untaxed income. The sum of the following items, reported on a U.S. tax return, is the student's (and spouse's) total income:

- Student's (and spouse's) AGI
- Student's (and spouse's) deductible payments to self-employed SEP, SIMPLE, Keogh, and other qualified retirement accounts
- Student's (and spouse's) tax-exempt interest
- Student's (and spouse's) untaxed IRA/pension distributions (excluding rollovers)
- Student's (and spouse's) foreign income exclusion

Student's (and spouse's) income offsets. The sum of the following items decreases the student's (and spouse's) total income:

- **Student's (and spouse's) taxable college grant and scholarship aid (included as income).** This amount is self-reported on the FAFSA.
- **Student's (and spouse's) education credits.** Use the amount reported on the FAFSA.
- **Student's (and spouse's) Federal Work-Study (FWS).** Beginning with the 2024-25 award year, schools will report FWS earnings by individual earners to the Department of Education. ED will then use this information to report FWS on the individual earner's FAFSA.

Student's (and spouse's) income allowances. The sum of the following allowances reduces the student's (and spouse's) total income:

- **U.S. income tax paid.** Use the amount reported on the FAFSA form.
- **Student's (and spouse's) payroll tax allowance.** Use "Table C1: Payroll Tax Allowance" in the [2024-25 SAI Formula Guide](#). Apply the rates shown in each step of the table to the total income earned from work in 2022 for the student (and spouse) as reported on the FAFSA form. The total allowance for payroll taxes is never less than zero.
- **Income protection allowance.** Use "Table C2: Income Protection Allowance – Married with Dependents" in the [2024-25 SAI Formula Guide](#) for married or remarried students. Use "Table C3: Income Protection Allowance – Single with Dependents" for unmarried students (single, separated, divorced, or widowed) and married students (married or remarried).
- **Employment expense allowance.** The allowance is 35% of the student's (and spouse's) income earned from work or \$4,730, whichever is less. The maximum allowance is updated annually. See the [2024-25 SAI Formula Guide](#) for the current year allowance amount. The employment expense allowance is never less than zero.

Student's (and Spouse's) Contribution from Assets

The full formula uses the student's (and spouse's) assets and determines a "contribution from assets."

First, the student's (and spouse's) **net worth** is calculated by adding the following assets reported on the FAFSA form.

- **Cash, savings, checking, time deposits, and money market funds.** Use the amount reported on the FAFSA.
- **Net worth of investments.** Includes real estate (excluding primary residence), vacation homes, income producing property, trusts, stocks, bonds, derivatives, securities, mutual funds, tax shelters, and qualified education benefits.
- **Adjusted net worth of business and/or farm.** Use "Table C4: Business/Farm Net Worth Adjustment" in the [2024-25 SAI Formula Guide](#) to adjust the total reported on the FAFSA.

Second, the student's (and spouse's) **discretionary net worth** is calculated by subtracting the asset protection allowance ("Table C5: Asset Protection Allowance" in the [2024-25 SAI Formula Guide](#)) from the student's (and spouse's) net worth.

Finally, the student's (and spouse's) **net worth** is multiplied by the conversion rate of 7% to get the **student's contribution from assets**. If the contribution from assets is negative, it is set to zero.

SAI Calculation - Independent Student with Dependents Other than a Spouse

This is the final step in determining the student's SAI. The student's available income and contribution from assets are added together to determine the student's adjusted available income, which can be a negative number. The total student's contribution from adjusted available income is calculated from the amounts and rates in "Table C6: Assessment from Adjusted Available Income" in the [2024-25 SAI Formula Guide](#). The rates in Table C6 increase from 22% to 47% as the adjusted available income increases. This is based on the principle that as income increases beyond the amount needed to maintain a basic standard of living, the portion used for family maintenance decreases and the portion available for discretionary purposes increases. Therefore, a progressively larger amount of income may be contributed toward postsecondary educational costs. The number resulting from the assessment according to Table C6 is the student's SAI and may be negative but not less than -1,500.

Chapter 4

Verification, Updates, and Corrections

Because students sometimes make errors on their application, there is a process for verifying applications and making corrections. The FAFSA Processing System (FPS) selects which applications are to be verified, but you also have the authority to verify additional students.

You must verify applications selected by the FPS of students who will receive or have received subsidized *Title IV* aid, as defined below. Verification is not required for students who are only eligible for unsubsidized *Title IV* aid (however, see “Verification exclusions” later in this chapter for an important caveat). While graduate students are ineligible for most types of subsidized *Title IV* aid, they are eligible for Federal Work-Study and would need to complete verification if they are selected and receive that aid. Students who are eligible for both subsidized and unsubsidized *Title IV* aid may not avoid verification by accepting only unsubsidized aid; they must complete verification to receive any *Title IV* aid (see the “Disbursing unsubsidized aid” section later in this chapter for more information).

Subsidized student financial assistance programs

[34 CFR 668.52](#) “Subsidized student financial assistance programs”

Unsubsidized student financial assistance programs

[34 CFR 668.52](#) “Unsubsidized student financial assistance programs”

Required Policies and Procedures

Your school must have written policies about the following:

- The time in which students must submit verification documentation;
- The consequences for failing to submit those documents in time;
- The method you use to notify students if their Student Aid Index (SAI) and *Title IV* aid amounts change;
- The procedures you or students follow to correct FAFSA data; and
- The procedure you follow to refer a student to the Office of Inspector General (OIG) (see *Chapter 5*).

Your school must provide the following to students selected for verification in a timely manner:

- A clear explanation of their role in the process,
- A list of documents they need to submit, and
- Deadlines they must meet and the consequences of failing to meet them.

The [FSA Assessments](#) are located as additional resources in the FSA Handbook portion of the Knowledge Center. You can use the verification assessment to evaluate your verification process. In addition, the Department has a list of questions and answers about verification located within our [Program Integrity Q & A website](#).

Policies and procedures

Verification Selection and Professional Judgment (PJ)

You must complete verification for a selected student before you exercise professional judgment (PJ) to adjust any values used to calculate the SAI. **But a PJ adjustment does not require you to verify an application not selected for verification.**

Once the Department selects a FAFSA application for verification, every subsequent transaction for that award year, even one resulting from PJ, will indicate that the student is selected for verification.

If a FAFSA that is not selected for verification is later corrected, that can result in the application being selected. However, when professional judgment is used to adjust an application that is not selected for verification and the FAA correctly indicates the PJ flag on the ISIR, the FPS prevents the subsequent transaction from being selected for verification.

Verification and PJ

[34 CFR 668.53\(c\)](#)

Applications and Information to be Verified

A menu of potential verification items for each award year will be published in the *Federal Register*. The Department published 2024-25 FAFSA information to be verified and acceptable documentation in the [September 19, 2023 Federal Register Notice](#).

A student's FAFSA Submission Summary and Institutional Student Information Record (ISIR) will indicate if a student is selected for verification. On the FAFSA Submission Summary, there will be an asterisk (*) next to the SAI and a comment in the "Application Status" section informing the student that their school has the authority to ask for additional documentation to complete verification. Applicants will need to verify all the FAFSA items that apply to them. On the ISIR, you will see a verification indicator tracking flag set to a value of "Y" and a verification tracking group (V1, V4, or V5) to indicate placement in one of the 2024-25 verification tracking groups.

Verification items

[34 CFR 668.56](#)

Acceptable documentation

[34 CFR 668.57](#)

School-Selected Verification

In some cases, you the school may choose to select a student for verification. You must verify any information you have reason to believe is incorrect on an application. You may also, at your discretion, require a student to verify any FAFSA information and provide reasonable documentation according to consistently applied school policies. In either case you may, but are not required to, include any of the FPS verification items not already included. Students selected for verification by the school are subject to the same verification requirements as FPS-selected applications, including deadlines, allowable tolerances, and interim disbursement rules.

When schools choose to verify an item other than those the Department selects, they may delay disbursing *Title IV* aid until verification is completed if the school-selected item can affect the student's *Title IV* eligibility, such as an item about dependency status. But schools cannot delay disbursing *Title IV* funds when the item has no bearing on *Title IV* aid. For example, if your school is verifying home equity of a family's primary residence to determine student eligibility for school or state aid, you may not delay *Title IV* disbursements as the value of the family's primary residence is excluded from assets in the SAI formula.

Verification Tracking Groups

Students who are selected for verification by the Department will be placed in one of three verification groups (V1, V4, or V5) to determine which FAFSA information must be verified. Groups V2, V3, and V6 are reserved for future use by the Department.

V1—Standard Verification Group

Tax filers (student, student spouse, parent, and parent spouse/partner, as applicable) must verify the following:

- Adjusted gross income
- Income earned from work
- U.S. income tax paid
- Untaxed portions of IRA distributions
- Untaxed portions of pensions
- IRA deductions and payments
- Tax exempt interest income
- Education Credits
- Foreign income exempt from federal taxation
- Family size

Non-tax filers (student, student spouse, parent, and parent spouse/partner, as applicable) must verify the following:

- Income earned from work
- Family size

V4—Custom Verification Group

Students must verify the following:

- Identity
- Statement of educational purpose (SEP).

V5—Aggregate Verification Group

This group is essentially a combination of V1 and V4. Tax filers and non-tax filers must verify the items listed in the Standard Verification Group (V1). Students must also verify identity and statement of educational purpose.

Changing Tracking Groups

A student may move from Verification Tracking Group V1 or V4 to group V5 based on corrections made to his or her FPS record or on other information available to the Department. If verification was already completed for the previous group, the student is only required to verify the V5 information that was not already verified. If verification was not completed for the previous group, the student needs to verify all the V5 information.

No disbursements of *Title IV* aid may be made until the V5 verification is satisfactorily completed. If the student doesn't complete verification, the school is not liable for any *Title IV* aid it disbursed prior to receiving the group V5 ISIR. The student is liable for the full amount because without verification there is no evidence they were eligible for that aid. See the [October 31, 2016, electronic announcement](#) for more information about disbursements and potential return of funds when students are selected for verification.

Reporting Results for Groups V4 and V5

You must report the verification results of identity for any student for whom you (1) receive an ISIR with tracking flag V4 or V5—*as selected by the FPS, not your school*—and (2) request verification documentation.

You are required to report results **no more than 60 days** following your first request to the student for documentation of identity. Inaccurate and untimely reporting may subject your school to findings on your annual compliance audit or a program review. If there is a change in a result you have already submitted, you can submit the new code using the above process and must make that change **within 30 days** of becoming aware that a change occurred. The most recent submission will supplant prior award year submissions.

Individual reporting

You will receive a list of the students who listed your school on their FAFSA applications and who were selected for either V4 or V5 identity verification. In the Verification of Identity function of the FAFSA Partner Portal, you can filter the list by Name or SSN. You can also sort the records alphabetically, in ascending or descending order. You can select from the following dropdown options:

- Display all – Default option;
- Display not submitted – Displays only applicants for whom no results have been provided; or
- Display submitted – Displays only the applicants for whom results have been provided.

For the 2024-25 award year, you will then enter one of the following numeric codes that most applies:

- 1-Verification completed in person, no issues found
- 2-Verification completed remotely, no issues found
- 3-Verification attempted, issues found with identity. (You did not receive acceptable documentation for the SEP or identity.)
- 5-No response from applicant or unable to locate

Note: Numeric codes 4 and 6 are reserved by the Department for future use.

Batch reporting

Batch reporting may not be available at the time you are required to begin reporting identity verification due to delays in the launch of the 2024-25 FAFSA processes. However, these instructions are provided for future use when this functionality becomes available.

Instead of using this individual method, you can submit verification results by uploading a .CSV file with the data for up to 2,000 students. Each row must contain only one record and have the following elements, each in their own column:

- Applicant's nine-digit Social Security number;
- Last name; and
- Verification of identity result numeric code from above.

Verification for Confined or Incarcerated Individuals

On July 1, 2023, because of statutory changes enacted through the *FAFSA Simplification Act*, confined or incarcerated

individuals enrolled in approved prison education programs (PEPs) became eligible for federal Pell Grants.

For the 2024-25 award year, a confined or incarcerated individual as indicated through the incarcerated applicant flag will only be required to verify their identity and statement of educational purpose if selected for Verification Tracking Group V4 or V5. In addition, institutions are not required to verify a confined or incarcerated individual selected under Verification Tracking Flag V1.

Verification for confined or incarcerated individuals

[GEN-23-12](#)

[34 CFR Part 668 Subpart P](#)

Verification Exclusions

There are times when you don't need to verify a student's application. You are, however, still required to resolve conflicting information (except when a student dies during the award year or when they are no longer enrolled and will not re-enroll; see Chapter 5). You should document the basis for the verification exclusion. Other information not excluded must still be verified according to all other requirements.

You don't have to verify FAFSA information of a student in the following situations:

- **Death of the student.** You don't have to continue verification if you made an interim disbursement and the student died before verification was completed. You cannot make any additional disbursements, except for FWS funds already earned, to any of the student's beneficiaries. You cannot originate or disburse their Direct Subsidized Loan or consider any interim disbursement you made of Pell or FSEOG funds or provisional FWS employment to be an overpayment.
- **Not an aid recipient.** The student won't receive *Title IV* aid for reasons other than a failure to complete verification. This includes being ineligible for that aid and withdrawing without receiving it.
- **The applicant is eligible to receive only unsubsidized student financial assistance.** However, students selected for V4 or V5 verification should complete it in accordance with the answer to DOC-Q18 on the [verification Q and A page](#).
- **Applicant verified by another school.** The student completed verification for the current award year at another school before transferring. Their FAFSA data must be the same as it was at the previous school, and you must get a letter from that school stating that it verified the student's application and providing the transaction number of the pertinent valid ISIR.
- **Post enrollment.** The student was selected for verification **after** ceasing to be enrolled at your school, they do not intend to reenroll for the award year, and no further (including late) disbursements will be made.

Unless you have reason to believe it is inaccurate, you don't have to verify the reported FAFSA information of the **parents of a dependent student** if any of the following apply (including in cases where there is only one parent):

- Both parents are mentally incapacitated.
- Both parents, or the custodial parent, has died.
- The parents are residing in a country other than the United States and can't be contacted by normal means.
- The parents can't be located because the student does not have and cannot get their contact information.

Unless you have reason to believe it is inaccurate, you don't have to verify the reported FAFSA information of the **spouse of an independent student** if any of the following apply:

- The spouse has died.
- The spouse is mentally incapacitated.

- The spouse is residing in a country other than the United States and can't be contacted by normal means.
- The spouse can't be located because the student does not have and cannot get their contact information.

Verification exemption example

AVG, Chapter 4, Example 1: A student is enrolled in their local community college and their application is selected for verification. The student provides their spouse's information on the application but now explains that the spouse recently moved out and is unreachable. The student provides their school documents to show that they tried to locate their estranged spouse. The school determines that the student doesn't need to verify their spouse's tax and income information. However, the student must still verify their own information. The school may also choose to use professional judgment to remove the spouse's information from the student's FAFSA form.

Verification exclusions

[34 CFR 668.54\(b\)](#)

Verification Following Disasters

The Dear Colleague Letter (DCL) [GEN-17-08](#) gives general guidance for awarding aid in federally declared disasters. It states that the Secretary will not enforce the verification requirements during the award year for applicants whose records were lost or destroyed because of a disaster if the school has tried to preserve and reconstruct any records. The school must document when it does not perform verification for this reason and use status code "S" when reporting the disbursement of Pell Grants to affected students. Also, the requirement for dependent students to submit a statement signed by a parent regarding family size is waived if the parents cannot provide the signature due to the disaster. The school must note why no parent was able to provide the statement.

Schools that experience a local disaster (rather than a federally declared one) that affects *Title IV* administration should consult their regional [school participation division](#).

Acceptable Documentation

The *FAFSA Simplification Act* requires that, wherever possible, the Department use data received directly from the IRS to calculate a student's SAI and Pell Grant award. The *Fostering Undergraduate Talent by Unlocking Resources for Education Act (FUTURE Act)* requires the Department of Education to access tax information held by the IRS pertaining to FAFSA applicants—and, where applicable, their parents and spouses—through a secure method: the *FUTURE Act* Direct Data Exchange (FA-DDX). The *FUTURE Act* amended the Internal Revenue Code (IRC) to mandate the disclosure of FTI directly from the IRS to the Department with an individual's consent and approval. The *FUTURE Act* also made providing consent and approval for the exchange of FTI a requirement for receiving federal student aid.

Applicants and contributors will be required to provide consent and approval to retrieve FTI directly from the IRS. When FTI is received from the IRS via the FA-DDX, the FTI received is considered verified and no additional documentation is necessary. As a result, the FA-DDX is the fastest, easiest, and most secure method of meeting income and tax verification requirements. The [September 19, 2023, Federal Register Notice](#) gives the documentation required for verifying 2024-25 application data, which depends on the item verified, as explained in this section.

In addition, the Department has developed suggested text that you may use to create a verification document and to verify non-tax items, such as family size. To review the suggested text for 2024-25, please see [GEN-23-12](#).

If you use a verification document, be sure that it is signed, that all required sections are completed, and that any relevant tax or alternative documents are attached. Copies of original documents are acceptable. An original signature on an original document, an original signature on a copy of a document, and a copy of a document with an original signature on it are all valid signatures, unless specifically noted in this chapter. If a copy of the tax return is used, the filer (or at least one of the filers of a joint return) must sign it or the tax preparer must provide their name and SSN, EIN, or PTIN.

Income Information for Tax Filers

As already noted, the importation of IRS tax data (FTI) via the FA-DDX serves as verification documentation. Applicants and contributors will not see or be given the option to change FTI imported directly from the IRS via the FA-DDX. Data transferred in this manner is considered verified, but there may be other data elements that must still be verified with additional documentation.

FAFSA Information	Acceptable Documentation
(a) Adjusted Gross Income (AGI) (b) Income Earned from Work (c) U.S. Income Tax Paid (d) Untaxed Portions of IRA Distributions (e) Untaxed Portions of Pensions (f) IRA Deductions and Payments (g) Tax Exempt Interest Income (h) Education Credits (i) Foreign Income Exempt from Federal Taxation	<p>Items (a) through (h), if transferred directly from the IRS and unchanged, do not need to be verified. When information is not transferred from the IRS, and for item (i), the following documentation is sufficient for verification:</p> <p>(1) A transcript obtained at no cost from the IRS or other relevant tax authority of a U.S. territory (Guam, American Samoa, the U.S. Virgin Islands) or commonwealth (Puerto Rico and the Northern Mariana Islands), or a foreign government, that lists 2022 tax account information of the tax filer; or</p> <p>(2) A signed copy of the income tax return and the applicable schedules that were filed with the IRS or other relevant tax authority of a U.S. territory, or a foreign government that lists 2022 tax account information of the tax filer.</p>

Qualified rollovers from one retirement account to another are not taxable, and they should not be counted as untaxed income (Untaxed portions of IRA distributions (d) or Pensions (e) above). Since neither a tax transcript nor FTI transferred via the FA-DDX identifies rollovers, you must get documentation from the tax filer. This could be a signed statement with the rollover amount or a notation by the filer on the tax transcript or return that includes the word “rollover” beside any

applicable item, like the instruction the IRS gives for Form 1040. The annotation must be signed and dated by the filer. See VI-Q4 on the [Q and A page](#).

AGI and income tax documentation

[34 CFR 668.57\(a\)](#)

Income Information for Non-Tax Filers

FAFSA Information	Acceptable Documentation
Income Earned from Work	<p>For an individual who has not filed and, under IRS or other relevant tax authority rules (e.g., the Republic of the Marshall Islands, the Republic of Palau, the Federated States of Micronesia, a U.S. territory or commonwealth or a foreign government), is not required to file a 2022 income tax return—</p> <p>(1) A signed and dated statement certifying—</p> <ul style="list-style-type: none">a. That the individual is not required to file a 2022 income tax return; andb. The sources and amounts of earnings, other income, and resources that supported the individual(s) for the 2022 tax year; <p>(2) For individuals without a Social Security number (SSN), Individual Taxpayer Identification Number (ITIN), or Employer Identification Number (EIN), that they do not have an SSN, ITIN, or EIN;</p> <p>(3) A copy of IRS Form W-2 for each source of 2022 employment income received or an equivalent document; and</p> <p>(4) Except for dependent students, verification of non-filing for individuals who would file a return with a relevant tax authority other than the IRS dated on or after October 1, 2023.</p>

For non-tax filers you must request a W-2 form for each source of 2022 employment income and a signed statement certifying that the person has not filed and is not required to file a 2022 tax return. You must also get a signed statement giving the sources and amounts of the person's income earned from work not found on W-2s. Students may sign on a nonfiling spouse's behalf.

For residents of the Freely Associated States (the Republic of the Marshall Islands, the Republic of Palau, or the Federated States of Micronesia), a copy of the wage and tax statement from each employer (substitute for W-2s) and a signed statement identifying any other employment income for the year not identified on the wage and tax statement is acceptable. Persons from a U.S. territory, commonwealth, or a foreign country who are not required to file a tax return can provide a signed statement, as well as any supporting documentation they might have (e.g., a form comparable to a U.S. W-2), certifying their income.

The collection of documentation to verify income earned from work is used to determine if the applicant (and the applicable spouse or parent) was required to file a U.S. income tax return (or a return with a relevant tax authority) for the 2022 tax year. If the individual should have filed but failed to do so, that is conflicting information that you must resolve.

If a W-2 is not Available

If an individual who is required to submit an IRS Form W-2 did not save a copy, they should request a replacement W-2 from the employer who issued the original. A W-2 transcript from the IRS is also acceptable though it generally is not available until the year after the W-2 information is filed with the IRS (e.g., 2024 for 2022 information filed in 2023). If

they are unable to obtain one in a timely manner, you may permit them to provide a signed statement that includes the amount of income earned from work, the source of that income, and the reason why the W-2 is not available in a timely manner.

Family Size

Since family size is based on the number of individuals listed and claimed on the IRS tax return, if transferred directly from the IRS and unchanged, family size does not need to be verified. However, when information is not transferred from the IRS, or if the applicant updated their family size when presented with the opportunity to do so on their FAFSA, the following documentation is sufficient for verification:

- A statement signed by the applicant and, if the applicant is a dependent student, by one of the applicant's parents, that lists the name and age of each family member for the 2024–25 award year and the relationship of that family member to the applicant.

Family size documentation

[34 CFR 668.57\(b\)](#)

For a dependent student, you don't have to verify family size in the following situations:

- The family size is reported as two with a single, divorced, separated, or widowed parent; or
- The family size is reported as three with parents who are married or are unmarried and living together.

For an independent student, you don't have to verify family size in the following situations:

- The family size is reported as two if the student is married; or
- The family size is reported as one if the student is single, divorced, separated, or widowed.

Keep in mind that family size needs to align with the answers to the relevant dependency status questions, such as the one about having dependents other than a spouse. If verification reveals that answers do not match, the FAFSA form needs to be corrected so that the information is in alignment.

Identity and Statement of Educational Purpose

Students should appear in person at your school and present a valid, unexpired, government-issued photo identification (ID) such as a U.S. passport, a driver's license, or other state-issued ID. "Unexpired" means the ID has not expired at the time it is checked, even if it will expire before the end of the award year. A valid government-issued photo identification is one issued by the U.S. government, any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, a federally recognized American Indian and Alaska Native Tribe, American Samoa, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau.

You must maintain an annotated copy of that ID that includes the date it was received and the name of the person your school authorized to receive it. Your school may determine which of its staff are authorized to review an applicant's identity. We recommend that the person(s) be full-time staff and the school keep a record of who they are.

The following **are not sufficient** for identity verification:

- An ID issued by a state university or college.
- A military ID (18 U.S. Code § 701 prohibits it from being photocopied).

Students must also sign (it must be a "wet" signature) a statement of educational purpose that certifies who they are and that the federal student aid they may receive will only be used for educational purposes and for the cost of attending the

school for the 2024-25 year. Unlike the other suggested text provided in [GEN-23-12](#) the text for the “Statement of Educational Purpose” is not suggested—you must use the exact language given (the student’s identification number is optional though if collected elsewhere on the same page as the statement). After examining the statement, you may convert it into an electronic record. You must keep that or the original for at least the required *Title IV* record retention period.

A student who is unable to appear at your school must go to a notary public and sign the statement of educational purpose. They must then submit to your office that statement (again, with the “wet” signature), a certification from the notary that they appeared before the notary and presented a government-issued photo ID confirming their identity, and a copy of the same ID. Currently the Department does not authorize the use of online notary services as an alternative to traditional, in-person notary services.

The **REAL ID Act** affects people entering certain restricted areas where identification is required: federal facilities, nuclear power plants, and federally regulated commercial airplanes. Because there are currently no restrictions under the act on agencies accepting an ID that is not compliant with the act (typically one marked “not for federal identification”) for other purposes, such an ID is acceptable for verification of identity/statement of educational purpose. It must be a government-issued ID that has not expired and includes the student’s photo and name.

Reviewing and Using Documentation

Using the Tax Return

Although FTI transferred via the FA-DDX or an IRS tax transcript are preferable for completing verification, students can also submit a copy of the tax return and any applicable schedules. However, see the guidance under “victims of identity theft” later in this volume for an important caveat. The tax return will likely have been filed electronically with one of a variety of methods. These include do-it-yourself methods as well as completion by a tax preparer. Each method should permit printing of a paper copy of the return, though the e-file format might not contain every line item, showing instead only the data the tax filer provided. For example, if Item 2b, “Taxable interest,” does not appear on such a return, that means no taxable interest income was reported.

You can accept a paper or electronic copy of the return if it contains a signature. Acceptable examples would include, but are not limited to:

- A signed paper return that the student either mailed or brought to the school.
- A signed paper return that the student faxed or scanned and emailed.
- An electronic copy that the student signed with a stylus or finger.
- An electronic copy that we consider signed because it has an image of the student’s signature attached.

However, a signature on Form 8879, the IRS e-file Signature Authorization, is not an acceptable substitute for a signature on the tax return.

For persons who have a tax professional prepare their return, instead of a copy of the return with the filer’s signature, you may accept one that has the name and PTIN of the preparer or has their SSN or EIN and has been signed, stamped, typed, or printed with their name and address. Note that the IRS requires paid preparers to have a PTIN.

If a person did not retain a copy of their 2022 tax information and it cannot be located by the IRS or the relevant government agency, they must submit a signed statement indicating that they did not keep a copy of their tax information as well as documentation from the taxing authority indicating that the information cannot be located. Also, you must accept for an IRS filer either a copy of Form W-2 for each source of employment income received for 2022 or, if they are self-employed, a signed statement certifying the amount of AGI and taxes paid. For someone who filed an income tax return with a government of a U.S. territory or commonwealth or a foreign central government, accept a copy of a wage and tax statement or a signed statement certifying the amount of AGI and taxes paid for 2022.

The following chart shows the tax form line numbers for the required verification items from IRS Form 1040 (or IRS Form 1040-NR).

Item	2022 IRS Form 1040 or IRS Form 1040-NR
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AGI	Line 11
Income earned from work	Line 1z + Schedule 1: Lines 3 + 6
U.S. income tax paid	Line 24
Untaxed portions of IRA distributions (excluding rollovers)	Lines 4a - 4b
Untaxed portions of pensions (excluding rollovers)	Lines 5a - 5b
IRA deductions and payments	Schedule 1: Lines 16 + 20
Tax exempt interest income	Line 2a
Education credits	IRS Form 8863: Lines 8 + 19
Foreign income exempt from federal taxation	Schedule 1: Line 8d

Using the Tax Transcript

If applicants or contributors are unable to transfer data via the FA-DDX, you can use an IRS tax return transcript for the student, spouse, and/or parents, as applicable, to document information from the tax return. Before requesting a transcript, they should allow enough time to pass after filing the return; it takes the IRS two to four weeks to process returns filed electronically and six to eight weeks for mailed returns. Tax transcripts submitted to your school for verification do not need to be signed by the tax filer (but it is encouraged) unless you have reason to doubt their authenticity.

There are a few ways to request a tax return transcript: online at www.irs.gov/individuals/get-transcript, by calling 1-800-908-9946, or by mailing the paper Form 4506-T (or Form 4506-T-EZ), which can be printed from the IRS website. Phone requests are via an automated process instead of an IRS representative. With online requests, tax filers can get an electronic transcript (see below) or they can have the IRS mail them a paper transcript; non-online requests yield a mailed transcript. Schools can accept and copy transcripts originally obtained from the IRS.

The Get Transcript Online feature allows users to get the transcript in real time as a portable document format (PDF) file, which they can submit electronically to a school or print and submit as a hard copy. To use the Get Transcript Online tool, users must have:

- Access to a valid email address,
- A text-enabled mobile phone in their name, and
- Specific financial account numbers, such as a credit card number or an account number for a home mortgage or auto loan. The process will not cause charges to the card or the account.

See the IRS.gov website for more information on the Get Transcript Service.

The IRS's Income Verification Express Service (IVES) allows a third party to receive a tax filer's transcript. The IVES participant submits a 4506-T or 4506-T-EZ form, signed by the tax filer, and receives the transcript from the IRS, which charges a small fee for the service. Schools may [apply to participate in IVES](#). They may also use a transcript from another IVES participant (which is not considered a third-party servicer in this case) for verification if they have no reason to doubt its authenticity. Schools may not pass on the charge for using this service to the student.

To combat identity theft, the IRS masks much of the personally identifiable information on the transcript. For example, only the last four digits of any SSN or account or telephone number are displayed. The option on forms 4506-T and 4506-T-EZ to designate a third-party recipient of the transcript has been eliminated. As noted above, schools can elect to participate in IVES as a way of receiving transcripts directly from the IRS. Taxpayers will create a "customer file number" which appears on a requested transcript to help facilitate identification. This can be something like a student's college ID

number or some other number (but **not** an SSN). See the [October 4, 2018, announcement](#) and the [IRS news release](#) for more information.

Each year the Department provides a tax return transcript matrix to assist schools with reviewing tax data. Specifically, the **tax return transcript matrix** consists of a chart of the FAFSA and ISIR tax items used for verification and their corresponding line items from the various IRS tax returns and the tax transcript for the appropriate award year. At the time the *2024-25 Application and Verification Guide* was published, the 2022 tax return transcript matrix had not been posted to FSA's Knowledge Center. Please stay tuned to the electronic announcement section in the [Knowledge Center](#) for the latest information.

The tax return transcript may show a **per computer amount** for some tax data that is different from what the filer reported to the IRS. The per computer amount should be used because it corrects mathematical errors and is more accurate than what appears on the original return. Also, if a transcript indicates "recomputed <tax return item> per computer," that amount may be ignored for verification.

Schools may accept for verification any IRS tax transcript that includes all the necessary information: adjusted gross income, income earned from work, U.S. income tax paid, untaxed IRA distributions, untaxed pensions, education credits, IRA deductions, tax exempt interest, and foreign income exempt from federal taxation. Because the record of account and the Return Transcript for Taxpayer (RTFTP) include all the above information, either may be used for verification. The Information Returns Processing Transcript Request—Wages (IRPTR-W) only provides wage information and therefore can only be used in lieu of a W-2 form. See the [February 23, 2017, electronic announcement](#) for information about the documents obtained from the IRS that are used for verification: the tax return transcript, the record of account, the account transcript, and the wage and income transcript. The announcement also explains Form 13873, which students or parents might receive when requesting documents from the IRS.

Filers of non-IRS tax returns. You may accept a transcript from a government of a foreign nation or a U.S. territory or commonwealth that has all the filer's income and tax data to be verified. You may also accept a copy of the tax return, which must be signed by the filer or one of the filers of a joint return. Use the income and tax data that most closely corresponds to what is on the IRS tax return and convert monetary amounts into U.S. dollars as appropriate. If you question the accuracy of the information on the signed copy of the return, the filer must provide you with a copy of the tax account information issued by the tax authority. See DOC-Q28 on the [Q and A page](#).

Special Cases

Joint Return Filers Who Are No Longer Married

When a student, or parents of a dependent student, filed a joint return and have separated, divorced, married someone else, or been widowed, the student must submit the following:

- A transcript obtained from the IRS or other relevant tax authority that lists 2022 tax account information of the tax filer(s); **or**
- A copy of the income tax return and the applicable schedules that were filed with the IRS or other relevant tax authority that lists 2022 tax account information of the tax filer(s); **and**
- A copy of IRS Form W-2 for each source of 2022 employment income received or an equivalent document.

Using a Joint Return to Figure Individual AGI and Taxes Paid

If the filer of a joint return has become widowed, divorced, or separated since filing the return, it may be necessary to determine the individual's income and taxes paid using the joint return and W-2 forms. If a W-2 is not available (the filer is self-employed, for example) or if a duplicate copy from the employer who issued the original W-2 is not available in a timely manner, the school may permit the filer to provide a signed statement that certifies the base year AGI and U.S. taxes paid.

Add the income amounts from the individual's W-2 forms to any other income that can be extracted from the joint return. Any interest or business income earned on joint accounts or investments should be assessed at 50%. The same procedure should be used to divide business or farm profits or losses. Also, if the AGI listed on the joint return was adjusted, you should reduce the individual's AGI by the portion of the adjustment that applies solely to individual on the FAFSA form.

Use one of the following methods to figure the individual's taxes paid:

- **Tax table (preferred method).** Using the IRS Tax Table or Tax Rate Schedule for the appropriate year, calculate the amount of tax that would have been paid if a separate return had been filed. Use the deductions the individual could have claimed if the individual had filed a separate return. (If itemized deductions were taken, count only the portion of those deductions that could have been claimed on a separate tax return.)
- **Proportional distribution.** Determine what percentage of the joint AGI was attributable to the individual, and then assess the joint taxes paid by that same percentage.

Separating a joint return

AVG, Chapter 4, Example 2: A student's application is selected for verification. The student filed joint return with their spouse in 2022 but have now divorced. The AGI on the student's FAFSA matches the AGI of \$56,500 on the 2022 tax return, which means it's wrong because it includes the student's former spouse's income.

The student's W-2 shows that their income for 2022 was \$25,900, and the tax return shows \$400 in interest. Because it was interest on a joint savings account, the aid administrator adds \$200 of it to the student's income and submits \$26,100 as the corrected income.

The aid administrator then determines that if the student had filed their tax return as single in 2022, their standard deduction would have been \$12,950 (instead of \$25,900 for married filers). The student's income of \$26,100 minus \$12,950 for the standard deduction results in \$13,150 in taxable income.

The aid administrator uses the 2022 tax table to determine how much tax the student would have paid on this amount, considering any applicable credits reported on the original return. With a taxable income of \$13,150, the tax amount from the tax schedule is \$1,376.

To use the proportional distribution method instead, the aid administrator figures out what percentage of the joint AGI student's income represents. The percentage is 46% ($26,100 \div 56,500$ is .4619). The aid administrator then multiplies the income tax paid as reported on the tax return (\$3,264 for this example) by this percentage. The student's income tax by using this method is \$1,501 ($.46 \times \$3,264$).

Individuals with Filing Extensions

For an individual who is required to file a 2022 IRS income tax return and has been granted a filing extension by the IRS beyond the automatic six-month extension for tax year 2022 the student must submit the following:

- A signed statement listing the sources of any 2022 income and the amount of income from each source;
- A copy of the IRS's approval of an extension beyond the automatic six-month extension for tax year 2022;
- A copy of IRS Form W-2 for each source of 2022 employment income received or an equivalent document; and
- If self-employed, the signed statement must indicate the amount of estimated AGI and U.S. income tax paid for tax year 2022.

You may require individuals with a filing extension to provide final income information to you after the return has been filed. If you do that, you must reverify the income information. If the student does not provide final income information, see the guidance described under the "Deadlines and Failure to Submit Documentation" section later in this chapter on failing to complete verification. See DOC-Q16 on the [Q and A page](#).

For a person called up for active duty or qualifying National Guard duty during a war, another military operation, or a national emergency, a school must accept a statement from the person certifying that they have not filed an income tax return or a request for a filing extension because of that service.

Filers of Amended Returns

Students or parents who file an amended return (IRS Form 1040X) and provide consent and approval to retrieve FTI via the FA-DDX will **not** have their amended information transferred to the FAFSA form. The IRS will transfer only original tax information to the FAFSA form via the FA-DDX. However, there is currently no indicator on the FAFSA form that the tax return was amended and the original data may be inaccurate. If you are aware that an applicant or contributor filed an amended return, you are required to update or correct the applicant's FAFSA form (with one exception, noted below). You will need to check the PJ flag on the corrected ISIR transaction to force FPS to use the manually entered tax information (instead of the FTI received via the FA-DDX) to calculate the student's SAI and Pell Grant eligibility.

Exception: The Department acknowledged inconsistent tax data received via the FA-DDX for FAFSA forms processed prior to May 1, 2024. This issue was outlined in [Electronic Announcement GEN-24-29](#), published April 1, 2024. Specifically, in cases in which taxpayer information was updated through an amended tax return or other adjustments, the FA-DDX was transferring the most recent AGI and filing status and the original values for other tax return elements. The IRS updated the FA-DDX to include consistent tax data from the taxpayer's original tax return and the Department reprocessed ISIR records impacted by this issue. For these reprocessed records **only**, you are not required to update or correct the applicant's FAFSA form based on an amended tax return. Refer to [Electronic Announcement GEN-24-49](#) for information on identifying reprocessed ISIRs.

If the applicant is selected for verification and you are aware that the applicant or a contributor has filed an amended return, you must use the amended return information to complete verification. However, you are not required to confirm whether an amended return was filed as part of the verification process if you are not previously aware of such filing. You may still consider the FTI transferred from the IRS to be verified if you have no reason to believe the applicant or a contributor filed an amended return.

Note: This information was updated on April 17, 2024, based on [Electronic Announcement GEN-24-29](#). It was further updated on July 24, 2024, based on [Electronic Announcement GEN-24-71](#). For the most up-to-date information on FAFSA processing, please visit the [FAFSA Simplification Topics Page](#) on FSA's Knowledge Center.

Applicants or contributors unable to provide FTI via the FA-DDX may submit a signed copy of the 1040X form that was filed and one of the following documents to complete verification:

- Updated income and tax information from the IRS on an ISIR record with all tax information from the original tax return;
- A transcript obtained from the IRS that lists 2022 tax account information of the tax filer(s); or
- A signed copy of the 2022 IRS Form 1040 and the applicable schedules that were filed with the IRS.

Because the tax return transcript does not reflect changes to the original return by the filer or the IRS, it is, by itself, not sufficient.

When an amended return was filed, you must submit any changes to nondollar items and to single monetary items of \$25 or more.

Note that there may be instances when a student, spouse, or parent did not file a 1040X with the IRS but had their tax and income information amended by the IRS. In such a case a school may accept one of the items mentioned above plus documentation showing the IRS's change(s).

Victims of Tax-Related Identity Theft

These individuals cannot get a return transcript or have their FTI transferred via the FA-DDX. Instead, they may submit the following:

- A Tax Return DataBase View (TRDBV) transcript obtained from the IRS; and
- A statement signed and dated by the tax filer indicating that they were a victim of IRS tax-related identity theft and that the IRS has been made aware of the tax-related identity theft.

Tax filers may inform the IRS of the tax-related identity theft and obtain a TRDBV transcript by calling the IRS's Identity

Protection Specialized Unit (IPSU) at 1-800-908-4490. Unless the institution has reason to suspect the authenticity of the TRDBV transcript provided by the IRS, a signature or stamp or any other validation from the IRS is not needed.

See [DCL GEN-14-05](#) for a sample TRDBV transcript. Those who cannot obtain a TRDBV transcript may instead submit a copy of the tax return or another official IRS transcript or equivalent IRS document if it includes all the income and tax information required to be verified. Note that filers must first attempt to get a TRDBV before they can use a copy of the tax return or another transcript. Then, if the school has no reason to doubt the victim of identity theft or the accuracy of the document, it can be used to complete verification.

Immigrants and Tax Filing

Immigrants are not exempt from tax filing. The IRS is more concerned whether a person is a resident or nonresident rather than a legal or illegal alien. An alien is anyone who is not a U.S. citizen or national. A resident alien is one who either is a permanent resident or has resided in the U.S. for a specific minimum amount of time (has met the substantial presence test). All others are nonresident aliens. Resident aliens' income is generally subject to tax in the same manner as U.S. citizens', and they file Form 1040. Nonresident aliens who are required to file a return submit Form 1040NR, which is acceptable documentation for verification.

Immigrants who do not have an SSN and are unable to get one can apply with the IRS for an individual taxpayer identification number (ITIN). The ITIN is only for tax purposes. It does not authorize a person to work, endorse his or her legal status, or entitle them to the earned income credit or Social Security benefits.

See the IRS's *Publication 519, U.S. Tax Guide for Aliens* at www.irs.gov for more information.

Interim Disbursements

Interim disbursements are allowed either prior to completing verification or after verification but before receiving the corrected FAFSA Submission Summary or ISIR. If you have no reason to question the accuracy of the information on the FAFSA form, prior to completing verification you may at your discretion:

- Make one disbursement of Pell and FSEOG funds for the applicant's first payment period;
- Permit FWS employment for the first 60 consecutive days after the student enrolls for the award year; or
- Originate but not disburse a Direct Subsidized Loan.

If verification results in changes to the FAFSA information that you determine will not alter award amounts, you may at your discretion also disburse a Direct Subsidized Loan prior to receiving the corrected valid FAFSA Submission Summary or ISIR (defined as a FAFSA Submission summary or ISIR on which all the information reported on a student's FAFSA form is accurate and complete as of the date the application is signed).

Interim disbursements

[34 CFR 668.58](#)

Overpayments from Interim Disbursements

If you make an interim disbursement of Pell or FSEOG funds prior to verification, your school is liable for any resulting overpayment. If you can't eliminate it by reducing subsequent disbursements or having the student return the money, your school must use its own funds to reimburse the appropriate program by the earlier of 60 days after the student's last day of attendance or the last day of the award year.

If your school permits provisional FWS employment of students for up to 60 days prior to verification, your school is liable for any overpayment it can't recover by adjusting other aid, and it must reimburse the FWS account from its own funds. Students must be paid for all work performed out of your school's payroll account—they can't be required to repay FWS

wages earned except when they are proven guilty of fraud.

Because interim disbursements were made at the school's discretion, the school is ultimately responsible for repaying overpayment. Therefore, in this situation, a student does not owe a *Title IV* overpayment and must not be reported to NSLDS or referred to the Department for collection.

If you make an interim disbursement after completing verification but prior to receiving a correct valid FAFSA Submission Summary or ISIR, and you fail to receive the FAFSA Submission Summary or ISIR within the deadlines discussed later in this chapter, your school must use its own funds to reimburse the appropriate program and ensure that the student is paid under its own payroll account for all work performed.

Recovery of funds from interim disbursements

[34 CFR 668.61](#)

Schools that Can't Make Interim Disbursements

Schools on the Heightened Cash Monitoring 2 (HCM2) and Reimbursement payment methods (see *Volume 4, Chapter 1*) must, as part of their request for *Title IV* funds from the Department, submit documentation showing that students were eligible to receive the funds disbursed to them (and for which the schools are seeking reimbursement). Because final determination of student eligibility includes completing verification, HCM2 and reimbursement schools may not make interim disbursements.

Updating Information

Generally, a student cannot update information that was correct as of the date the application was signed because the FAFSA form is a "snapshot" of the family's financial situation as of that date. For example, if the student's family sold some stock after the student signed the FAFSA form and spent the money on an unreported asset such as a car, they cannot update their information to show a change in assets. After the FAFSA form is signed, only certain items can be updated under the following conditions:

- **All applicants whose dependency status changes** must update that and the related FAFSA information throughout the award year except when the update is due to the student's marital status changing.
- **All applicants selected by the Department or a school for verification of family size** must update family size to be correct as of the date of verification unless the update is due to a change in the student's marital status. Documenting family size is not required in a subsequent verification in the same year if the information has not changed.

Updating information

[34 CFR 668.55](#)

At your discretion you may update either dependency status or family size, even if the update is due to a change in the student's marital status, if you deem it necessary to address an inequity or to reflect more accurately the student's ability to pay. Such a decision must be on a case-by-case basis, and you must document your reasons for it. You must also update all other pertinent information, such as spousal income and taxes paid, to be consistent with the new marital status. Do this first if the student is selected for verification, and then complete verification of the updated application. If you change the student's status to unmarried and that makes them dependent (because they were independent only due

to marriage), the student's FAFSA form must be updated with their parents' information. Your school may have a policy of not considering such updates after a specific census date.

However, you cannot update the marital status of an already independent student whose dependency status has not changed because of their marriage or divorce and who was not selected for verification. In such a case you must select the student for verification if you want to exercise your discretion to update their marital status and all other associated information.

Parent Post-Application Marriage

While the applicant does not typically update family size because of a change in their marital status, if the applicant is a dependent student and their parent marries or remarries between application and verification, the student must update family size to include the new stepparent. However, the student would not count the new stepparent's income and assets. A school can use professional judgment to include the stepparent's income or to otherwise account for the change.

Correcting Errors

As explained in the last section, you only make updates in specified situations, but for students who are not selected for verification, you or they must correct and submit for processing any errors reported on the original FAFSA form that would change the SAI or the students' eligibility for *Title IV* aid.

For students who are selected for verification and receiving subsidized student aid, changes to any non-dollar item and to any dollar item of \$25 or more must be submitted for processing.

Changes in a Selected Applicant's FAFSA

To receive subsidized student aid, students or the school must submit for processing any changes resulting from verification to a non-dollar item or a single dollar item of \$25 or more. Also, if you are required to submit *any* change through FPS because of verification, you must submit *all* changes, including amounts that are below \$25.

Changes to FAFSA information

[34 CFR 668.59](#)

Pell Changes

If FAFSA data changes, recalculate the Pell Grant using the information on the corrected valid FAFSA Submission Summary or ISIR. You can only pay an increased Pell Grant if you have that output document, and it supports an increased Pell award.

If the FAFSA data change results in reduced Pell Grant eligibility and the student received an interim disbursement, adjust subsequent disbursements as necessary to eliminate the overpayment. Failing that, the student should reimburse the Pell Grant Program, or, if they do not return the overpayment, your school must reimburse the Pell program with its funds. If the student received Pell Grant money as a regular disbursement, they are responsible for repaying the overpayment. See *Volume 4, Chapter 3* for information on overpayments.

Campus-Based and Direct Loan Changes

If the correction results in a change in the SAI and the student received subsidized *Title IV* aid other than Pell Grant funds, then adjust the student's aid package using the information on the corrected valid FAFSA Submission Summary or ISIR. If there was an interim disbursement, comply with the relevant rules if the package must be reduced. If there was a regular disbursement and the package must be reduced, comply with FSEOG overpayment rules or with the rules for dealing with

excess loan proceeds for Direct Subsidized Loans.

Selection After Disbursement

A student's application might be selected for verification after corrections are submitted and the student has been paid based on the previous unselected FPS transaction. You must verify their application before making further disbursements. If verification does not justify aid already disbursed, then the student is responsible for repaying all aid for which they are not eligible, though the student may keep any Direct Loan money they received and FWS wages earned. See the guidance described under the "Deadlines and Failure to Submit Documentation" section later in this chapter for what happens if the student fails to complete verification.

Verification selection after disbursement example

AVG, Chapter 4, Example 3: A student's application isn't selected for verification and they received Pell Grant and Direct Loans in the fall. In December, the student submits a correction on their FAFSA Submission Summary that causes the subsequent transaction to be selected for verification. The aid administrator at the student's school tells the student to submit verification documents to receive aid for the spring and keep the Pell funds the student received for the fall. However, the student doesn't submit the documents. The student does not have to repay the Direct Loan they received in the fall, but the student does have to return the Pell Grant, and the school must cancel the student's aid package for the spring.

Disbursing Unsubsidized Aid

For students who are selected for Group V1 and are eligible for both subsidized and unsubsidized aid, a school may, on a case-by-case basis and with proper documentation, disburse Direct Unsubsidized and PLUS loans prior to completing verification that will be delayed. To avoid exceeding the student's financial need, the school must consider the subsidized aid they will receive and adjust the aid amounts after verification if necessary.

If the student never completes V1 verification, the student may keep the Direct Unsubsidized and PLUS loan aid that was disbursed. However, if the institution determines that the student was ineligible when they received aid, see the relevant guidance on returning aid in such situations in *Volume 4*, Chapter 3.

After Documentation Is Complete

When you have obtained all necessary verification documents from the student, you should compare them to the FAFSA Submission Summary or ISIR you are reviewing for payment. If all the student's information is correct or has been corrected and there are no outstanding issues or unresolved conflicting information, you may award and disburse aid for which the student is eligible.

Sometimes schools ask if even further verification is needed to resolve discrepancies between the ISIR and what the student provided for verification. The answer is no unless you have reason to doubt the accuracy of the verification information. Acceptable documentation either confirms that an item was right on the ISIR, or it is used to correct that item. That is the purpose of verification; continued fact-finding is not necessary.

How to Submit Corrections and Updates

Corrections and updates can be submitted by the student on the FAFSA Submission Summary or the web or by the school using the FAFSA Partner Portal or the Electronic Data Exchange (EDE). In addition to the following information, see also *Volume 3 - Electronic Data Exchange and FAFSA Processing* of the [2024-25 FAFSA Specifications Guide](#).

Note: Batch corrections and updates may not be available at the time you need to begin making such corrections or updates due to the phased launch of the 2024-25 FAFSA process. However, these instructions are provided for future use when this functionality becomes available.

Online FAFSA Form. Students and other contributors can correct previously submitted data that was not imported from the IRS.

FAFSA Partner Portal or EDE. An FAA can submit corrections to a student's application data using the FAFSA Partner Portal. Your school can submit corrections and updates electronically by entering the data manually in the FAFSA Partner Portal or by transmitting it to the FAFSA Processing System. However, you cannot update a contributor's consent using EDE, a third-party software, or the FAFSA Partner Portal.

If your school isn't listed on the transaction you want to correct, the student must provide you with the DRN printed on the FAFSA Submission Summary. You can then add your school in the next available institution field and gain electronic access to the resulting corrected transaction. If all the fields are filled, the student must add your school code using the FAFSA online.

Corrections and updates sent by a school must be based on reliable documentation in its possession that supports the changes to applicant data or signed documentation from the student or contributor. Examples of reliable documentation include applications for admission, acceptance letters, course registration information, or academic transcripts. Examples of signed documentation from a student or contributor on which corrections and updates may be based include a FAFSA Submission Summary, a copy of the correction or update, student/contributor statement, verification documents, or copies of tax returns or transcripts. These do not have to be wet signatures.

The FPS will process the change, send an ISIR to the school, and send the student an updated FAFSA Submission Summary or, if the FPS has the student's email address, an email with a link to view the student's updated FAFSA Submission Summary on the web.

Paper FAFSA Submission Summary. Students who received a paper FAFSA Submission Summary may make corrections or updates on it, then sign and return it to the FAFSA processor at the address given at the end of the FAFSA Submission Summary. If a contributor's information is also updated or corrected, that contributor also needs to sign the FAFSA Submission Summary before submitting it for processing. One parent must also sign if the student is dependent and parent data was changed, unless the only corrections are to the institution or housing codes, the address, or telephone number.

Students who applied electronically are encouraged to return to their Dashboard on StudentAid.gov to make corrections. In future application cycles, students who applied electronically but would like to make corrections via paper can have a paper FAFSA Submission Summary mailed to them by calling the FSAIC at 1-800-4-FED-AID and providing their name, SSN, and date of birth. However, this feature will not be available for the 2024-25 FAFSA application cycle.

Adding Schools and Changing a Student's Address

As with other changes, a student can add schools or change their address, email address, or telephone number online or on a paper FAFSA Submission Summary. A student can also update these items over the phone by calling 1-800-433-3243 and providing their DRN, though this feature may not be available until later in the application cycle. You can submit those changes for the student through the FAFSA Partner Portal if your school is listed on the student's application, or you have the student's DRN.

The FAFSA form has limited space for a student to list schools that will receive the application data: 10 schools can be listed on the paper application; 20 schools can be listed on the online FAFSA. If the student wants information sent to more schools, the student can use any of the methods listed previously to replace some or all the original schools. If the student originally listed 20 schools on the application and then replaced two schools with two new ones, those that were replaced will not receive an ISIR from this correction or any subsequent correction on which they did not appear.

Signatures

Any required signatures, such as those on worksheets or on copies of tax returns, must be collected at the time of verification—they cannot be collected after the verification deadline for that award year.

For verification documentation, a school may collect an electronic signature for an applicant, parent, or spouse if the process includes an assurance of the identity of the person signing. This is often accomplished with a PIN or password that is assigned only after the identity of the signer has been authenticated ([DOC-Q12 on the Q and A page](#)).

Deadlines and Failure to Submit Documentation

You must require students selected for verification—either by your school or the Department—to submit the documentation by the date specified by your school (for Campus-Based and Direct Loans) or the Department (for Pell).

Failure to submit documentation

[34 CFR 668.60](#)

Campus-Based and Direct Loans

If a student doesn't provide verification documentation within your school's established, reasonable timeframe, you cannot:

- Disburse more FSEOG funds,
- Employ or permit further FWS employment, or
- Originate or disburse any additional Direct Loans (subsidized, unsubsidized, or PLUS).

The student must repay any FSEOG funds received that year. If the student fails to complete verification within your school's established timeframe and if you received any Direct Subsidized Loan funds for the student that you did not disburse, you must return some or all those funds under the excess cash tolerance regulation [see *FSA Handbook Volume 4, Chapter 1*].

If the student provides the required documentation after your school's deadline, you may, at your discretion, provide aid if still within the Department's overall verification deadlines.

Pell Grants

A student selected for verification may submit a valid FAFSA Submission Summary or a school can receive a valid ISIR after the Pell deadline but before the verification deadline published in the *Federal Register*. If a student does not provide the verification documentation or you do not receive the valid FAFSA Submission Summary or ISIR (if necessary) within this additional time, they forfeit their Pell Grant for the award year and must return any Pell money already received for that year.

Verification completed within additional time for Pell

[34 CFR 668.60\(c\)\(1\)](#)

Other Considerations

The Department may determine not to process the FAFSA form of an applicant who has been requested to provide documentation until they do so, or the Department decides there is no longer a need for it.

A Pell applicant selected for verification must complete the process by the deadline published in the *Federal Register*. The notice for the 2023-24 award year was published on [June 23, 2023](#). The deadline for the 2023-24 award year is September 21, 2024, or 120 days after the last day of the student's enrollment, whichever is earlier. When the notice for 2024-25 is published, the corresponding deadline date is expected to be mid-September 2025. Applicants to Campus-Based programs and the Direct Loan program must complete verification by the same deadline or by an earlier one your aid

office establishes.

Verification is complete when you have all the requested documentation and a valid ISIR or FAFSA Submission Summary (one on which all the information is accurate and complete). This includes any necessary corrections, which must be made by the *Federal Register* deadlines for submitting paper or electronic corrections.

Late Disbursements

Generally, a student ceases to be eligible for aid once they have finished the payment period and/or is no longer enrolled. However, the student may submit verification documentation and receive a late disbursement after that time if the Department processed a FAFSA Submission Summary or ISIR with an official SAI while they were still enrolled. For information on post-withdrawal disbursements, see *Volume 5* and for more information on late disbursements, see *Volume 4*.

Verification Status Codes

When you disburse a Pell Grant, you must report the student's verification status through the Common Origination and Disbursement System (COD) even if they were not selected for verification.

- **V**—You have verified the student. This includes students selected by the FPS and those your school chose to verify based on its own criteria.
- **W**—The student was selected for verification by the FPS or your school, and you chose to pay a first disbursement of Pell without documentation (interim disbursement). **This code must be updated once verification is complete, or COD will reduce the Pell Grant to zero.**
- **S**—The FPS selected the student for verification, but you did not verify the student because they satisfied one of the exclusions described earlier in the chapter (except the post-enrollment exclusion; see “Blank” next).
- **Blank**—Report a blank if you have not performed verification for other reasons, i.e., because neither the FPS nor your school selected the student or because the student was selected by the FPS after ceasing to be enrolled at your school and all (including late) disbursements were made. A blank also applies when you disbursed aid on an initial transaction not selected for verification, a later transaction is selected, and the student never completes verification.

Suggested Verification Text

To review the suggested text for the 2024-25 award year, see the attachment [GEN-23-12](#). The suggested text fulfills verification requirements, but schools do not have to use it, except as noted below. Instead, they may develop and use their own (or someone else's) text, forms, documents, statements, and certifications that are specific to the items required to be verified for a particular student or group of students at the school. However, schools must not put the seal of the Department of Education on any verification documents.

The one exception is that schools **must** use the exact language provided in the “Statement of Educational Purpose” for students who are placed in verification tracking groups V4 or V5. This does not include the accompanying notary's certificate of acknowledgment; for that the school may use some other form, such as the one its state uses.

Chapter 5

Special Cases

There are unique situations where you will need to exercise your discretion as a financial aid administrator: when modifying data used to calculate the Student Aid Index (SAI), performing dependency overrides, resolving conflicting information, reporting cases of fraud, and determining a student to be an unaccompanied homeless youth.

The following special cases are discussed in further detail in this chapter:

- You may choose to exercise professional judgment (PJ) to adjust component of a student's cost of attendance or the data that determine a student's SAI to account for a student's **special circumstance**.
 - You might also choose to exercise PJ to account for a student's **unusual circumstances** that warrant making a dependent student an independent student.
 - You may need to determine if a student should be classified as an **unaccompanied homeless youth**.
 - You may need to resolve a discrepancy after receiving **conflicting information** for a student.
 - In some cases, you may discover that a student or employee has been guilty of **fraud** and should be reported to the Department.
-

Professional Judgment

The *FAFSA Simplification Act* (the Act) distinguishes between different categories of professional judgment by amending section 479A of the HEA.

- **Special Circumstances** refer to the financial situations (loss of a job, etc.) that justify an aid administrator adjusting data elements in the COA or in the SAI calculation.
- **Unusual Circumstances** refer to the conditions that justify an aid administrator making an adjustment to a student's dependency status based on a unique situation (e.g., human trafficking, refugee or asylee status, parental abuse or abandonment, incarceration), more commonly referred to as a dependency override.

A student may have both a special circumstance and an unusual circumstance. Financial aid administrators (FAAs) may make adjustments that are appropriate to each student's situation with appropriate documentation. See [GEN-22-15](#) for additional guidance and discussion of the changes made by the *FAFSA Simplification Act* and implemented beginning with the 2023-24 Award Year.

Special Circumstances

An FAA may use PJ on a case-by-case basis to adjust the components of a student's cost of attendance or the data used to calculate their SAI. This adjustment is valid only at the school making the change.

The law gives some examples of special circumstances that **may** be considered (HEA Sec. 479A):

- Change in employment status, income, or assets;
- Change in housing status (e.g., homelessness);
- Tuition expenses at an elementary or secondary school;
- Additional family members enrolled in college;
- Medical, dental, or nursing home expenses not covered by insurance;
- Child or dependent care expenses;
- Severe disability of the student or other member of the student's household; and
- Other changes or adjustments that impact the student's costs or ability to pay for college.

This is not an exhaustive list. You may use your discretion to make appropriate, reasonable adjustments to reflect a student's situation more accurately. You may also use your discretion to deny a student's request for adjustment. However, you may not maintain a policy to deny all requests for special circumstance adjustments. Your institution must develop policies and a process for reviewing requests for professional judgment. Additionally, your institution must publicly disclose that students may request an adjustment based on special circumstances. This could include (but is not

limited to) posting what may be considered a special or unusual circumstance on your website, including such information in communications to students, or adding language on award notifications.

The reason for your decision to approve or deny a request for professional judgment and any subsequent adjustments **must be documented**. The documentation must substantiate the special circumstances that differentiate the student—not conditions that exist for a whole class of students. Documentation can include a documented interview between the student and the financial aid administrator and supplementary information, as necessary, about the student’s financial status relating to the special circumstances for which the student is requesting an adjustment. You must resolve any inconsistent or conflicting information before making any adjustments. An FAA’s decision regarding adjustments is final and cannot be appealed to the Department.

The law **doesn’t allow you to modify either the formula or the tables used in the SAI calculation**; you can only change the cost of attendance, or the values of specific data elements used in the SAI calculation. In addition, you cannot adjust data elements or the cost of attendance solely because you believe the tables and formula are 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, you 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.

You also cannot use PJ to waive general student eligibility requirements or to circumvent the intent of the law or regulations. For instance, you cannot use PJ to change FSEOG selection criteria.

Occasionally FAAs have made decisions contrary to the professional judgment provision’s intent. These “unreasonable” judgments have included, for example, the reduction of SAIs based on recurring costs such as vacation expenses, tithing expenses, and standard living expenses (e.g. utilities, credit card expenses, children’s allowances, etc.). FAAs must make “reasonable” decisions that support the intent of the provision. Your school is held accountable for all professional judgment decisions and for fully documenting each decision.

When considering using PJ, an FAA should keep in mind that an income protection allowance (IPA) is included in the SAI calculation to account for modest living expenses. Before adjusting for an unusual expense, consider whether it is already covered by the IPA. It is reasonable to assume that approximately 30% of the IPA 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 is one of the intermediate values in the FAA Information section of the output document (labeled as “IPA”). See Chapter 3 for the IPA values and how they impact the student’s SAI calculation.

If you use professional judgment to adjust a data element, you must use the resulting SAI consistently for all *Title IV* awarded to that student. For example, if for awarding the student’s Pell Grant you adjust a data element that affects the SAI, that new SAI must also be used to determine the student’s eligibility for aid from the Campus-Based and Direct Loan programs.

If you make a PJ adjustment, you must set the FAA Adjustment flag. You submit a PJ change electronically, via the FAFSA Partner Portal or third-party software and may do so without a signature from the student or parent. In the FAFSA Partner Portal or Electronic Data Exchange (EDE), you must select “SAI adjustment requested” for the professional judgment field. The next ISIR will indicate “Professional judgment processed.”

If you exercise PJ for a student who was selected for verification (by you or the Department), you must complete verification first. This is to ensure that you have correct information before considering a PJ adjustment. You may, however, complete verification and then make the PJ adjustment on the same transaction.

You do not have to verify information that you will entirely remove due to PJ. For example, if a dependent student’s parents have separated after completion of the FAFSA form and one parent is no longer in the family size, you may decide to use PJ to remove that parent’s income from the FAFSA form. You do not have to verify that parent’s income prior to removing it. **Also, using PJ does not require you to verify a student’s application if they were not already selected for verification by the Department or your school.**

Finally, a school is not permitted to make a professional judgement for a student after that student has ceased to be eligible, including when a student is no longer enrolled.

The [verification page on the FSA Assessments site](#) has guidance to help you review your PJ and dependency override procedures; see Activity 2.

PJ examples

AVG, Chapter 5, Example 1: A student's parent had income earned from work of \$50,000 in 2022 but is no longer employed. After receiving documentation confirming this, the FAA at the student's college decides to adjust the AGI reported for the student's parents to account for their reduced income. The FAA also reduces the income earned from work for the student's parent to zero.

AVG, Chapter 5, Example 2: In 2022, a student had \$4,500 in medical expenses that were out-of-pocket costs. The student is married and has two children, so their IPA is \$56,970. Because the student's expenses were less than the amount for medical expenses already provided for in the IPA (11% of \$56,970 is \$6,267), the aid administrator chose not to adjust the student's FAFSA form.

AVG, Chapter 5, Example 3: A student's parents were married when they completed the FAFSA form but have now divorced. The parents filed their taxes jointly in 2022 but separately in 2023. The student receives more than 50% of their financial support from their mother, even though they do not live with their mother due to college enrollment. The FAA at the student's college determines that the mother's income and asset information should be reported on the FAFSA form. The FAA decides to collect the mother's 2023 tax return, since it only contains the mother's income information, and use it to update the 2024-25 FAFSA form. The FAA also updates the parent's marital status to "Divorced", family size to reflect that the second parent is no longer in the family, and tax filing status to accurately reflect the mother's 2023 tax return.

Professional Judgment During a Disaster, Emergency, or Economic Downturn

The *FAFSA Simplification Act*, enacted into law as part of the *Consolidated Appropriations Act, 2021*, and amended by the *Consolidated Appropriations Act, 2022*, codifies previous guidance from the Department (as issued in earlier Dear Colleague Letters) to use statutory authority to exercise professional judgment during a disaster, emergency, or economic downturn.

Financial aid administrators may, during a qualifying emergency:

- determine that the income earned from work for an applicant is zero, if the applicant can provide paper or electronic documentation of receipt of unemployment benefits or confirmation that an application for unemployment benefits was submitted; and
- make additional appropriate adjustments to the income earned from work for a student, parent, or spouse, as applicable, based on the totality of the family's situation, including consideration of unemployment benefits.

Acceptable documentation of unemployment should be submitted not more than 90 days from the date it was issued. However, institutions may use discretion to accept documentation older than 90 days under their general professional judgment authority if they do not have reason to believe there is conflicting information.

Further, the Department will adjust the program review selection model to account for an increase in the use of professional judgment by schools during the award years applicable to the qualifying emergency.

The Foreign Earned Income Exclusion and PJ

Beginning with the 2024-25 award year, the amount a taxpayer claims as the foreign earned income exclusion will count as untaxed income on the FAFSA form. Because this appears in untaxed income rather than the AGI, it will not be counted when determining students' eligibility for a maximum Pell Grant. As we noted in [GEN-23-11](#), there will be a new C flag on the ISIR that indicates to schools to review how the amount impacts a student's eligibility for the maximum Pell Grant prior to awarding aid. As we instructed in our online [Q & As](#) (SAI-Q5 and SAI-Q6) FAAs must review eligibility for applicants (and their spouse or parent) who reported receiving a foreign earned income exclusion and are eligible for the maximum Pell Grant award. If an ISIR contains both a Maximum Pell indicator flag and a valid value in the "Foreign Earned Income

Exclusion” data field, we will flag the ISIR for the FAA to review.

The FAA will determine—via manual or estimated SAI calculation—if adding the exempted foreign income to the adjusted gross income (AGI) would make the student ineligible to receive the maximum Pell Grant award. If that would occur, the FAA must determine whether it is appropriate to use PJ to account for the foreign income in determining the student’s eligibility for the maximum Pell Grant. If the FAA decides that it is appropriate, the FAA may move the foreign earned income amount from untaxed income to AGI or request additional documentation of the foreign income prior to performing the adjustment. If the FAA decides to add the untaxed foreign earned income to the AGI, the FAA must check the PJ flag on the ISIR before submitting the correction.

Foreign earned income exclusion PJ

AVG, Chapter 5, Example 4: A dependent student’s parent has an overseas business that earns income for which the parent claims the foreign earned income exclusion on Schedule 1 of their IRS Form 1040. The FAA notices this amount on the ISIR and that the Maximum Pell indicator flag has been set, which means that the FAA is required to review the case. The FAA does a manual calculation of the student’s SAI with the amount of the exclusion included as AGI rather than as untaxed income. Because the amount is the maximum that could be claimed (\$112,000 for tax year 2022), transferring the amount from untaxed income to AGI makes the student ineligible for an automatic maximum Pell Grant. The FAA decides to use PJ to move the amount of the foreign earned income exclusion to the parent’s AGI.

Refusing or Reducing a Loan

FAAs may also use their discretion to refuse or reduce Direct Loan funds if they document the reason, make the determination on a case-by-case basis, notify the student in writing, and ensure the decision is not due to discrimination based on race, national origin, religion, sex, income, age, or disability.

Refusing or reducing a loan

[34 CFR 685.301\(a\)\(8\)](#)

Unusual Circumstances

The *FAFSA Simplification Act* provides a clearer directive for FAAs to assist applicants with unusual circumstances to adjust dependency status on the FAFSA form to reflect students’ situations more accurately (dependency overrides). Like other types of professional judgments, institutions must make students aware of their ability to request an adjustment for unusual circumstances by publicly posting the option on their website.

An FAA may conduct dependency overrides on a **case-by-case** basis for students with unusual circumstances. If the FAA determines that an override is appropriate, they must maintain the determination with any supporting documentation.

Dependency overrides

HEA Sec. 479A(c) and 480(d)(9)

[GEN-22-15](#).

Under HEA Sec. 480(d)(9), the *FAFSA Simplification Act* incorporated additional unusual circumstances to consider when a student is unable to contact a parent or where contact with parents poses a risk to such student.

Unusual circumstances do include (but are not limited to):

- Human trafficking, as described in the Trafficking Victims Protection Act of 2000 (22 U.S.C. 7101 et seq.);
- Legally granted refugee or asylum status;
- Parental abandonment or estrangement; or
- Student or parental incarceration.

In such cases an override might be warranted based upon the student's individual circumstances. These conditions would also not disqualify a student from being a homeless unaccompanied youth or self-supporting and at risk of homelessness.

However, none of the conditions listed below, singly or in combination, qualify as unusual circumstances meriting a dependency override.

Unusual circumstances do not include:

- Parents refuse to contribute to the student's education.
- Parents will not provide information for the FAFSA or verification.
- Parents do not claim the student as a dependent for income tax purposes.
- Student demonstrates total self-sufficiency.

An aid administrator may override only from dependent to independent.

Additionally, the *FAFSA Simplification Act* introduced new requirements for processing and communicating with students who request an adjustment for unusual circumstances. Schools and financial aid administrators must:

- Notify students the school's process, requirements, and reasonable timeline to review adjustment requests after their FAFSA form is submitted;
- Provide students with a final determination of their dependency status and financial aid offer as soon as practicable after reviewing all requested documentation;
- Retain all documentation, including documented interviews, related to the adjustment for at least three years after the student's last term of enrollment; and
- Presume that any student who has obtained an adjustment for unusual circumstances and a final determination of independence to be independent for each subsequent award year at the same institution unless--
 - The student informs the institution that their circumstances have changed; or
 - The institution has conflicting information about the student's independence.

Documentation is critical – schools must ensure that any supporting documentation they collect is adequate to substantiate the student's circumstances. Documentation may include (but is not limited to) the following:

- a documented interview between the student and the financial aid administrator;
- submission of a court order or official federal or state documentation that the student or student's parents or legal guardians are incarcerated;
- a documented phone call or written statement, which confirms the unusual circumstances with:
 - a state, county or tribal welfare agency;
 - an independent living case worker who supports current and former foster youth with the transition to adulthood; or
 - a public or private agency, facility, or program servicing the victims of abuse, neglect, assault, or violence.
- a documented phone call or written statement from an attorney, guardian ad litem, a court-appointed special advocate (or similar), or a representative of a TRIO or GEAR UP program which confirms the circumstances and the person's relationship to the student;
- a documented determination of independence made by a financial aid administrator at another institution in the


same or a prior award year; or

- utility bills, health insurance, or other documents that demonstrate a separation from parents or legal guardians.

FAAs may use a dependency override made in a prior award year at the same institution. In fact, the Department encourages you to use the flexibility in the law to presume a student with a dependency override is independent in subsequent years unless the student tells you their situation has changed, or you have conflicting information. Though institutions can ask students if their unusual circumstances or homeless situation has changed each year, they should not maintain a practice that delays or hinders financial aid for such a student, nor may they require the student to answer prior to packaging or disbursing aid or require the student to submit additional documentation unless there is conflicting information that the institution needs to resolve.

To override the student's dependent status on an initial application through the FAFSA Partner Portal, the FAA should use the Dependency Override code of "1" (see *Volume 4 - Record Layouts and Processing Codes* of the [2024-25 FAFSA Specifications Guide](#) for more information).

To authorize a dependency override on a paper FAFSA form, the FAA marks the bubble for an override, labeled "D/O," in the "College Use Only" area, fills in the school's federal code, and signs. A separate letter attached to the application in lieu of making the override is **not** acceptable.



The image shows a close-up of the 'College Use Only' section of a FAFSA form. It features a 'D/O' bubble, a 'Federal school code' field with a grid of boxes, and an 'FAA signature' field with a line for writing. A small icon of a person is visible on the right side of the signature field.

If the student has already applied, you can use the FAFSA Partner Portal to authorize or cancel an override; overrides cannot be done on the FAFSA Submission Summary. If a student had an override done at another school in the current year, that will be noted with the school's federal code on the FAFSA Partner Portal. Only the school performing the override will receive that transaction. If the student adds your school to the transaction or gives you their data release number (DRN), you can access the record.

Dependency override example

AVG, Chapter 5, Example 5: A student is a refugee from Ukraine who qualifies for federal student aid as an eligible noncitizen. The student's FAFSA form was rejected because the student is a dependent student and did not provide data for their parents. When the aid administrator asks the student for their parents' information, the student says their parents are in Ukraine and have been displaced due to the upheaval there. The student doesn't know how to contact them. The FAA asks the student for documentation and the student says they have a relative living in the U.S. who can confirm the situation. The FAA, per institutional policy, asks for the relative to either appear in person and sign a statement confirming the student's account or to send the aid office a notarized statement. The relative, who works not far from the school, comes to the aid office, signs the statement, and the FAA grants the student a dependency override.

Unable to Provide Parent Data

Students can indicate on the FAFSA form that they believe they have unusual circumstances that prevent them from providing parental data. Those who indicate this are thoroughly informed about what warrants a dependency override and what the results will be for their application. If they complete the screening steps and do not include parental data, they will receive a provisional status as an independent student and a provisional SAI calculation. The record will be rejected, pending further action from the student's FAA. You will have to review the student's situation and determine if the student:

- Is unaccompanied and homeless;
- Merits a dependency override;
- Must instead provide parental data; or
- Should be permitted to borrow only unsubsidized loans because they can document that their parents have refused to support them or to provide parental information on the student's FAFSA.

Dependent Students without Parent Support

Dependent students whose parents refuse to support them are not eligible for a dependency override, but they may be able to receive a dependent level Direct Unsubsidized Loan only. For a student to be eligible for this provision you must document the following:

- The student's parents refuse to complete the FAFSA; **or**
- The student's parents do not and will not provide any financial support to the student (include the date support ended).

If the parents refuse to sign and date a statement to this effect, you must get documentation from a third party (the student is not sufficient), such as a teacher, counselor, cleric, or court.

This situation does not on its own justify a dependency override. However, resolving the situation is at your discretion. If you decide that a student falls into this category, you must document your decision and ensure that the student submits a FAFSA form and passes all the eligibility matches. The result will be a rejected application with no SAI. You can then award the student a Direct Unsubsidized Loan up to the maximum the student would normally be eligible for depending on his or her grade level (but not the amount a student can get when his or her parent is unable to get a Direct PLUS Loan).

Unaccompanied Homeless Youth

If a student does not have and cannot get documentation from any of the authorities listed under the "Unaccompanied homeless youth" section in Chapter 2, you (the FAA) must document and determine if they are an unaccompanied youth who is homeless or is self-supporting and at risk of being homeless. Any student who is not yet 24 may qualify for a homeless youth determination. It is important to make homeless youth determinations on a case-by-case basis.

Homeless Youth Determinations

A student is considered homeless if they lack fixed, regular, and adequate housing. This is broader than just living "on the street." It includes but is not limited to:

- youth sharing housing with other people temporarily because they had nowhere else to go;
- youth living in emergency or transitional shelters, for example, trailers provided by the Federal Emergency Management Agency after disasters;
- youth living in motels, campgrounds, cars, parks, abandoned buildings, bus or train stations, substandard housing, or any public or private place not designed for humans to live in;
- youth living in the school dormitory if they would otherwise be homeless; and
- youth who are migrants and who qualify as experiencing homeless because they are living in circumstances described above.

The documentation for an FAA's evaluation of the living arrangements of a student must demonstrate that they meet the definition of this category of independent student. The determination may be based upon a written statement from, or a documented interview with, the student that confirms that they are an unaccompanied homeless youth, or unaccompanied, at risk of homelessness, and self-supporting. Such determination should be made without regard to the reasons that the student is unaccompanied and/or homeless.

Homeless youth determination example

AVG, Chapter 5, Example 6: A student came out to their parents as transgender when they were 14. The student's relationship with their parents deteriorated and they told the student to move out. The student reached out to their high school counselor for help, who asked if the student had some place to go. The parents of the student's good friend said that the student could stay with them. Though the friend's family is providing the student with a place to stay, this is **not** considered fixed, regular, and adequate nighttime residence as the friend's family may revoke their offer for shelter at any time. The student would be considered an unaccompanied youth who is self-supporting and at risk of homelessness.

The student's relationship with their parents did not improve, and over the next several years the student had almost no contact with them. When the student completed their FAFSA for the first time, they were unable to provide parental information but indicated on the form that they have an unusual circumstance. Their FAFSA was processed with the student as provisionally independent. The FAA at the student's school spoke to the student and requested an explanation of their circumstance. The student told the FAA about their situation, and the FAA asked them to provide documentation. The student was unable to obtain documentation of their homeless youth determination from their high school counselor. The FAA conducted and documented an interview with the student to confirm that they are still experiencing homelessness and are self-supporting. The FAA helped the student correct their FAFSA to indicate that they are a homeless youth with a determination by a Financial Aid Administrator. A dependency override is unnecessary because the student is considered an independent student on their FAFSA form due to homelessness.

Remember the following when you are making a homeless youth determination:

- Ask for help with determining eligibility from local school district homeless liaisons, state homeless education coordinators, the National Center for Homeless Education (<https://nche.ed.gov/higher-education/>), or the National Association for the Education of Homeless Children and Youth (<https://naehcy.org/higher-education/>). Search for "Making Student Status Determinations for Unaccompanied Homeless Youth" to find worksheets and tools to help make your determination.
- 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. *Don't focus on why the student is homeless or unaccompanied but on whether the evidence shows they are an unaccompanied homeless youth.*
- Determine eligibility based on the legal definitions provided (see "Homeless youth definitions" below).
- Recall that unaccompanied homeless youth may use the address of your school as their own on the FAFSA form.

For students you determine to be unaccompanied homeless youths or unaccompanied, self-supporting youths at risk of being homeless, update the answer to the "Student Other Circumstances" question on the FAFSA form to "yes" and select "Financial aid administrator" as the determiner in the FAFSA Partner Portal or EDE.

Finally, you should also presume that a student for whom your institution has made a determination of homelessness continues to be independent in each subsequent year at your institution unless the student tells you their circumstances have changed or you have conflicting information. You should also consider documentation from an FAA at another institution that made a documented determination that a student was an unaccompanied homeless youth in the same or prior award year to be adequate documentation to make such a determination at your institution.

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 or her 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.

Housing Status Definitions

- **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.

Timing of Determinations of Independence

The *FAFSA Simplification Act* provides additional guidance on the timing of determinations of independence for certain student populations (HEA 479D(c)). These include unaccompanied homeless youth or at-risk homeless youth, foster care youth, orphans, wards of the court, and students with unusual circumstances.

Institutions must review all requests for a determination of independence as quickly as practicable, but no later than 60 days after the student enrolls.

Note that the timeframe in the law is intended to encourage FAAs to make determinations as quickly as practicable. It is not intended to inhibit FAAs from making such a determination when a student requests one later in an award year. We encourage you to act on a request for a determination of independence within 60 days of the student making such a request. Further, you may deny such requests if a student does not provide requested documentation within the 60-day timeframe.

Conflicting Information

In addition to reviewing application and data match information from the FPS, a school must have an adequate internal system to identify conflicting information—regardless of the source and regardless of whether the student is selected for verification—that would affect a student’s eligibility, such as information from the admissions office as to whether the student has a high school diploma or information from other offices regarding academic progress and enrollment status. The school must resolve all such conflicting information, except when the student dies during the award year or when they are no longer enrolled and will not re-enroll; if the student later enrolls, you are again obligated to resolve the conflicting information.

Requirement to identify and resolve discrepant information

[34 CFR 668.16\(f\)](#)

If your school has conflicting information concerning a student’s eligibility or you have any reason to believe his or her application information is incorrect, you must resolve the discrepancies before disbursing *Title IV* funds and, as with verification, before making any PJ adjustment. If you discover discrepancies after disbursing *Title IV* funds, you must still reconcile the conflicting information and take appropriate action under the specific program requirements (depending on the outcome, funds may have to be returned).

Requirement to verify questionable data

[34 CFR 668.54\(a\)\(2\)](#)

Note: The Department published [Electronic Announcement GEN-24-71](#) on June 17, 2024 to remind schools of the requirement to identify and resolve conflicting information and to clarify what is considered conflicting information for the 2024-25 award year. Reference this guidance for additional information.

Subsequent ISIRs

You are generally required to review all subsequent transactions for a student for the entire processing year even if you verified an earlier transaction. An exception to this requirement is if a later transaction comes in after the student is no longer enrolled at your institution. Review the SAI or C flag for changes. Review new comments or NSLDS information that impacts eligibility for aid. Check any updates or corrections or whether the verification tracking group has changed. If the SAI has not changed and there are no changes in the C flag, verification tracking group, or NSLDS information, no action is generally required. If the SAI does change but it either doesn't affect the amount and type of aid received or the data elements that changed were already verified, no action is required. But if the SAI changes and the pertinent data elements were not verified, then you must investigate. Of course, any time the C flag changes or NSLDS data have been modified, you must resolve any conflicts.

Discrepant Tax Data

Financial aid administrators do not need to be tax experts, yet there are some issues that even a layperson with basic tax law information can evaluate. Because conflicting data often involve such information, FAAs must have a fundamental understanding of relevant tax issues that can impact the need analysis. You are obligated to know (1) whether a person was required to file a tax return and (2) what the correct filing status for a person should be. The IRS's online [Interactive Tax Assistant](#) can help with these and other issues by walking the user through a series of questions. [IRS Publication 17](#) is also a useful resource.

Discrepant tax data example

AVG, Chapter 5, Example 7: An FAA who notices that a dependent student's parents, who are married and live together, have each filed as head of household (which offers a greater tax deduction than filing as single or married). The FAA must ask if that is the right status. Resolution of the conflict could be the parents refiling and submitting a copy of the amended return or a reasonable explanation of why there really is no conflict under IRS rules.

Resolution of Conflicting Information

You must resolve conflicting information prior to disbursing aid to a student enrolled at your school. **Even if the conflict concerns a previous award year, you must still investigate it.** You have resolved the matter when you have determined which data are correct; this might simply be confirming that an earlier determination was the right one. You must document your findings and include an explanation that justifies your decision.

The [verification page on the FSA Assessments site](#) has guidance to help you review your conflicting information procedures; see Activity 1.

Referral of Fraud Cases

If you suspect that a student, employee, or other individual has misreported information or altered documentation to fraudulently obtain federal funds, you must report your suspicions and provide any evidence to the Office of Inspector General (OIG). See also *Volume 2*.

OIG Contact Information

Address: OIG Headquarters, U.S. Department of Education, 400 Maryland Avenue, SW, Washington, DC 20202-1500

Web: <https://oig.ed.gov/contact-us>

Hotline: <https://oig.ed.gov/oig-hotline>

Phone: 1-800-MIS-USED (1-800-647-8733)

Hours: M, W 9-11 a.m. T, Th 1-3 p.m.

Regional Offices: An updated listing of regional offices and contact information is available at <https://oig.ed.gov/contact-us>.

OIG referrals

[34 CFR 668.16\(g\)](#)

Reporting Fraud Rings (Distance Education)

Resolution of conflicting information

Institutions now submit fraud ring complaints through the Department's OIG encrypted complaint web portal at the URL address <https://oighotlineportal.ed.gov>. The portal provides consistency and improves communication delivery. Because the portal is encrypted, institutions no longer need to encrypt submitted documents.

Additionally, institutions will submit a Fraud Ring Reporting Spreadsheet through the OIG's complaint process. For more information on how to report fraud rings or for a copy of the Fraud Ring Reporting Spreadsheet, please review the [August 21, 2020 electronic announcement](#), which was updated in November, 2022, to reflect a change in the process.

FSA Feedback Center

Through the [FSA Feedback Center](#), students, parents, and others can submit the following feedback to the Department:

- Compliments about a positive experience they have had with the Department, a school, or a federal loan servicer; or
- Allegations of suspicious activity by a school or person.

Individuals can also submit complaints about the following to the Department:

- Applying for and receiving federal loans, grants, and work study;
- Experiences with federal loan servicers, collection agencies, or the Department; and
- Schools—their administration of the *Title IV* programs, marketing and recruitment practices, or misrepresentations of facts.