
Introduction



This publication is intended for financial aid administrators and counselors who help students begin the aid process—filing the Free Application for Federal Student Aid (FAFSA), verifying information, and making corrections and other changes to the information reported on the FAFSA.

Throughout the Handbook we use “college,” “school,” and “institution” interchangeably unless some more specific use is given. “Parents” in this volume refers to the parents of dependent students, and “you” refers to the primary audience of the Handbook: financial aid administrators at colleges. “We” indicates the United States Department of Education (Department, ED), and “federal student aid” and “Title IV aid” are synonymous terms for the financial aid offered by that department.

We appreciate any comments that you have regarding the Application and Verification Guide (AVG), as well as all the volumes of the Federal Student Aid Handbook. We revise and clarify the text in response to questions and feedback from the financial aid community, so please contact us at fsaschoolspubs@ed.gov to let us know how to improve the Handbook so that it is always clear and informative.

CHANGES FOR 2011–2012

Because Academic Competitiveness and National Science and Mathematics Access to Retain Talent Grant program funding was not extended, we have removed all references to ACG and National SMART in this volume.

We removed the clause at the top of the first page of Chapter 1 and the margin note indicating that students who are only receiving a parent PLUS loan don’t need to fill out a FAFSA; those students must now fill out the application.

In the margin of page 8 we included the new definition of a valid SAR and ISIR.

On page 11 we noted there is a new FAFSA question that asks for the name, city, and state of the high school the student graduated from. This question pertains to the new requirement that colleges must investigate the high school completion of a student when they or the Department has reason to suspect that the diploma is not valid or did not come from an entity that provides a secondary school education. See *Volume 1: Student Eligibility* for more information.

Under Step 1 in *Chapter 2* we removed the guidance pertaining to the questions on enrollment status and prospective teachers because those questions were removed from the application.

We expanded the guidance on page 13 about IRS Data Retrieval and noted how it will become more important beginning in the 2012–2013 year.

On page 19 we added a note in the margin that the making work pay tax credit counts as untaxed income on the FAFSA, and we included the long-time resident homebuyer tax credit in the existing note about the new homebuyer credit.

Sometimes a student will receive an outside stipend or other award that is difficult to classify as income or estimated financial assistance. We added guidance to the margin of page 19 that we hope will help you determine if such an award counts as estimated financial assistance or not.

We removed the text that indicated that the first \$2,400 of unemployment benefits counts as untaxed income. The exclusion of those funds from taxable income was a provision, thus far not extended, of the American Recovery and Reinvestment Act of 2009.

The maximum income a student or parent can have and remain eligible for the automatic zero EFC is now \$31,000. We note this on page 40.

While the program integrity regulations package that was published in the *Federal Register* on October 29, 2010, contained a new Subpart E for verification, that subpart will not be effective until July 1, 2012, so this volume does not contain those changes to verification.

Also in Chapter 4 we replaced the references to the Special Leveraging Educational Assistance Partnership (SLEAP) program with references to the Grants for Access and Persistence (GAP) program.

We revised the Quality Assurance Program margin note on page 80.

We received inquiries about whether students needed to complete verification if they were not selected until after they were no longer enrolled at the school. As long as these students will not receive a late disbursement, you do not need to verify their application. We note this on page 81.

In a margin note on page 83, we updated the reference to Dear Colleague Letter (DCL) GEN-04-04 to GEN-10-16, which supersedes earlier guidance on awarding Title IV aid in the aftermath of federally declared disasters.

We added text to pages 84, 88, and 89 explaining that acceptable documentation for income, taxes paid, and certain types of untaxed income includes a code on the ISIR indicating that the student or parents retrieved their data directly from the IRS and didn't change it.

We added a margin note to page 102 citing DCL GEN-11-04, which discusses in part previous special guidance that is still in effect on the use of professional judgment (PJ) for persons receiving unemployment benefits.