



What Should Schools Do If Concerned About Parents Placing Their Children In Legal Guardianships Solely for Financial Aid Eligibility Purposes?

In light of all the recent [news coverage](#) about parents placing their children in legal guardianships solely for financial aid eligibility purposes, do you have any advice on how to proceed if I am concerned this is happening at my institution?

Background and Answer: Under the Higher Education Act, a student is an independent student if they are, or were immediately prior to attaining the age of majority, in legal guardianship as determined by a court of competent jurisdiction in the student's state of legal residence.

Schools cannot “overturn” a court’s decision. That is, schools do not have the professional judgment authority to adjust a student’s dependency status from independent to dependent. However, there are some tools available to you if you suspect that a student’s legal guardianship was established solely for dependency status purposes.

Question 45j on the 2019-20 FAFSA requests that students report “Money received, or paid on your behalf (e.g., bills), not reported elsewhere on this form.” Typical sources of cash support from parents of independent students that must be reported here include, but are not limited to assistance with:

- Health or car insurance bills
- Cell phone bills
- Rent or housing bills
- Higher education expenses

Untaxed income is reported from the prior-prior year, so for the 2019-20 FAFSA, the financial support would be received during 2017.

If you suspect that a student in legal guardianship (or any independent student) may have received such financial support, you could request further information from the student, along with a reminder that by signing the FAFSA, they certified that the information provided is true and complete to the best of their knowledge. If your suspicion is more than just a suspicion, and you feel that you have conflicting information, resolution is required.

Inclusion of “money received or paid on your behalf” after the FAFSA was initially completed is a FAFSA correction, not professional judgment.

In-kind support, which in this context is commonly free housing and food, is not included as untaxed income on the FAFSA. However, you may use professional judgment (e.g., by reducing the cost of attendance or increasing income) with students who receive such in-kind support. Other examples of in-kind support may be found on page AVG-22 of the 2019-20 [FSA Handbook](#).

Note that this applies only to federal student aid. State aid laws may vary, and schools have discretion to administer and determine eligibility for their own institutional aid programs as they see fit.

Legal guardianship status is not a required verification item and NASFAA discourages schools from changing institutional policies to verify or request documentation for all students reporting legal guardianship status. While egregious, the examples cited in the press appear to be geographically localized. NASFAA’s working

assumption is the vast majority of legal guardianships are for reasons that legitimately qualify for independent student status and schools should be mindful that blanket verification policies may very likely create unmanageable burden for some of our most vulnerable students.