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Manager of the Strategic Collections and Clearance Governance and Strategy Division
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Docket ID ED-2025-SCC-0011

To whom it may concern:

On behalf of the National Association of Student Financial Aid Administrators (NASFAA) and our 3,000 member institutions, we respectfully submit to the U.S. Department of Education (ED) our comments on the 2026-27 Free Application for Federal Student Aid (FAFSA) (Docket ID ED-2025-SCC-0011).

NASFAA represents nearly 29,000 financial aid professionals who serve 16 million students each year at colleges and universities in all sectors throughout the country. NASFAA member institutions serve nine out of every 10 undergraduates in the U.S.

We appreciate ED's commitment to an October 1, 2025 release for the 2026-27 FAFSA. For the past two financial aid cycles the FAFSA has deviated from the traditional October 1 launch, creating confusion for applicants and giving them less time to apply for aid and evaluate financial aid offers to ensure they are making affordable college choices.

We also appreciate the Department's return to its standard public notice and comment process for the 2026-27 FAFSA. Lingering issues from the 2024-25 FAFSA launch continued to plague the 2025-26 cycle, for which ED committed to making only minor changes in the interest of meeting its statutory deadline for the FAFSA release. We cannot wait another year for the FAFSA to be as intuitive as possible for applicants to complete, with clear question wording and instructions and all issues from the past two application cycles resolved.

We offer the following specific feedback for improving the 2026-27 FAFSA experience. Whatever revisions are made, we ask they be made to both the online and the paper FAFSA (both the standard and Incarcerated Applicant Form, unless otherwise indicated). Conflicting instructions between different versions of the form and in the Application and Verification Guide of the Federal Student Aid Handbook make it even more difficult for financial aid administrators and college access professionals to help students complete their applications, and the lack of a FAFSA demonstration site exacerbates the problem.

Commit to Using FAFSA Data for Intended Uses Only

There has been significant concern among families with mixed immigration status that FAFSA data could be used to identify non-citizen FAFSA contributors (applicants' parents and spouses) for immigration enforcement purposes. This could prevent eligible students from applying for financial aid they are entitled to receive and keep them from enrolling in or completing college. We ask that ED make assurances that it does not intend, now or in the future, to use FAFSA data for immigration enforcement purposes, as has been the case for the more than 30 years the FAFSA has existed.

Provide Applicants Whose Contributors Lack an SSN the Full Benefit of FAFSA Simplification

ED must work with the Internal Revenue Service (IRS) to ensure that the FUTURE Act Direct Data Exchange (FA-DDX) is fully operational for applicants with contributors who lack a Social Security number (SSN). This process has not functioned for these students for the past two aid cycles. This means hundreds of thousands of students have lost out on one of the key improvements to the FAFSA. Instead, they are forced to manually answer the income questions, which are some of the most difficult and error-prone questions on the entire FAFSA.

These students' current FAFSA experience reflects the experience of students completing the FAFSA 15 years ago, before the Data Retrieval Tool (DRT) was introduced, because even that is no longer available to them.

It is unacceptable that two full FAFSA cycles will have passed without resolution to this critical function of the FAFSA simplification effort.

ED must also make improvements to the identity validation process for these contributors, both to increase the number of contributors whose identities can be validated through the automated Transunion process and to simplify the manual process—which is currently disabled—for those who Transunion cannot validate. We are grateful to ED for greatly expanding the number

of documents these individuals can submit to document their identity. Before re-opening the manual identity validation process, ED must ensure that it is both easily accessible and secure.

Permanent Mailing Address

Applicants and contributors who are experiencing homelessness or a lack of regular housing often struggle with providing a permanent mailing address. The notes section of the paper FAFSA states: “If you are homeless or have no stable address, you can provide an address where you can reliably receive mail.” We ask that this same text be displayed with the actual question text, both on the online and paper FAFSA, to help students more accurately answer this question.

High School Completion Status

NASFAA members have raised concerns regarding students incorrectly selecting “none of the previous” when asked for their high school completion status (Question 17 on the paper FAFSA). We request additional text be added to the “none of the previous” response to help ensure it is only selected when accurate. One suggestion is to add a note to the response option stating: “Only select this option if, **when the student begins the 2026-27 school year**, the student does not have a high school diploma or state-recognized high school equivalent and did not complete secondary school in a home school setting.” This change could help reduce the number of students incorrectly selecting “none of the previous.” This distinction is clear on the applicable help text page, but we believe it would be even more effective if the text were also present on the form itself.

Veteran Definition

The FAFSA Simplification Act changed the statutory basis for determining who is a veteran for Title IV eligibility purposes. The Higher Education Act (HEA), as amended, cites Title 38 of the U.S. Code, section 101(2), for the definition of a veteran and further provides that the term veteran includes any person who falls under Title 38, sections 101(21)-(23).

The paper FAFSA (Notes, page 21) provides instructions for determining whether a student should indicate they are a veteran on the Student Personal Circumstances question (Question 5). The definition and description of who is a veteran on the paper FAFSA instructions appear to align with the definition in the HEA. However, we have concerns.

While the paper FAFSA provides definitions of “active duty for training” and “inactive duty training,” we ask that citations referencing the U.S. Code be provided with these definitions, as well as the full definitions of “active duty” as stated in Title 38, section 101(21), and “active military, naval, air, or space service” as stated in Title 38, section 101(24). While (24) is not explicitly noted in the HEA, this is where the actual definition of “active military, naval, air, or

space service” referenced in Title 38, section 101(2) resides in statute. These definitions should also be added to the online FAFSA help text, which currently does not define any of these terms.

We are concerned that schools may incorrectly determine that a student is not a veteran when, in fact, based on the statutory language, they meet the veteran definition. This is especially problematic if veteran status is the only reason a student would be considered independent on the FAFSA because reliance on an incorrect definition would incorrectly classify the student as dependent and potentially deprive them of thousands of dollars of financial assistance.

Unaccompanied Homeless Youth

We ask the Department to remove the specific date in the Student Homelessness question (Question 6 on the paper FAFSA) related to Unaccompanied Homeless Youth status. The July 1 date is not specified in the HEA and is likely confusing for students who are unlikely to know the exact date they began experiencing homelessness or became at risk of homelessness. We suggest instead asking, “At any time during 2024 or 2025 was the student unaccompanied and either (1) homeless or (2) self-supporting and at risk of being homeless?” This time frame mimics the time frame used in other questions on the FAFSA, such as the receipt of means-tested federal benefits.

Student Demographic Information

The 2026-27 cycle represents the fourth consecutive aid cycle in which the FAFSA has offered different response options to this question. Prior to 2023-24, the FAFSA asked applicants if they were male, solely for purposes of confirming Selective Service System (SSS) registration for student eligibility purposes.

When the SSS registration requirement was eliminated beginning in 2023-24, ED removed the question entirely from the FAFSA and replaced it with an optional survey question. In 2024-25 and 2025-26, ED moved the question from the survey to the FAFSA itself, offering four responses: male, female, nonbinary, and prefer not to answer. Finally, in February 2025, ED changed the response options for all currently open years as well as for 2026-27 to offer just two responses: male and female.

Understanding that the law now requires ED to ask the applicant’s sex on the FAFSA, it does not preclude ED from including a “prefer not to answer” option as has been offered for the past several years. Adding this response option back to the FAFSA would allow ED to more accurately and consistently evaluate the student aid programs for different student demographic categories across aid cycles.

Federal Benefits Received

We request that ED remove an applicant's receipt of "free or reduced-price school lunch" from the conditions that qualify applicants for an exemption to asset reporting. While this question is required to be asked on the FAFSA, NASFAA's understanding is that Congress intended it as an information-only question and not as a pathway to the asset exemption.

HEA section 479(b)(2)(D,) as amended by the FAFSA Simplification Act, allows recipients of certain means-tested benefits to qualify for an exemption to reporting assets on the FAFSA. Section 479(b)(4)(H) specifies the types of means-tested benefits that qualify for this exemption and includes in (vii), "Other means-tested programs determined by the Secretary to be approximately consistent with the income eligibility requirements of the means-tested programs under clauses (i) through (vi)." Under this provision, ED has selected the free and reduced-price school lunch program as a qualifier for the asset exemption.

In many states, the free and reduced-price lunch program is a suitable proxy for low-income status. However, in some states, especially since the COVID-19 pandemic, free and reduced-price lunch programs have been expanded to an extent that many — if not most of — the families that receive free and reduced-price lunch have earnings that exceed other means-tested benefits programs' income caps, as well as the income that qualifies students for an automatic maximum Pell Grant award under 401(b)(1)(A). While we applaud states that provide universal access to free meals for elementary and secondary school students, these policies cause the program to no longer serve as an adequate proxy for low-income status in those states.

If higher-earning families respond "Yes" to the FAFSA question asking whether they receive means-tested benefits, they could qualify for significantly more federal student aid than they would otherwise be eligible, fundamentally undermining the integrity and intent of the student aid programs — to ensure that need-based aid is provided first and foremost to low- and middle-income students and families.

We appreciate the addition of instructions for this question that families should only indicate receipt of free or reduced-price lunches if they meet the USDA income guidelines. However, people are unlikely to seek further instructions on a question whose answer appears straightforward, meaning it is still likely that many applicants will incorrectly answer the question. It is also unclear whether families always know whether they qualify for this program via the USDA guidelines versus via community eligibility.

Incorrect responses to this question are creating burden for financial aid administrators, who must de-select incorrect responses to this question when they know the applicant's family does

not meet the USDA guidelines. This requires either a manual correction in ED's FAFSA Partner Portal for each applicant who incorrectly answers this question, or a two-step process through a recently developed batch corrections process.

We recommend adding explanatory text below the "Free or reduced-price school lunch" option, such as, "Only check this box if you meet the USDA income guidelines for this benefit," with a link to the USDA guidelines to better guide applicants to answer this question correctly.

Given the significant overlap of free lunch receipt with other means-tested benefits that qualify applicants for the asset exclusion (more than three-quarters of free and reduced-price lunch recipients qualify for the Supplemental Nutrition Assistance Program or the Special Supplemental Nutrition Program for Women, Infants, and Children¹), plus the new automatic maximum Pell Grant award for lower-income families, it is unlikely a family that should be exempt from reporting assets on the FAFSA would miss this opportunity if free lunch were no longer a qualifier for the asset exemption.

College Grant and Scholarship Aid

We are concerned that applicants are incorrectly entering data into this field when, in fact, they do not have taxable grant and scholarship aid reported to the IRS as income. NASFAA members have reported applicants entering their full adjusted gross income (AGI) or their total amount of scholarships and grants as reported on their Form 1098-T.

The 2026-27 draft paper FAFSA includes messaging with the question text that states: "The student/parent paid taxes on these grants, scholarships, or benefits. These usually apply to those renewing their FAFSA form, not to first-time applicants. If the student/parent is married, include the amount their spouse reported." We suggest the following messaging be included with the question text on the paper and online FAFSA: "Most scholarships and grants are not taxable unless those award amounts exceed the total amount the student paid for tuition, fees, books, supplies, and required equipment. Typically, this is not the same amount as the adjusted gross income (IRS Form 1040, line 11) or the total scholarships and grants on IRS Form 1098-T (Box 5). If the student/parent is married, include the amount their spouse reported."

Additionally, we suggest a pop-up message on the online FAFSA if the student or parent enters an amount other than zero in this field. The pop-up message could prompt them to review their response before continuing to the next field.

¹ <https://www.census.gov/library/visualizations/interactive/social-safety-net-benefits.html>

We also suggest that the help text page “College Grants, Scholarships, or AmeriCorps Benefits Reported As Income to the IRS” add a statement that this response is not typically the same as the scholarships and grants reported on IRS Form 1098-T (Box 5).

Education Tax Credits

Electronic Announcement (EA) GEN-24-29 identified inconsistencies between the education tax credit information being transmitted to the FAFSA via the FA-DDX and the FAFSA instructions for applicants who were manually entering their education tax credits. The EA indicated that the FAFSA instructions were incorrectly directing applicants to report IRS Form 1040 Schedule 3, line 3, while the FA-DDX IRS was providing data from Form 8863, line 8 plus line 19. It went on to say that ED would amend the FAFSA instructions to align with the data definition used by the FA-DDX. However, the 2026-27 instructions still refer to IRS 1040 Schedule 3, line 3. We ask ED to either update the instructions to match the data elements that would otherwise be transferred via the FA-DDX or to confirm that the FA-DDX transferred education tax credit items have been changed to match the FAFSA instructions.

Net Worth of Businesses and Investment Farms

The FAFSA Simplification Act removes the exemption from reporting family farm assets on the FAFSA. In making the necessary changes to the FAFSA to accommodate that change, ED has left inconsistencies in the terminology used to describe farms in the applicable FAFSA questions (Questions 22 and 40 on the paper FAFSA), help text, and Notes section. We ask the Department first to confirm with Congress the intent behind the removal of the family farm exemption to ensure ED’s interpretation aligns with the changes to the HEA.

Once intent is established, we ask ED to use language that matches the intent and to use that language consistently throughout all of its application materials and supporting documents. The following terms are currently used seemingly interchangeably: investment farm, income-producing farm, and for-profit agricultural operations. At a minimum, ED should decide on a single term, clearly define it, and use it consistently throughout the questions, help text, notes, instructions, and all other resources ED creates for the 2025-26 cycle.

Given the significant confusion applicants faced this year regarding reporting farm values on the FAFSA, we also recommend that ED create a separate, consumer-tested resource devoted exclusively to when and how families should report the value of their farms on the FAFSA.

Cash Assets

While we appreciate the clarifying language to Questions 22 and 40 (Total of Cash, Savings, and Checking Accounts), we remind ED that changes to the HEA from the FAFSA Simplification

Act removed “cash” from the definition of assets. The Department should also remove the word “cash” from the FAFSA asset questions to align with the statute and explicitly note in help text, notes, and instructions that cash should not be included in responses to this question.

Qualified Education Benefits as Assets

We request the Department correct the instructions for parent assets (Question 40 on the paper FAFSA) to match the amendments to the HEA with respect to reporting qualified education benefits as parental assets for all accounts they hold, not just for accounts with the student applicant designated as the beneficiary.

The Department has interpreted Section 480(f)(3) of the HEA, as amended by the FAFSA Simplification Act to mean that parents who are owners of qualified education benefits — like Section 529 college savings plans — for more than one dependent student should report only the value of the asset for the dependent student for whom the parent is completing the FAFSA, and not to report the asset values for other dependents for whom the parent(s) own qualified education benefit plans. We do not believe this interpretation is correct because section 480(f)(1) defines assets as including “qualified education benefits (except as provided in paragraph (3)).” This appears to include all qualified education benefits as the assets of the account holder, and the exception in 480(f)(3) appears to specify only how to report those assets in cases where the student is the owner of the qualified education benefit.

Considering the fact that qualified education account holders are permitted to switch beneficiaries, ED’s interpretation appears to create a loophole by which parents can temporarily change the beneficiary to another individual when they file the FAFSA to avoid that asset being considered in the SAI calculation. We do not believe this new loophole was created intentionally by Congress, nor does it align with the concepts underpinning the SAI formula.

Family Size

The addition of family size as an element transferred by the IRS directly to the FAFSA via the FA-DDX has caused more harm than good. The fact that this figure is masked to the applicant and that ED must provide families an opportunity to correct it despite not knowing what figure the IRS has provided is confusing and, we suspect, likely leads to most applicants simply manually entering their household size.

Understanding what is transferred by the IRS is outside of ED’s control, we urge ED to explore any available options to minimize confusion in this area and limit the possibility of conflicting data, which adds to financial aid administrators’ workloads and delays students’ aid processing.

NASFAA has separately requested in a letter² to Congress requesting technical corrections to the FAFSA Simplification Act that family size be changed to exclusively a manually-entered data element.

Contributor Invitation Process

For many applicants, the contributor invitation process has proven to be a difficult and frustrating stage of FAFSA completion. We were encouraged to learn about planned improvements to the process at the 2024 FSA Training Conference, and we urge ED to implement those changes for 2026-27. Specific areas in need of improvement are listed below.

First, we request the Department add text to clarify when a student should invite one or both parents. Currently, students may receive a bumper note that states both parents' information is required but then are instructed to only invite one parent to contribute to the form. This causes confusion and seems contradictory to applicants.

Additionally, while the parent wizard tool should assist students in determining which parent or parents are required contributors, students are still reporting the wrong parent's information. We suggest additional links to help text or examples on the actual invitation screen to help provide additional guidance and clarity regarding which parent or parents need to be invited. Examples of divorced and blended family situations would be of most benefit. We suggest changing parent wizard language from "Who counts as my parent?" to "I don't know who to use as my parent on the FAFSA" to bring additional prominence to the parent wizard and more students to use it.

In the contributor invitation email text, we suggest clarifying how the contributor's information will be used, including information about the privacy of FAFSA data. We fear contributors may be reluctant to provide information without the reassurance of such privacy.

Lastly, we ask the Department to continue to review the logistics of the contributor invitation process. Currently, the fact that applicants must enter contributor information exactly as it is on their FSA ID is a barrier for certain students. Some students may not know or have access to their parent's personal information, such as Social Security number. Also, rather than requiring the information to match *exactly*, we ask ED to consider whether the contributor could receive the invitation but review and correct any information as needed, rather than simply not receiving the invitation at all.

² https://www.nasfaa.org/uploads/documents/FAFSA_Simplification_Act_Technical_Amendments_Letter.pdf

Confirmation Page

We suggest additional information be added to the confirmation page that displays after an applicant completes their online FAFSA to improve transparency and accuracy of information. We recommend adding a macro-level timeline for students' next steps in the application process. For example, it could explain that while the FAFSA has been submitted, it takes time to process and for schools and state agencies to receive the data. One concern from our members has been the expectation from students that their FAFSA could be viewed by schools as soon as it was submitted or that the student would receive an aid offer from schools immediately after submitting the FAFSA. Messaging detailing the next steps and explaining that all schools have their own timelines for reviewing FAFSA information could set more realistic expectations for students.

Incarcerated Applicant Form

We have several concerns related to the Incarcerated Applicant Form (IAF). As we have noted in past comments, simply copying the paper FAFSA but giving the form a new name is not adequate^{3,4}. We reiterate that all of our preceding comments in this document apply to the IAF as well. In addition, we suggest the following changes to tailor the Incarcerated Applicant Form to incarcerated students and their specific needs.

- We recommend that ED edit language from the IAF introductory page that says, “use this to apply for ... work-study and loans,” considering students completing this form will not qualify for loans.
- We recommend that ED remove application deadlines for states that do not provide funding for incarcerated students.
- We recommend that ED remove language instructing students to check with their high school counselor about other sources of aid and deadlines since high school counselors are likely not available to this population.
- We recommend that ED remove references throughout the IAF that refer to living expenses and room and board since those costs are not part of the cost of attendance for incarcerated students.
- We recommend that ED remove the statement from the introductory text on page 3 stating, “Any remaining aid is paid to you for your other educational expenses,” in light of the fact that 34 CFR 690.62 limits caps the amount of aid to confined or incarcerated individuals to prevent a Title IV credit balance from occurring.
- We recommend that ED modify the instructions under "Signatures" on page 6 of the IAF related to the student attestation that they are not in default on a federal student loan and

³ https://www.nasfaa.org/uploads/documents/2023-24IncarceratedApplicantFormcommentsjointw_Vera-4.pdf

⁴ https://www.nasfaa.org/uploads/documents/2024_25_Draft_FAFSA_Comments.pdf

do not owe money back on a federal student grant. This student population is often unaware of loan defaults or grant overpayments because they lack access to postal and electronic mail as well as to websites like the National Student Loan Data System (NSLDS). The attestation should only require the student to state that they are not aware of a default or overpayment.

- Several dependency options in Question 5 can likely be removed, such as:
 - “The student is currently serving on active duty in the U.S. armed forces for purposes other than training,” since an individual presumably cannot be incarcerated while serving on active duty in the US Armed Forces.
 - “The student has children or other people (excluding their spouse) who live with the student,” since an incarcerated individual cannot have dependents living with them.
- We recommend that ED remove Question 6 since an incarcerated student would not be considered homeless.
- We recommend ED review the second-to-last bullet on Question 7 to ensure it matches the online FAFSA wording. It is our understanding that the second comma in the statement: “Are incarcerated, or their parents are incarcerated, and contact with the parents would pose a risk to the student” is not present on the online FAFSA. The comma’s presence changes the meaning of the sentence, so it is imperative the wording on both the online and paper FAFSA both reflect the intent of the question and match.
- We recommend that ED remove Question 8 since an incarcerated student would not be eligible for a Direct Unsubsidized Loan.

Federal Student Aid Estimator

We recommend that ED remove the average Federal Work-Study (FWS) award amount from the Federal Student Aid Estimator. While providing information about the availability of work-study and other types of financial aid may be helpful, we ask that specific work-study amounts — even averages or estimates — not be provided since the institutions themselves determine those amounts and are dependent on many factors including the school’s decision to participate in the FWS program, its institutional allocation, availability of work-study positions, the student’s cost of attendance, and other financial aid. As such, these average amounts hold little value for students in terms of what their own eligibility might be.

FAFSA Demonstration Site

It is extremely disappointing to learn that 2026-27 will be the third consecutive year without a FAFSA demonstration site. Financial aid administrators and other college access professionals need to be able to see exactly what aid applicants see during the FAFSA completion experience so they can help them troubleshoot issues as they come up.

FAFSA Prototype

Given that the FAFSA demonstration site will not be available for 2026-27, we request that the Department greatly enhance and improve the prototype tool. The prototype available for 2025-26 had limited functionality, lacked many real-world scenarios, and was not updated as the actual FAFSA was revised. This caused the tool to be mostly unusable for financial aid administrators. We ask the prototype be equipped with a variety of different scenarios, including students with divorced parents and blended family situations, and that these scenarios be labeled as such so users can easily locate the scenarios they wish to view. It would also be helpful to include provisionally independent student scenarios. We also ask the prototype be updated whenever the FAFSA is changed to ensure it mirrors the actual form as much as possible.

Reinstate Student Housing Choice Question

Institutions need to know whether a student plans to live on- or off-campus in order to comply with provisions in section 472(a)(5) of the HEA, as amended by the FAFSA Simplification Act, which require them to provide different cost estimates to on-campus students based on whether they have dependents of their own. Institutions are left in an impossible situation because they are not allowed to require students to complete a separate application for federal student aid, but they cannot accurately determine a student's cost of attendance (COA) and, hence, their eligibility for student aid, without knowing whether they plan to live on- or off-campus. NASFAA requested in a 2024 letter⁵ to Congress that the student housing choice question be added back to the FAFSA; however, we believe this question can be added with an optional response even without a technical amendment to the FAFSA Simplification Act so that institutions can comply with the COA requirements.

Reinstate Option for Independent Students to Report Parent Data

Prior to 2024-25, the FAFSA included a question allowing independent students to choose to report their parent(s)' information on the form. This allowed institutions that consider independent students' parental information when awarding their own institutional funds to use the FAFSA without requiring an additional application to determine institutional aid eligibility. It also permitted health professions programs to comply with Department of Health and Human Services (HHS) regulations for the health professions student aid programs under Title VII of the Public Health Service Act, which requires that eligibility be based on an analysis of both the student's and their parent(s)' ability to pay.

ED has interpreted the FAFSA Simplification Act as prohibiting them from asking students if they wish to provide this optional information because it is not included in the list of FAFSA

⁵ https://www.nasfaa.org/uploads/documents/FAFSA_Simplification_Act_Technical_Amendments_Letter.pdf


data elements in HEA section 483(a)(2)(B) as amended by the FAFSA Simplification Act. Forcing institutions to add supplemental applications to award certain types of federal student aid because the FAFSA doesn't provide the data they need is antithetical to simplification efforts. NASFAA has asked Congress to allow ED to provide independent students the option to include parental data on the FAFSA by including this as a data element in 483(a)(2)(B) but, as with the housing question, we believe this question can be added with an optional response even without a technical amendment to the FAFSA Simplification Act so that institutions can comply with HHS aid program administration.

We appreciate the opportunity to provide feedback to improve the 2026-27 FAFSA. If you have any questions regarding these comments, please contact me or NASFAA's Director of Policy Analysis, Jill Desjean, at desjeanj@nasfaa.org.

Regards,



Beth Maglione
Interim President and CEO



Jill Desjean
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