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Pandemic Increases Importance of Filing Early for Financial Aid

The new FAFSA form, which is out on Thursday, requires last year's tax data. But families that have lost income this year may need to take extra steps to qualify for help.

By Ann Carrns

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It's especially important to apply early for financial aid this year, college experts say, because many families have suffered economically during the coronavirus pandemic and may have to take extra steps to qualify for maximum help.

That means families should complete the Free Application for Federal Student Aid — the form known as FAFSA — as soon as they can. The form is a major gateway for financial help from the federal government, as well as from many states and colleges. The FAFSA for the 2021-22 academic year is available starting Thursday.

Completing the form early is always a good idea in order to meet varying deadlines for scholarships. But this year, college students or prospective applicants who have been affected by the pandemic may need to submit extra documents to their colleges.

Here's why: The upcoming FAFSA will use financial information from the 2019 tax year to determine a family's expected out-of-pocket payment for college. (Families often complain that the form's calculations overstate their ability to pay.) But Kim Cook, executive director of the National College Attainment Network, a nonprofit advocacy group, said many students and families had been affected by the health crisis this year, suffering job losses, catastrophic medical bills and even deaths. Tax returns filed this year won't accurately reflect a student's current financial picture, diminishing his or her eligibility for need-based grants and scholarships.

"Families may have had significant change in circumstances," Ms. Cook said. "It means many students have had a loss of income."

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If that's the case, students must still use the required, older tax information to complete the FAFSA, she said. But, she advised, they also should immediately contact college financial aid offices to alert them to their situation and request a review known in college aid lingo as "professional judgment."

A professional judgment review involves submitting new information — like layoff notices, unemployment checks or medical bills — to give financial aid officials a more accurate picture of a student's current finances. With that review, financial aid administrators have discretion to make adjustments to the FAFSA so that students can qualify for more aid.

The process can be time consuming, as students must contact the financial aid office of each college they're applying to. (Students who are already enrolled in college can contact that school's office.) Most colleges won't take formal action until after a student is admitted, but students should get in touch right after filing the FAFSA anyway, Ms. Cook said.

"You can often get a sense of what they'll require," she said, so you can begin compiling necessary documents.

Requests for professional judgment reviews typically rise during a recession, and many colleges indicated in May that they were seeing a significant increase in requests, said Justin Draeger, president of the National Association of Student Financial Aid Administrators.

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The pandemic has also forced high schools to change their annual FAFSA completion events. Educators and student advocates hold the sessions to encourage students to complete and file the complex form, because those who do are much more likely to continue studies after high school. An analysis by NerdWallet found that \$2.6 billion in federal need-based Pell grants went unclaimed in 2018 because eligible students failed to file the form.

This year, most help is happening virtually, and high school counselors may be stretched, said Michele Streeter, senior policy analyst with the nonprofit Institute for College Access & Success. "The resources available are diminished," she said, so students may have to take more initiative to find help. They should start by contacting their high school's counseling office, Ms. Streeter said.

Some states are gearing up to meet the challenge. Louisiana, which has made a successful push in recent years to increase the number of students filing the financial aid form, has already begun a FAFSA Now campaign to encourage high school seniors to seek help. Families can sign up for virtual appointments, or speak with a counselor by phone if they prefer, to get step-by-step help with the form.

Here are some questions and answers about the FAFSA:

Do I have to file the FAFSA online?

While you can still file a paper version of the FAFSA, student aid advocates recommend filing online. Filling out a digital version allows you to use the Internal Revenue Service's data retrieval tool to transfer your tax information. The tool can in turn help minimize the risk of errors that can cause delays in processing aid packages.

I may not attend college next year. Can I skip the FAFSA?

It's best to submit it anyway, if you think there's a chance you'll want to attend. "We strongly encourage students to file the FAFSA even if they're uncertain of their college plans," Ms. Streeter said. Even if students think they may take time off, or are unsure if they can afford college because of a job loss, "just file it," she said, to keep your options open.

Have efforts to simplify the FAFSA paid off?

In recent years, improvements have been made to make the form easier to complete and file. The Department of Education now offers a version that can be completed on a mobile app. And in December, Congress passed legislation that eliminated some questions, and approved changes to make it easier to transfer financial information directly between the I.R.S. and the Education Department. But the transfer upgrades probably won't occur for a few more years, partly because new security protocols have to be adopted to safeguard tax information, advocates say.

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