Verification

What is Verification?

• Process of reviewing certain information provided on the FAFSA for accuracy and completeness
  • Title IV applicants—
    • Selected by ED or
    • Selected by institution
  • Data elements identified in Federal Register notice or by institution

2012-13 Verification Resources

• 6/18/10 NPRM (Pages 34825 – 34834)
  • http://www.ifap.ed.gov/registers/FR061810ProgramIntegrityIssuesNPRM.html
• 10/29/10 Final Rule (Pages 66902 – 66913 and 66954 – 66958)
  • http://www.ifap.ed.gov/registers/FR102910Final.html
• Federal Register Notice of Information To Be Verified for the 2012–13 Award Year
  • http://www.ifap.ed.gov/registers/FR071311FAFSAInformation.html
### 2012-13 Verification Resources

- GEN-11-13 and GEN-11-03
- Q&A on Program Integrity website
- Sample 2012-13 Verification Worksheets
- FAFSA-IRS Tax Return Transcript Matrix

### Verification Resources

- 2012-13 Application and Verification Guide
- GEN-12-07—Acceptable Documentation for Income and Taxes
- EA-08-21-12: Limited Circumstances When a Signed Copy of a Tax Return or Other Documentation is Acceptable for Completing Verification

### Verification Regulations 2012-13
Effective Date

- Verification regulations were effective
  - July 1, 2012 for 2012-13 award year
  - 10/29/10 Final Rule (Pages 66902 – 66913 and 66954 – 66958)
  - Federal Register Notice of Information To Be Verified for the 2012–13 Award Year
    http://www.ifap.ed.gov/registers/FR071311FAFSAInformation.html

What's New for 12-13

- Verification limit of 30% removed
- $400 tolerance removed
- Some verification exclusions have been rescinded
- Updates as a result of marital status changes allowed on a discretionary basis
- IRS-DRT process is the preferred method for populating FAFSA online and verifying data
- Customized verification items

Verification - Definitions

- Subsidized student financial assistance programs
  - Eligibility uses EFC
  - Verification applies
  - Pell, FSEOG, FWS, Perkins, Direct Subsidized Loan
- Unsubsidized student financial assistance programs
  - Eligibility does not use EFC
  - Verification does not apply
  - Direct Unsubsidized Loan & Direct PLUS Loan
  - TEACH Grant
Verification Selection

- CPS applies risk model to FAFSA data
- Goal is to target verification based upon the most error prone data items specific to an applicant
- Non-selected applicants are again subject to risk model when submitting corrections
- Institutions must verify all applicants selected by CPS
- Removes institution’s option to verify only 30% of applicant pool

Changes To FAFSA Information

- For subsidized programs, submit all verification changes to CPS if change is
  - To any non-dollar item or
  - A single dollar item of $25 or more
  - $400 tolerance is eliminated
  - If required to submit one change, must submit all changes

Verification Items

- Eliminates five required verification items
- Annual Federal Register notice lists verification items and acceptable documentation
  - 2012-13 notice published 7/13/11
  - Goal is to specify required verification items for individual applicant on ISIR
  - Institution may select additional applicants or verify additional items for an applicant
2012-13 Verification Items

- All applicants—
  - Household size
  - Number in college
  - SNAP benefits (formerly food stamps)—if receipt reported on FAFSA
  - Child support paid—if amount reported on FAFSA

2012-13 Verification Items

- Tax filers—
  - Adjusted gross income
  - U.S. income tax paid
  - Education credits
  - Specific untaxed income items
    - Untaxed IRA distributions
    - Untaxed Pensions
    - IRA deductions
    - Tax Exempt Interest

2012-13 Verification Items

- Non-tax filers
  - Income earned from work
Acceptable Documentation

For items on 2011 income tax return—

• Amounts retrieved & unchanged from IRS via FOTW (either on initial or correction application) with IRS Request Flag value of 02; or

• A tax return transcript obtained from the IRS—see DCL GEN-11-13

• Limited Exceptions
  • Victims of Identity Theft
  • Amended Tax Returns

Verification Documentation

• Amended Tax Returns
  • Signed copy of original tax return OR
  • IRS Tax Return Transcript OR
  • Documentation specified under DOC-Q10/DOC-A10 AND
  • Signed copy of IRS Form 1040X

• Identity Theft
  • Signed copy of paper IRS income tax return; AND
  • Signed copy of IRS Form 14039 "Identity Theft Affidavit" OR a signed statement, or police report if applicable

Verification Documentation

• Person is required to file, but obtained extension, must submit:
  – IRS form 4868 or IRS approval to extend beyond October 15, 2012
  – W-2 for each source of employment income
  – Signed statement by a self-employed individual certifying amount of AGI & US income tax paid for 2011
  – When above documentation received, verification is considered complete (disbursements are valid)

• School may request transcript/IRS DRT when taxes are filed
Acceptable Documentation

For all other verification items—
• Verification worksheet—either ED’s sample or developed by institution

Acceptable Documentation

• IRS Data Retrieval Process
  • Data unchanged by taxpayer, with IRS flag value 02
• IRS Tax Return Transcript
  • By paper (Form 4506T-EZ or IRS Form 4506-T)—10 business days for processing
  • Online or by phone—5 to 10 business days for processing

Acceptable Documentation

• IRS Tax Account Transcript
  • By paper (Form 4506-T)—processed within 30 calendar days
  • Online or by phone—5 to 10 business days for processing
• Record of Account
  • By paper only (Form 4506-T)—processed within 30 calendar days
Documentation - Household Size

• Household size
• Signed statement including
  • Name of each household member,
  • Age of each household member, AND
  • Relationship to applicant

Documentation Exceptions – HH Size

• For dependent student when parental marital status is
  • Single, separated, divorced, or widowed and family size on FAFSA = 2
  • Married and family size on FAFSA = 3
• For independent student who is
  • Single, separated, divorced, or widowed and family size on FAFSA = 1
  • Married and the family size on FAFSA = 2

Documentation - # in College

• Number in college
• Signed statement
  • Name and age of each household member who will attend eligible postsecondary educational institution at least half-time in 2012–13
  • Name of the eligible institution(s) that each household member is or will be attending during 2012–13
• Not required if applicant is only member in college
Documentation - SNAP

- Supplemental Nutrition Assistance Program (SNAP) benefits (formerly food stamps) *if receipt is reported on the FAFSA*
- Certification on verification worksheet
- Institution may request documentation from the agency that issues the SNAP benefit

Documentation – Child Support

- Child support paid *if reported on the FAFSA*
- Certification on verification worksheet (or separate statement) indicating
  - Amount of child support paid
  - Name of the person to whom it was paid, and
  - Name of the children for whom it was paid

Updates for 12-13

- Ability to disburse unsubsidized aid
- Guidance on updating
- SNAP
- Child support paid
- Amended tax returns
- Acceptable documentation
- Guidance on rollovers
Verification & PJ

- Requires verification of all selected applicants before exercising professional judgment
- Does not require verification before exercising PJ for non-selected applicants

Updating

- FAFSA-reported info is generally a snapshot
- Unless due to student’s marital status change, must update for—
  - Dependency status changes (all applicants, anytime) AND
  - Household size and number in college (selected applicants, at the time of verification)

Updating Marital Status

- Marital status updates permitted only by FAA to address inequity or better reflect ability to pay
  - When dependency status changes AND/OR
  - When selected applicant needs to update household size and number in college
- If FAA changes marital status, other updates may be needed
Interim Disbursements

• May make interim disbursements without receipt of corrected ISIR if completed verification makes no change to aid eligibility
• All required corrections must be submitted to CPS AND school must receive revised ISIR transaction OR school will be liable for payment student receives

Verification After Enrollment Ends

• Student no longer limited to lesser Pell Grant award if verification completed after enrollment ends
• Student will receive Pell Grant payment based upon correct EFC

What’s Coming for 13-14

• Continuing to take small steps towards customized verification
• Items to be verified will be grouped
• Individual student’s ISIR record will indicate which group of items the student must verify
13-14 Verification Resources

- Federal Register Notice of Information To Be Verified for the 2013-14 Award Year
- DCL: GEN-12-11

2013-14 Verification

Verification items—
- Retained all items subject to verification in 2012-13 (and respective documentation required)
- Added two new items—
  - High school completion status
  - Identity/Statement of Educational Purpose

2013-14 Verification Documentation

Documentation of high school completion status
- For students who attended high school
  - High school diploma; or
  - Final high school transcript that shows the date of graduation

Note: If a copy of an applicant's high school diploma or final high school transcript is unavailable, the institution may accept alternative documentation.
2013-14 Verification Documentation

Documentation of high school completion status

- For students with a recognized equivalent to a high school diploma
  - General Educational Development (GED) Certificate;
  - State certificate received by a student after the student has passed a State-authorized examination that the State recognizes as the equivalent of a high school diploma;
  - Academic transcript of a student who has successfully completed at least a two-year program that is acceptable for full credit toward a bachelor's degree;

- For a person who is seeking enrollment in an educational program that leads to at least an associate degree or its equivalent and has not completed high school but has excelled academically in high school, documentation from the high school that the student excelled academically in high school and documentation from the postsecondary institution that the student has met the formalized, written policies of the postsecondary institution for admitting such students

- For students who are homeschooled
  - Transcript or the equivalent, signed by the parent or guardian, that lists the secondary school courses completed by the applicant and documents the successful completion of a secondary school education; or
  - A secondary school completion credential for home school (other than a high school diploma or its recognized equivalent) provided for under State Law
2013-14 Verification Documentation

Documentation of identity & statement of educational purpose

- Appear in person and present to an institutionally authorized individual
- A valid government-issued photo identification (driver's license, non-driver’s license, or passport); and
- A signed statement of educational purpose

- Must maintain, an annotated copy of the identification submitted by the applicant that includes
  - The date documentation was received; and
  - The name of the institutionally-authorized individual that obtained the documentation

- If unable to appear in person, must provide the institution
  - A copy of a valid government-issued photo identification (driver’s license, non-driver’s license, or passport); and
  - An original notarized statement of educational purpose signed by the applicant
Verification Tracking Groups

- Verification flags
- Verification tracking flags
- Verification tracking groups
- Items to verify based on group

V1—Standard

Tax Filers
- Adjusted Gross Income
- U.S. Income Tax Paid
- Untaxed Portions of IRA Distributions
- Untaxed Portions of Pensions
- IRA Deductions and Payments
- Tax Exempt Interest Income
- Education Credits
- Number of Household Members
- Number in College
- Supplemental Nutrition Assistance Program (SNAP-Food Stamps)
- Child Support Paid

Non-Tax Filers
- Income Earned from Work
- Number of Household Members
- Number in College
- Supplemental Nutrition Assistance Program (SNAP-Food Stamps)
- Child Support Paid
V2—SNAP

- Supplemental Nutrition Assistance Program (SNAP-Food Stamps)

V3—Child Support Paid

- Child Support Paid by the student (or spouse), the student’s parent or both

V4—Custom

- High School Completion Status
- Identity/Statement of Educational Purpose
- Supplemental Nutrition Assistance Program (SNAP-Food Stamps)
- Child Support Paid
V5—Aggregate

- High School Completion Status
- Identity/Statement of Educational Purpose

AND

- All items indicated-Tax Filer (V1)
- All items indicated-Non-Tax Filer (V1)

One More Thing . . . For Fun

Financial Aid Limerick
Anonymous

The Department of Ed makes us look evil
For taxes they require retrieval
Something new filled with issues
Not absorbed by mere tissues
Only results in great filer upheaval

Evaluation and Feedback – NEW!

To ensure quality training we are asking participants to please fill out either a paper evaluation or an online session evaluation at:

https://s.zoomerang.com/s/KimberlySchreck
Contact Information

If you have follow-up questions about this session --
Kim Schreck, Training Officer
kimberly.schreck@ed.gov
206.615.2174

To provide feedback to my supervisor --
Mark Gerhard, Title IV Training Supervisor
mark.gerhard@ed.gov
415.486.5620

Questions???