2015-16 Verification

Verification Overview

Agenda
- Verification overview
- Verification 2015-16
- V4 and V5 results reporting
- Policy reminders and updates
Who is Subject to Verification?

- Selected by ED (CPS) using risk model
  - Targets error prone data items specific to an applicant
  - Non-selected applicants are again subject to risk model when submitting corrections
  - Data elements identified in Federal Register notice

- Selected by the school
  - School criteria
  - Items selected by the school
  - Not required to verify federal data elements for institutionally-selected applicants

Verification & Professional Judgment (PJ)

- Applicants selected for verification by ED or school
  - Verification must be completed before PJ adjustments made
  - If not selected, not required to be verified prior to performing PJ

- Must report PJ on ISIR
  - ISIR with PJ properly reported will not be subject to ED’s verification selection

Changes To FAFSA Information

- Submit all verification changes for subsidized programs to CPS if change is:
  - To any non-dollar item that affects the EFC or
  - A single dollar item of $25 or more

- If required to submit one change, must submit all changes
Tax Filers - Extensions

- Persons who are required to file and have obtained filing extensions must submit -
  - IRS form 4868 or IRS approval to extend beyond October 15
  - W-2 for each source of employment income
  - Signed statement by a self-employed individual certifying amount of AGI & US income tax paid
  - When above documentation reviewed, verification is considered complete (disbursements are valid)
- School may request transcript/IRS DRT when taxes are filed
  - If received, must re-verify AGI, taxes paid

2015-16 Verification

2015-16 Process

- No changes from the 2014-15 FAFSA items that may need to be verified
- CPS will continue to set a Verification Flag on ISIR to indicate FAFSA selected for verification
- CPS will continue to place each selected applicant into one of five Verification Tracking Groups
- Verification Selection Change Flag will identify a transaction selected for verification when the previous transaction was not selected for verification
2015-16 Resources and References

- See Federal Register Notice June 25, 2014
- See DCL GEN 14-11 published June 30, 2014
- Program Integrity Q&A website for verification
- Additional resources will be posted to IFAP

Certification and Signatures

- If schools combine two or more sets of text into a single document, only one set of certification and signatures is required
- Except a separate signature is required by the student for the Statement of Educational Purpose
- Certification and signature not required for submission of IRS tax return transcripts

Suggested Verification Text

- ED will provide suggested text for each 2015-16 verification item
- Not required to use ED’s suggested text and format
  - EXCEPT – Schools must use exact language provided in “Statement of Educational Purpose” for students selected for V4 and V5
  - Notary’s Certificate of Acknowledgement section does not require use of exact language provided
    - Must include a copy or description of the identification presented by the applicant to the notary
Verification Tracking Groups

- V1  Standard Verification Group
- V2  Reserved for FSA Use
- V3  Child Support Paid Verification Group
- V4  Custom Verification Group
- V5  Aggregate Verification Group
- V6  Household Resources Verification Group

For 2015-16, once placed in a verification tracking group, student will always remain in that group

Group V1 - Standard

- All applicants selected in this group will verify
  - Number in household
    - Limited exceptions
  - Number in college
    - Limited exceptions
  - SNAP if included on ISIR
  - Child support paid if included on ISIR

Group V1 – Standard – Income Information

- Tax filers will verify:
  - Adjusted gross income (AGI)
  - U.S. income tax paid
  - Untaxed portions of IRA distributions
  - Untaxed portions of pensions
  - IRA deductions and payments
  - Tax exempt interest income
  - Education credits
- Non-tax filers will verify
  - Income earned from work
SNAP Benefits

- Required to be verified if reported on ISIR for all groups except V3
- Statement signed by applicant/parent affirming SNAP benefits received by someone in household during 2013 and/or 2014
  - If you have concerns about accuracy of information documentation from agency that provided the benefits must be provided

Group V3 – Child Support Paid

- Child support paid verified by -
  - Statement signed by applicant or parent as appropriate certifying
    - Amount of child support paid
    - Name of person who paid child support
    - Name of person to whom child support was paid
    - Names of the children for whom child support was paid
  - If school has reason to believe signed statement is inaccurate, applicant must provide supporting documentation

Group V4 – Custom

- High School completion status
- Identity/Statement of Educational Purpose
- SNAP if reported on ISIR
- Child support if reported on ISIR
Group V5 - Aggregate

- High School completion status
- Identity/Statement of Educational Purpose

AND

- All items from Group 1 based on tax filing status

Group V6 – Household Resources

- Verify untaxed income information reported in Question 45 for the student and spouse and Question 94 for the dependent student’s parent(s)
  - Payments to tax-deferred pension and savings
  - Child support received
  - Housing, food and other living allowances paid to members of the military, clergy and others
  - Veteran’s non-education benefits
  - Other untaxed income
  - Money received or paid on the applicant’s behalf

Group V6 – Household Resources

- Verify income data from V1 based on tax filing status
- Copy of W-2 forms for all sources of employment income received for 2014
  - Also applies to 2014-15 award year
Group V6 Household Resources

- If verified income does not appear to provide sufficient financial support, student/parent must explain how the family was supported during the 2014 calendar year
  - Additional signed statement
  - May include items not required to be reported on FAFSA or other verification forms

Household Size Documentation

- Statement signed by applicant (and parent if dependent) listing name, age and relationship to applicant of each household member
- For dependent students, must include both legal parents if they live together, regardless of marital status or gender
- Household size verification **not required** if –
  - Dependent student: If parent is single, divorced or widowed, and family size is 2, or if married, family size is 3
  - Independent student: If applicant is single, divorced or widowed, and family size is 1, or if married, family size is 2

Number in College Documentation

- Signed statement by applicant (and parent if dependent) listing name and age of each household member who is or will be attending an eligibility postsecondary institution at least half-time in the 2013-14 award year, and the name of the school
- **Not required** to be verified if number in college number is one
Acceptable Documentation for Tax Filers

- For items on the 2014 tax return
  - Amounts retrieved and unchanged from IRS via FOTW (either on initial or correction application) with IRS Request Flag value of ‘02’ – OR –
  - A tax transcript obtained from the IRS
- IRS Data Retrieval Tool will provide IRS-corrected (per computer) amounts for –
  - Adjusted Gross Income (AGI)
  - Income tax paid
  - Education tax credits

Tax Transcript Required

- Applicant (or parent) did not use IRS data retrieval at initial filing or through FOTW correction process
- Information retrieved from IRS is subsequently changed before or after submission
- Married independent applicant and spouse file separate tax returns
- Parents of dependent student file separate tax returns

Tax Transcript Required

- In all instances when the dependent student’s legal parents are unmarried and living together
- Applicant or parent change in marital status after 12/31/14
- When applicant or parent filed an amended tax return, the following documents must be submitted
  - A signed copy of the original tax return, or a tax transcript
  - Signed copy of the IRS Form 1040X that was filed with the IRS
View and Print Transcript Immediately

- Transcripts can be downloaded and printed immediately

Ordering Transcripts

- IRS2GO mobile app
- Automated phone tool – 800-908-9946
- Paper form 4506-T or 4506-T-EZ

Identity Theft

- A victim of identity theft who is not able to obtain a transcript or use the data retrieval tool must contact the IRS at 800-908-4490
- Upon authentication of tax filer identity, IRS will provide a printout of the tax filer’s IRS income tax return information as Transcript DataBase View (TRDBV)
  - Mailed via U.S. Postal Service
  - Serves as transcript for verification
- See Dear Colleague Letter GEN-14-05
Third-Party Transcript Provider

- IRS has a special Income Verification Express Service (IVES) where for verification purposes a school can enter into an agreement with an IVES provider
- A school can be an IVES provider
- IRS charges IVES participant $2.00 for each requested transcript
- Schools cannot charge a student a fee for using an IVES process, or for any other process
- Results in electronic tax return transcript

Paper Tax Returns

- Limited circumstances when a signed copy of relevant tax return is acceptable
  - Amended returns
  - Puerto Rico, Virgin Islands, American Samoa, Commonwealth of Northern Mariana Islands and foreign tax returns
  - Freely Associated States residents
- Electronic Announcement August 21, 2012
  - Guidance continues in effect for 2014-15 and until further notice

Non-Tax Filers

- Non-tax filers must verify income from work
- Copies of all W-2 forms received for each source of employment income received for tax year 2014
  - If student or parent did not retain a copy of a W-2, duplicate copy should be requested from employer
- Signed statement certifying the individual:
  - Has not filed and is not required to file a tax return
  - The sources of income earned from work as reported on the FAFSA and amounts of income from each source not reported on the W-2 forms
Non-Tax Filers

• If a school questions a claim that a person has not and is not required to file a tax return, the school must require the applicant to submit a “Verification of Nonfiling” from the IRS
  - Use IRS Form 4506-T and check box 7
  - Per IRS guidance, a response to this request will usually not be issued until after June 15, 2015
  • Sometimes the IRS will issue one earlier so for verification purposes the Verification of Nonfiling Letter must be dated on or after June 15, 2014
  • Letter does not address if filing a tax return was required

High School Completion Status

• High school diploma
• Recognized equivalent of a high school diploma
• Homeschool

High School Diploma Documentation

• Copy of the applicant’s high school diploma
• Copy of the applicant’s final high school transcript that shows the date the student completed secondary school
• Copy of “secondary school leaving certificate” or similar document from appropriate central government agency for students who completed secondary education in a foreign country and are unable to obtain a copy of their high school diploma or transcript
### Recognized Equivalent to HS Diploma

- General Educational Development (GED) Certificate
- State certificate received by the student after passing a state-authorized examination that the state recognizes as the equivalent of a high school diploma
- Academic transcript of a student who has completed at least a two-year program that is acceptable for full credit toward a bachelor’s degree

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### Recognized Equivalent to HS Diploma

- 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

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### Homeschooled Documentation

- 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
Identity/Statement of Educational Purpose

- Appear in person and present to an institutionally authorized individual and present
  - A valid government-issued photo identification (driver’s license, non-driver’s license or passport)
  - A signed statement of educational purpose certifying that the federal student financial assistance received will only be used to pay the cost of attending that institution during the 2014-15 award year

Text provided by the Department and cannot be modified

Identity/Statement of Educational Purpose

- For documentation provided in person, the school must maintain an annotated copy of the documentation provided including
  - The date the documentation verifying identity was provided
  - The name of the institutionally-authorized person that obtained the documentation from the applicant

Identity/Statement of Educational Purpose

- If a school determines that an applicant is unable to appear in person, applicant provides
  - A copy of a valid government-issued photo identification (driver’s license, non-driver’s license, or passport)
  - An original notarized statement of educational purpose signed by the applicant
    - Cannot be faxed or scanned
    - After examining original submission for accuracy and completeness the document may be converted to an electronic record
V4 and V5 Results Reporting

Schools report results of V4 and V5 verification using FAA Access:
- Individually
- Batch upload

See Electronic Announcement November 13, 2013

V4 and V5 Results Reporting

- Report results for all students selected for V4 and V5 on ISIR from whom you requested documentation
  - Do not include students selected by school
  - Do not include students for whom you did not request documentation
- Report on a regular basis
  - Future Federal Register Notice will establish final reporting deadline
V4 and V5 Results Reporting

FAA Access updated to add Identity Verification Results to the home page

V4 and V5 Results Reporting

The FAA will enter SSN, Name ID, and Verification Results from a dropdown menu on this page

Click “Add SSNs” and enter additional ones

V4 and V5 Results Reporting
V4 and V5 Results Reporting Options

1. Verification completed in person, no issues found
2. Verification completed remotely, no issues found
3. Verification attempted, issues found with identity
4. Verification attempted, issues found with high school completion
5. No response from applicant or unable to locate

- If issues found with both identify and HS completion, use results code 3 (identity)

V4 and V5 Results Reporting File Upload

FAAs will be able to create and upload a flat file

FAAs will get a confirmation page with the results submitted and can print the page for their records
Policy Reminders and Updates

Conflicting Data

• Schools must have an adequate internal system to identify and resolve conflicting data that affects student eligibility
  - Regardless of verification selection
  - Includes any information of which the school has knowledge
• No tolerance for conflicting data
• Separate process from verification
• Required by regulation 34 CFR 668.16(f)

Income Earned from Work

• Income earned from work is not a required verification item
• As a result of verification, conflicting data regarding income earned from work can be revealed
  - This conflicting data must be resolved prior to disbursement
IRA and Pension Rollovers

- IRS tax transcript and data retrieval tool do not contain tax return notation “rollover”
- Schools must obtain written documentation of the amount excluded because it was an authorized rollover
  - Signed statement from tax filer
  - Notation by filer on tax transcript including the word “rollover” beside the applicable item on the transcript
    • Must be signed and dated by tax filer

Questions?

Thank you!

Training Evaluation

To ensure quality training, we ask all participants to complete an online evaluation for each session

- Go to https://s.zoomerang.com/s/ByronScott
- Evaluation form is specific to Byron Scott
- Feedback is a tool to help us improve our training and to listen to our customers
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THANK YOU