



Federal Verification

Pam Gilligan, Training Officer
NHASFAA Conference
Bedford, NH
October 26, 2012

Verification 2012-13



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

Information to be Verified

- School retains ability to verify additional students and/or to select additional items for verification
- Conflicting data (regardless of verification) must still be resolved
- Student not required to verify FAFSA information in subsequent transaction during the award year if previously verified data has not changed

Verification After Enrollment Ends

- No longer limits student to lesser Pell award if verification completed after enrollment
 - Student's Pell payment based on correct EFC
- Must have valid ISIR/SAR to support disbursements
 - Also applies to late disbursements
 - Also applies to parent PLUS borrowers

New as of 10-10-12

- An institution can disburse unsubsidized student financial assistance, i.e., Direct Unsubsidized Loans and PLUS Loans, prior to completing verification for a selected applicant who is eligible for both subsidized and unsubsidized student financial assistance.
- Verification still required for all other Subsidized assistance.
- **Program Integrity Q&A VER-A11**



Automatic Zero EFC Applicants

- Dependent Auto Zero applicants must verify –
 - Parent AGI if parent filed taxes
 - Parent income earned from work if not a tax filer
 - Receipt of SNAP benefits by any household member if used to qualify for Auto Zero EFC

Automatic Zero EFC Applicants

- Independent Auto Zero Applicants must verify –
 - Applicant (and spouse, if applicable) AGI if a tax filer
 - Applicant (and spouse, if applicable) income earned from work if not a tax filer
 - Number of household members to determine if the applicant has one or more dependents other than a spouse
 - Receipt of SNAP benefits by any household member if used to qualify

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 2011
- 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

Tax Filers - Verification Items

- 2011 Federal Income Tax Return
 - Adjusted gross income (AGI)
 - Taxes paid
 - Untaxed income if reported on FAFSA
 - Untaxed IRA distributions
 - Untaxed pensions
 - Education credits
 - IRA deductions
 - Tax exempt interest

Tax Filers - Acceptable Documentation

- Information obtained from IRS data retrieval on FOTW

- IRS Request Flag value of 02

OR

- A tax transcript obtained from the IRS
- Program Integrity Q&A- DOC-A14
- Mathematical errors may be identified on “per-computer” amounts on Tax Transcripts. Errors of \$25 or more must be corrected, despite applicant(s) using the IRS data retrieval with 02 flag.

IRS Data Retrieval

- CPS will set flags and comment codes to show that the student and/or parent transferred IRS data into FOTW
- Comment codes will appear in –
 - FAA Information section of the ISIR
 - Student Inquiry section of the ISIR
- IRS Request Flag and codes based on results

When is a Tax Transcript Required?

- Applicant (or parent) did not use IRS Data Retrieval Tool (DRT) at initial filing or through FOTW correction process
- Information retrieved from IRS is subsequently changed
- Married independent applicant and spouse filed separate tax returns
- Parents of dependent student filed separate tax returns

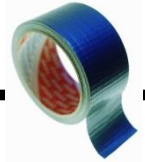
Tax Transcript Required

- When applicant or parent had a change in marital status after 12/31/11
- When applicant, parent or spouse filed an amended tax return

Tax Return Special Conditions

- Copies of all W-2 forms for each source of employment income received for tax year 2011
 - For individuals that filed a joint tax return and are married to someone other than the person on the joint return
 - For individuals that have been granted a filing extension by the IRS
 - For individuals that requested a tax transcript from the IRS
 - Other US Territory or foreign government - a signed copy of foreign tax return (PR) or if not required to file a signed statement with AGI and taxes in US Dollars.

Temporary Use of Tax Return



- For applicants who were not able to import IRS data or obtain a transcript, schools may use a signed copy of the relevant tax return as acceptable verification documentation
 - DCL GEN-12-07, April 16, 2012
 - Only permitted until July 15, 2012
 - After July 15, must comply with documentation requirements in July 13, 2011 *Federal Register* and DCL GEN-11-13
 - **Electronic Announcement July 20, 2012**

Applicants With Tax Filing Extensions

- Verification is complete if you have -
 - Documentation of IRS filing extension
 - 2011 W-2 forms
 - AGI and taxes paid - statement from tax filer, if self-employed
 - School may require individual with tax filing extension to provide tax information when filed
 - If received, must verify AGI and taxes paid
 - May return all funds disbursed if you don't receive a copy of filed tax data
 - Filed tax data must be provided via IRS data import or tax transcript

Victims of Identify Theft

- Victims of identity theft cannot obtain a tax transcript or use the IRS Data Retrieval Tool
- In these circumstances, the school may accept a signed copy of the paper IRS tax return, with additional documentation
 - Copy of signed IRS Form 14039, Identity Theft Affidavit
 - If Form 14039 is not required or unavailable, filer must signed a dated statement affirming the filer was a victim of identity theft, or a copy of a police report filed regarding the matter
 - Electronic Announcement August 21, 2012



Amended Tax Returns

- If tax filer has filed, or will file, an amended tax return, school must obtain signed copies of the original tax return and the IRS Form 1040X that were filed with the IRS
 - Electronic Announcement August 21, 2012
 - Program Integrity Verification Q&A DOC-A2
- Revised 10-10-2012**
- **IRS Account Transcript & Return Transcript For Tax Payer (RTFTP) now accepted**



Verification 2013-2014



General Information for 2013-14

- Continuing to take small steps towards customized verification
- Items to be verified will be grouped
- Individual student's ISIR record will indicate which group(s) of items the student must verify



Verification Items

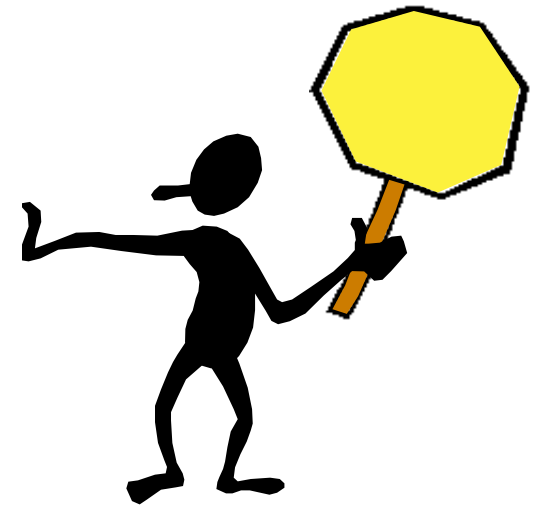
- *Federal Register* Notice July 12, 2012
- DCL GEN 12-11 published July 17, 2012
- Retained all items subject to verification in 2012-13

- Added two new items
 - High school completion status
 - Identity/Statement of Educational Purpose



Verification Tracking Groups

- Verification flags
 - Was the student selected? Yes/No
- Verification tracking flags
 - In which verification group is the student?
- Verification tracking groups
 - Items to be verified depend on the group to which the student is assigned
 - Five different groups



Verification Tracking Groups

- V1 Standard Verification Group
- V2 SNAP Verification Group
- V3 Child Support Paid Verification Group
- V4 Custom Verification Group
- V5 Aggregate Verification Group

Verification Flags

ISIR

FAA INFORMATION		CPS Pushed ISIR Flag	XXX
Date ISIR Received	MM/DD/CCYY	Rejects Met:	99,99,99,99,99,99,99
Verification Flag	X	Verification Tracking Flag	X
Professional Judgment	XXXXXX	Dependency Override	XXXXXXXXXXXXXXXXXXXX
Transaction Receipt Date	MM/DD/CCYY	ETI	9

FAA Access to CPS Online

FAA Access to CPS Online – Student Inquiry

[NEED HELP?](#)

FAA Information

2012-2013

236-04-0003

MAXINE I. DEMOLASTNAME

Application Flags

Verification Flag: Not selected for verification

Verification Tracking Flag: Standard Verification

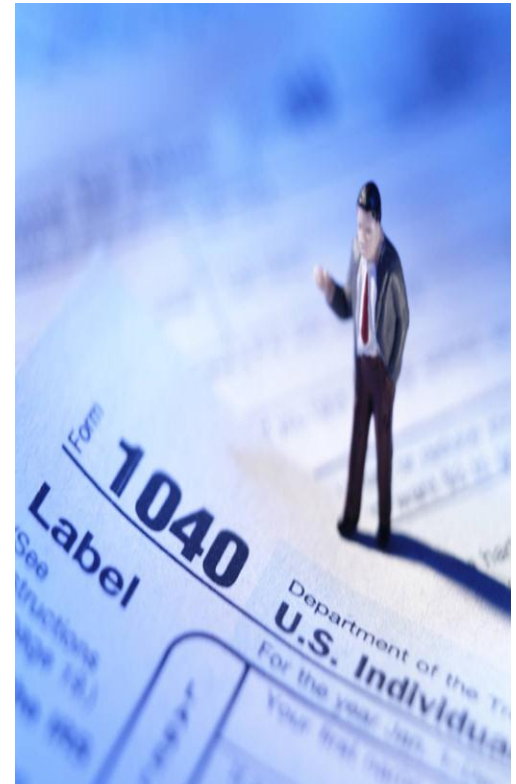
Group V1 - Standard

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



Group V1 - Standard

- 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
- Non-tax filers will verify
 - Income earned from work



Group V2 - SNAP

- Supplemental Nutrition Assistance Program
 - Statement signed by applicant, or by one parent if student is dependent, affirming SNAP benefits were received by someone in the household during the 2011 and/or 2012 calendar years
 - If school has reason to believe the signed statement is inaccurate, the school must obtain documentation from the agency that issued the SNAP benefits



Group V3 – Child Support Paid



- Child support paid
 - 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 FAFSA
- Child Support Paid- if reported on FAFSA

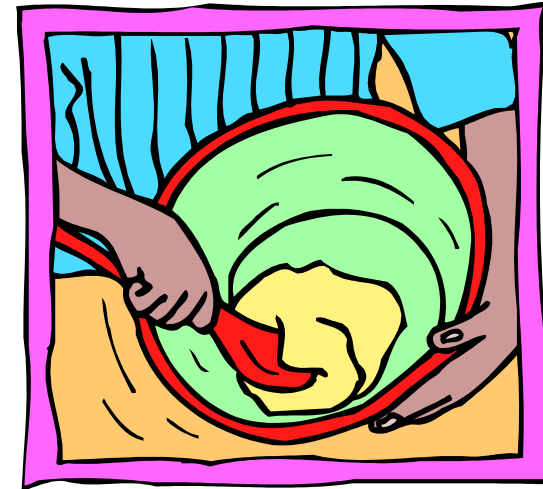


Group V5 - Aggregate

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

AND

- All items from Group V1 based on tax filing status



Household Size Documentation



- Statement signed by applicant and parent, if dependent, listing name, age and relationship to applicant for each household member
- 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 eligible 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



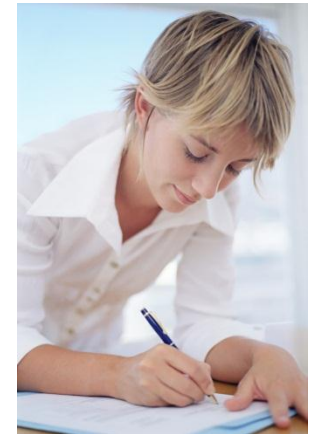
- For items on the 2012 tax return
 - Amounts retrieved and unchanged from IRS via FOTW (either on initial or correction application) with IRS Request Flag value of '02'
- OR**
- A tax transcript obtained from the IRS

Tax Transcript Required

- Applicant (or parent) who 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
- Applicant or parent change in marital status after 12/31/12

Acceptable Documentation for 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
- 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



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
- NOTE: If a copy of a high school transcript or diploma is unavailable, e.g., the school is closed or overseas and records are not available, a school may accept alternative documentation to verify high school completion

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

Homeschool 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
- 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, military identification, 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 2013-14



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

- Applicants who cannot appear in person must provide
 - A copy of a valid government-issued photo identification (driver's license, non-driver's license, or passport)
 - An original notarized statement signed by the applicant certifying that the federal student financial assistance received will only be used to pay the cost of attending that institution during the 2013-14



Verification Selection Process

- Initial selection
 - May occur on the original transaction or subsequent correction transaction if the record was not previously selected
- Subsequent Transactions After Selection
 - Transactions processed after selection will continue to be flagged as selected
- Subsequent Transactions After Non-Selection
 - Records will be subjected to selection again based on correction behavior

Summary of Customized Verification

- Selection will generally occur on 01 transaction
 - Some applicants will be selected on 02 or higher transactions, but that number should be low
- CPS will determine which FAFSA data elements must be verified for individual students
- Specific data elements to be verified on each transaction will be communicated on the ISIR

Questions?



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/PamelaGilligan>
 - Evaluation form is specific to Pam Gilligan
- Feedback is a tool to help us improve our training and to listen to our customers
- Additional concerns about training can be directed to joann.borel@ed.gov

Contact Information

Region I – Boston

Pam Gilligan, Training Officer

pam.gilligan@ed.gov

617-289-0022

Anita Olivencia, Training Officer

anita.olivencia@ed.gov

617-289-0130

