Intro to Verification

• Process utilized by schools to confirm accuracy of FAFSA data

• Reduces applicant-reported data error rates

• Insures applicants receive correct amount of Title IV funds
Intro to Verification

• Regulations outline which applications are selected, which data elements are relevant, and what documentation is sufficient

• Applies to recipients of subsidized Title IV aid: Pell, SEOG, FWS, Perkins Loans, Direct Sub Loans

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Conflicting Information

• Resolution required for all award years, unless student dies during the award year OR conflicting data is identified/received after student is no longer enrolled and does not intend to enroll
Selection Process

• Applications can be selected by the Central Processing System (CPS) or the Institution
Exclusions – Entire Application

• Entire application excluded if student:
  – Only eligible for unsubsidized Title IV aid
  – Transfers and was verified at previous school
  – Won’t receive aid for reason OTHER than failing to complete Verification
Exclusions – Entire Application

• Entire application NOT excluded if student selected for:
  – High school completion and
  – Identity/Statement of Educational Purpose

Note: Eligibility issues must be verified if in tracking group V4 or V5 and still enrolled
Exclusions – Parental Data

- Parental data is excluded if both parents:
  - Die or the only parent on the FAFSA dies
  - Are mentally incapacitated or the only parent on the FAFSA is incapacitated
  - Cannot be contacted and whereabouts are unknown
  - Reside outside the U.S. and cannot be reached by normal means of communication
Exclusions – Spousal Data

• Spousal data excluded if applicant’s spouse:
  – Is deceased or mentally incapacitated
  – Cannot be located because no contact information is available
  – Is residing outside the U.S. and cannot be reached by normal means of communication
Exclusions – Certain Data Elements

- Number in dependent student’s household if:
  - Parents are married and household size is 3
  - Parents are unmarried and household size is 2
Exclusions – Certain Data Elements

• Number in independent student’s household if:
  – Student is married and household size is 2
  – Student is unmarried and household size is 1
Exclusions – Institutional Exemption

• Institution excluded (exempt) if a foreign school participating in Direct Loan program and not located in a state
Verification Selection Process

• Customized Approach

• Varies from applicant-to-applicant

• May be information not used in Expected Family Contribution (EFC)
Verification Tracking Groups

• V1 – Standard Verification Group
• V4 – Custom Verification Group
• V5 – Aggregate Verification Group

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Verification Tracking Groups

- V1
  - Tax filer income information
  - Nontax filer income information
  - Household Size
  - Number in College
Verification Tracking Groups

- V4
  - High school completion
  - Identity and Statement of Educational Purpose
Verification Tracking Groups

• V5
  – Tax filer income information
  – Nontax filer income information
  – Household size
  – Number in college
  – High school completion
  – Identity and Statement of Educational Purpose

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# Automatic-Zero EFC Qualifiers

<table>
<thead>
<tr>
<th>Data Element to Verify (any tracking group)*</th>
<th>Dependent Student’s Parent(s)</th>
<th>Independent Student (and Spouse)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted gross income</td>
<td>Tax filers</td>
<td>Tax filers</td>
</tr>
<tr>
<td>Income earned from work</td>
<td>Nontax filers</td>
<td>Nontax filers</td>
</tr>
<tr>
<td>Household size</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>High school completion, identity, and SEP</td>
<td>V5 only</td>
<td>V5 only</td>
</tr>
</tbody>
</table>

*If applicant does not qualify for Auto-Zero EFC, update application and verify remaining data elements applicable to tracking group.
General Documentation Requirements

• May file FAFSA using estimated data, but must complete Verification on filed taxes

• Specified year equals prior-prior year (PPY) data for 2018-19 (i.e. 2016)
General Documentation Requirements

• 2018-19 Documents
  AGI
  Income from work
  Taxes paid
  IRA distributions
  IRA deductions/payments
  Untaxed pensions
  Tax-exempt interest
  Education tax credits
  High school completion

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<table>
<thead>
<tr>
<th>IRS Data Retrieval Tool (DRT)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax return type</strong></td>
</tr>
<tr>
<td><strong>Tax filing status</strong></td>
</tr>
<tr>
<td><strong>Exemptions claimed</strong></td>
</tr>
<tr>
<td><strong>AGI</strong></td>
</tr>
<tr>
<td><strong>Income from work</strong></td>
</tr>
<tr>
<td><strong>Taxes paid</strong></td>
</tr>
</tbody>
</table>
IRS DRT Cannot Be Used

• Tax return has not yet been filed
• Amended tax return filed
• Puerto Rican or non-U.S. tax return filed
• Taxes filed electronically within last 3 weeks
• Taxes filed by mail within last 11 weeks
• Parents are unmarried
• Change in marital status after end of tax year and before filing FAFSA

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Tax Return Transcript

• Can be requested:

IRS Get Transcript Online
IRS Get Transcript by Mail
1-800-908-9946
Mail or fax IRS Form 4506-T or 4506-EZ
Income Verification Express Service
Acceptable Alternative Tax Transcripts

- Record of Account Transcript
- Tax Return Database View (TRDBV) Transcript
- Return Transcript for Taxpayer (RTFTP)
- Any IRS Tax Transcript with All Required Data

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Verification Worksheets

• ED provides suggested text annually
• Schools may:
  - Use ED’s suggested text or create its own
  - Create a comprehensive worksheet or customize it according to selected data
• Schools must use ED’s Identity and Statement of Educational Purpose text without edits
Acceptable Signature Formats

- Photocopied
- Faxed
- "Wet"
- Electronic

Signature Format

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Acceptable Verification Documents

• Adjusted Gross Income (AGI) – Tax Filers

Unaltered information obtained through IRS DRT

Signature Requirement – None

If student, spouse, or parent alters data after transfer, tax transcript is needed

IRS Request Flag of 02 indicates there is unaltered tax data

IRS Request Flag other than 02 means tax transcript required

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AGI – Tax Filers

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unaltered IRS DRT data</td>
<td></td>
</tr>
<tr>
<td>Tax Return Transcript</td>
<td></td>
</tr>
<tr>
<td>Acceptable alternative</td>
<td></td>
</tr>
<tr>
<td>IRS tax transcripts</td>
<td></td>
</tr>
<tr>
<td>Foreign tax returns</td>
<td></td>
</tr>
<tr>
<td>U.S. Territory tax</td>
<td></td>
</tr>
<tr>
<td>returns</td>
<td></td>
</tr>
</tbody>
</table>

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## AGI – Tax Filers

<table>
<thead>
<tr>
<th>Tax Return Transcript</th>
<th>Adjusted Gross Income Per Computer (Transcripts—1040, 1040A, and 1040EZ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1040</td>
<td>Line 37</td>
</tr>
<tr>
<td>1040A</td>
<td>Line 21</td>
</tr>
<tr>
<td>1040EZ</td>
<td>Line 4</td>
</tr>
<tr>
<td>FAFSA</td>
<td>Student Question 36, Parent Question 85</td>
</tr>
</tbody>
</table>

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<table>
<thead>
<tr>
<th>Tax Return Transcript</th>
<th>U.S. Income Tax Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>1040 Transcript</td>
<td>Income Tax After Credits Per Computer minus Excess Advance Premium Tax Credit Repayment Amount</td>
</tr>
<tr>
<td>1040A Transcript</td>
<td>Tentative Tax Per Computer minus Total Credits Per Computer</td>
</tr>
<tr>
<td>1040EZ Transcript</td>
<td>Total Tax Liability TP Figures Per Computer minus Health Care: Individual Responsibility</td>
</tr>
<tr>
<td>1040</td>
<td>Line 56 minus Line 46</td>
</tr>
<tr>
<td>1040A</td>
<td>Line 28 minus Line 36</td>
</tr>
<tr>
<td>1040EZ</td>
<td>Line 10</td>
</tr>
<tr>
<td>FAFSA</td>
<td>Student Question 37</td>
</tr>
<tr>
<td></td>
<td>Parent Question 86</td>
</tr>
</tbody>
</table>

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Income Earned from Work – Nontax Filers

• U.S. individuals
  – Statement or verification worksheet AND
  – Form W-2 from every employer AND
  – IRS Verification of Nonfiling Letter

• Foreign residents
  – Wage and Tax Statement or equivalent AND
  – Statement or verification worksheet AND
  – Verification of Nonfiling from tax authority
## Income Earned from Work – Nontax Filers

<table>
<thead>
<tr>
<th>Tax Return Transcript</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1040 Transcript</strong></td>
<td>Wages, Salaries, Tips, etc. + Business Income or Loss Sch. C Per Computer + Farm Income or Loss (Schedule F) Per Computer</td>
</tr>
<tr>
<td><strong>1040A Transcript</strong></td>
<td>Wages, Salaries, Tips, etc. + Business Income or Loss Sch. C Per Computer + Farm Income or Loss (Schedule F) Per Computer</td>
</tr>
<tr>
<td><strong>1040EZ Transcript</strong></td>
<td>Wages, Salaries, Tips, etc.</td>
</tr>
<tr>
<td><strong>1040</strong></td>
<td>Lines 7 + 12 + 18 + Schedule K-1, Box 14, Code A Form W-2, Box 1</td>
</tr>
<tr>
<td><strong>1040A</strong></td>
<td>Line 7 Form W-2, Box 1</td>
</tr>
<tr>
<td><strong>1040EZ</strong></td>
<td>Line 1 Form W-2, Box 1</td>
</tr>
<tr>
<td><strong>FAFSA</strong></td>
<td>Student Questions 39 and 40 Parent Questions 88 and 89</td>
</tr>
</tbody>
</table>

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Untaxed Income and Benefits – Tax Filers

- Untaxed portions of IRA distributions
- IRA deductions and payments
- Untaxed portions of pension/annuity distributions
- Tax-exempt interest income
- Education tax credits
### Untaxed Portions of IRA Distributions

<table>
<thead>
<tr>
<th>Tax Return Transcript</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1040</strong></td>
<td>Lines 15a minus 15b (excludes rollovers)</td>
</tr>
<tr>
<td><strong>1040A</strong></td>
<td>Lines 11a minus 11b (excludes rollovers)</td>
</tr>
<tr>
<td><strong>1040EZ</strong></td>
<td>N/A</td>
</tr>
<tr>
<td><strong>FAFSA</strong></td>
<td>Student Question 45e Parent Question 94e</td>
</tr>
</tbody>
</table>

### IRA Deductions and Payments

<table>
<thead>
<tr>
<th>Tax Return Transcript</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1040</strong></td>
<td>Lines 28 + 32</td>
</tr>
<tr>
<td><strong>1040A</strong></td>
<td>Line 17</td>
</tr>
<tr>
<td><strong>1040EZ</strong></td>
<td>N/A</td>
</tr>
<tr>
<td><strong>FAFSA</strong></td>
<td>Student Question 45b Parent Question 94b</td>
</tr>
</tbody>
</table>

---

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Untaxed Income and Benefits – Tax Filers

<table>
<thead>
<tr>
<th>Untaxed Pension and Annuity Distributions</th>
<th>Tax-Exempt Interest Income</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax Return Transcript</strong></td>
<td><strong>Tax Return Transcript</strong></td>
</tr>
<tr>
<td>Total Pensions and Annuities minus</td>
<td>Tax-Exempt Interest</td>
</tr>
<tr>
<td>Taxable Pension/Annuity Amount</td>
<td>(Transcripts—1040 and 1040A only)</td>
</tr>
<tr>
<td>(Transcripts—1040 and 1040A only)</td>
<td>(Transcripts—1040 and 1040A only)</td>
</tr>
<tr>
<td><strong>1040</strong></td>
<td>Line 8b</td>
</tr>
<tr>
<td>Lines 16a minus 16b (excludes rollovers)</td>
<td></td>
</tr>
<tr>
<td><strong>1040A</strong></td>
<td>Line 8b</td>
</tr>
<tr>
<td>Lines 12a minus 12b (excludes rollovers)</td>
<td></td>
</tr>
<tr>
<td><strong>1040EZ</strong></td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FAFSA</strong></td>
<td>Student Question 45d</td>
</tr>
<tr>
<td>Student Question 45f</td>
<td></td>
</tr>
<tr>
<td>Parent Question 94f</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Student Question 45d</td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

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## Untaxed Income and Benefits – Tax Filers

<table>
<thead>
<tr>
<th>Tax Return Transcript</th>
<th>Education Tax Credits</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Education Credit Per Computer (Transcripts—1040 and 1040A only)</td>
</tr>
<tr>
<td>1040</td>
<td>Line 50</td>
</tr>
<tr>
<td>1040A</td>
<td>Line 33</td>
</tr>
<tr>
<td>1040EZ</td>
<td>N/A</td>
</tr>
<tr>
<td>FAFSA</td>
<td>Student Question 44a</td>
</tr>
<tr>
<td></td>
<td>Parent Question 93a</td>
</tr>
</tbody>
</table>
Dependent Household Size

- Applicant
- Applicant’s parents living in household
- Parents’ other children, if will be supported more than half from 7/1/18 – 6/30/19
- Applicant’s children if parents will provide more than half support 7/1/18 – 6/30/19
- Parents’ or applicant’s unborn child if born before 6/30/19 and parents will provide more than half support
- Other persons living with & receiving more than half support from applicant’s parents from application to 6/30/19

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Independent Household Size

• Applicant
• Applicant’s spouse living in household
• Applicant’s children, if will be supported more than half from 7/1/18 – 6/30/19
• Applicant’s/spouse’s unborn child if born before 6/30/19 and will provide more than half support
• Other persons living with & receiving more than half support from applicant from application to 6/30/19
High School Completion

- High school diploma always preferred
- Several documents can be used
- School may accept alternative documentation only when
  - Secondary school documentation is unavailable (e.g. closed school, deceased parent provided home schooling)
  - Foreign refugees, asylees, and victims of human trafficking who cannot obtain diploma or equivalent
Verification Status Codes

- Verified
- Without documentation
- Selected/Not verified
- Not verified

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Corrections

Correction
Changes to data that were incorrect when FAFSA was filed

Update
Changes to data correct when FAFSA was filed but later changed

Adjustment
Change made by aid administrator using professional judgment (PJ)

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## Corrections

### Data Correct as Reported
- Disburse grants
- FWS employment may begin
- Originate and disburse loans

### Required CPS Reprocessing
- Change in a single dollar item of $25 or more
- Any errors in nondollar items

### Optional CPS Reprocessing
- School may choose to submit all corrections to CPS

---

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Updates

Correction
Changes to data that were incorrect when FAFSA was filed

Update
Changes to data correct when FAFSA was filed but later changed

Adjustment
Change made by aid administrator using professional judgment (PJ)

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Updates

Required anytime

- Dependency status (not due to student marital status change)

Required at verification

- Household size/Number in college (not due to student marital status change)

Optional anytime to address inequity/ability to pay

- Dependency/marital status
- Household size
- Number in college

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Professional Judgment Adjustments

Correction
Changes to data that were incorrect when FAFSA was filed

Update
Changes to data correct when FAFSA was filed but later changed

Adjustment
Change made by aid administrator using professional judgment (PJ)

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Professional Judgment Adjustments

• Optional
• Discretion granted to FA administrators under section 479(a) of the Higher Education Act of 1965, as amended
• Verification of specified-year data and resolution of conflicting information required before PJ

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Making corrections and updates

- **FAFSA on the Web**
  [https://fafsa.ed.gov/](https://fafsa.ed.gov/)

- **FAA Access to CPS Online**
  [https://faaaccess.ed.gov/](https://faaaccess.ed.gov/) or via EDE by the school aid office

- **Student aid report**
  Paper corrections sent by mail

- **By phone**
  Change schools listed or student address (DRN required)
  Federal Student Aid Information Center (FSAIC)
  1-800-4-FED-AID (1-800-433-3243)
Verification and the Award Cycle

Upon receipt of ISIR

Before making tentative award

After interim disbursement, but before second disbursement

After student accepts award, but before disbursement

After making tentative award, but before award confirmation
Verification Deadlines

- Institutional deadline
- Federal Pell Grant deadline
- Campus-Based and Direct Loan deadlines

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Verification Policies and Procedures

- **Selection Procedures**: How are students selected?
- **Information Shared**: Documentation requirements
  - Student responsibilities
- **Document Submission**: Deadlines
  - Consequences for noncompliance
- **Post-Verification**: Process to correct data
  - Outcome notification to student

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Resources

• Student Aid Handbook-Application Verification Guide aka- AVG
• Department of Ed
  • https://ifap.ed.gov/sarcommcodestxt/1920SARCommCodesTxt.html
  • FSATECH@LISTSERV.ED.GOV
• NASFAA-Ask Regs., training, webinars
• EASFAA-training and webinars
• PASFAA –training and webinars
• List serves, Software Companies, 
• Friends and colleagues are most helpful.
THANK YOU FOR ATTENDING!

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