



BASIC VERIFICATION

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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



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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



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Selection Process

- Applications can be selected by the Central Processing System (CPS) or the Institution



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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



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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



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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



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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



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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



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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



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Exclusions – Institutional Exemption

- Institution excluded (exempt) if a foreign school participating in Direct Loan program and not located in a state



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Verification Selection Process

- Customized Approach
- Varies from applicant-to-applicant
- May be information not used in Expected Family Contribution (EFC)



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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



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Verification Tracking Groups

- V4
 - High school completion
 - Identity and Statement of Educational Purpose



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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

Data Element to Verify (any tracking group)*	Dependent Student's Parent(s)	Independent Student (and Spouse)
Adjusted gross income	Tax filers	Tax filers
Income earned from work	Nontax filers	Nontax filers
Household size	No	Yes
High school completion, identity, and SEP	V5 only	V5 only

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



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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)



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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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IRS Data Retrieval Tool (DRT)

Tax return type

Tax filing status

Exemptions claimed

AGI

Income from work

Taxes paid

Untaxed pensions

Tax-exempt interest

Untaxed IRA distributions

IRA deductions

Education tax credits



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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

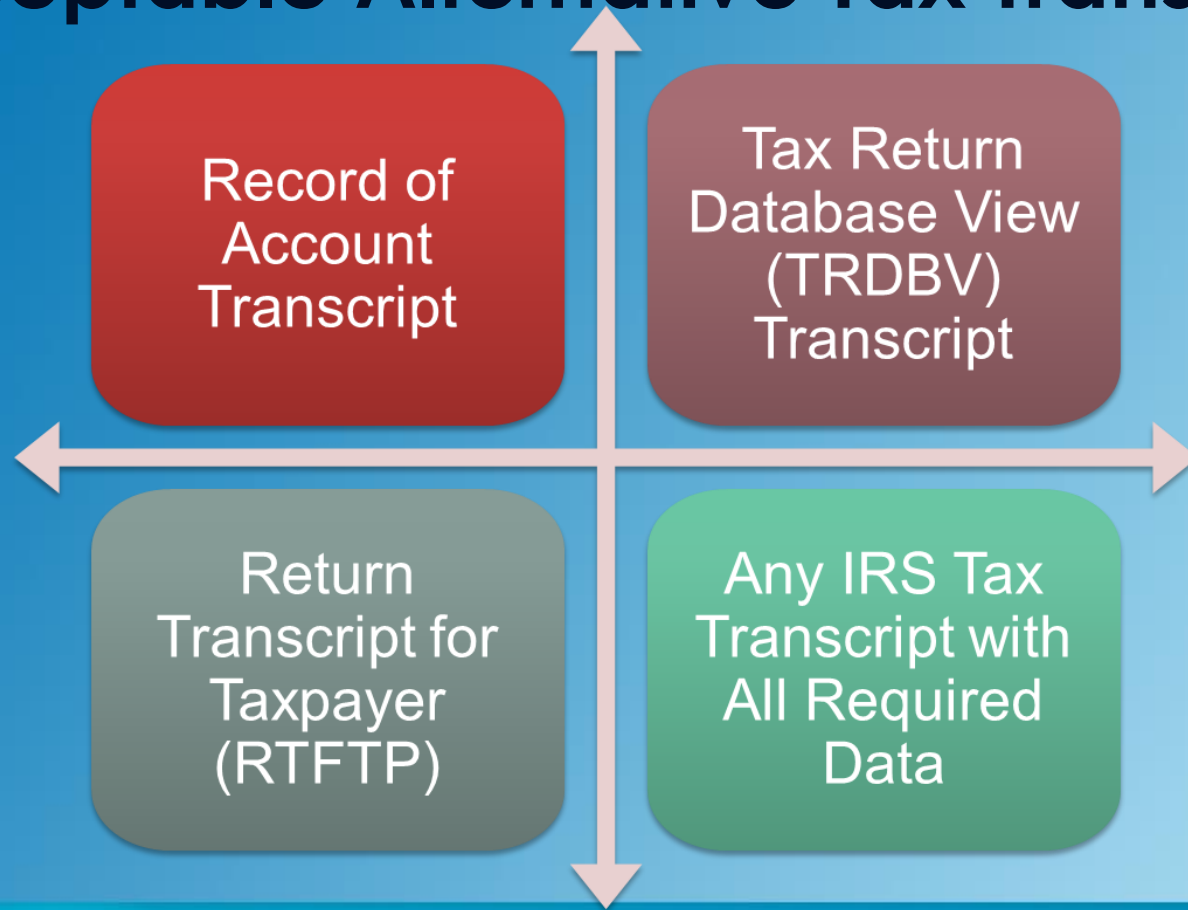
Mail or fax IRS Form 4506-T or 4506-EZ

Income Verification Express Service



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Acceptable Alternative Tax Transcripts



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Verification Worksheets

- ED provides suggested text annually
- Schools may:

Use ED's suggested text or create its own

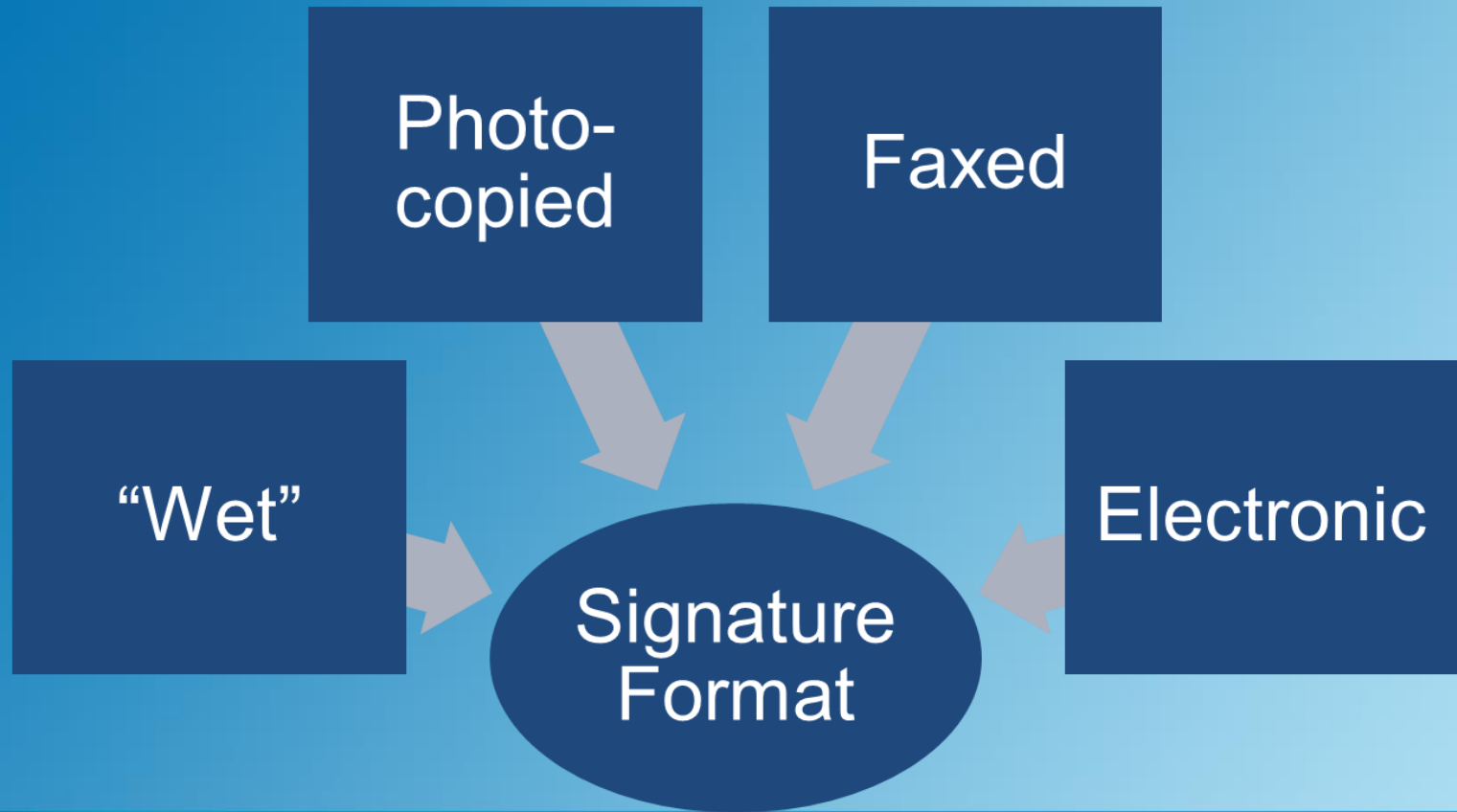
Create a comprehensive worksheet or customize it according to selected data

- Schools must use ED's Identity and Statement of Educational Purpose text without edits



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Acceptable Signature Formats



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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

Unaltered IRS DRT data

Tax Return Transcript

Acceptable alternative IRS tax transcripts

Foreign tax returns

U.S. Territory tax returns



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AGI – Tax Filers

Adjusted Gross Income	
Tax Return Transcript	Adjusted Gross Income Per Computer (Transcripts—1040, 1040A, and 1040EZ)
1040	Line 37
1040A	Line 21
1040EZ	Line 4
FAFSA	Student Question 36 Parent Question 85



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U.S. Income Tax Paid – Tax Filers

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



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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



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Income Earned from Work – Nontax Filers

Income Earned from Work	
Tax Return Transcript	1040 Transcript—Wages, Salaries, Tips, etc. + Business Income or Loss Sch. C Per Computer + Farm Income or Loss (Schedule F) Per Computer 1040A Transcript—Wages, Salaries, Tips, etc. + Business Income or Loss Sch. C Per Computer + Farm Income or Loss (Schedule F) Per Computer 1040EZ Transcript—Wages, Salaries, Tips, etc.
1040	Lines 7 + 12 + 18 + Schedule K-1, Box 14, Code A Form W-2, Box 1
1040A	Line 7 Form W-2, Box 1
1040EZ	Line 1 Form W-2, Box 1
FAFSA	Student Questions 39 and 40 Parent Questions 88 and 89



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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



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Untaxed Income and Benefits – Tax Filers

Untaxed Portions of IRA Distributions	
Tax Return Transcript	Total IRA Distributions minus Taxable IRA Distributions (Transcripts—1040 and 1040A only)
1040	Lines 15a minus 15b (excludes rollovers)
1040A	Lines 11a minus 11b (excludes rollovers)
1040EZ	N/A
FAFSA	Student Question 45e Parent Question 94e

IRA Deductions and Payments	
Tax Return Transcript	KEOGH/SEP Contribution Deduction + IRA Deduction Per Computer (Transcripts—1040 and 1040A only)
1040	Lines 28 + 32
1040A	Line 17
1040EZ	N/A
FAFSA	Student Question 45b Parent Question 94b



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Untaxed Income and Benefits – Tax Filers

Untaxed Pension and Annuity Distributions	
Tax Return Transcript	Total Pensions and Annuities minus Taxable Pension/Annuity Amount (Transcripts—1040 and 1040A only)
1040	Lines 16a minus 16b (excludes rollovers)
1040A	Lines 12a minus 12b (excludes rollovers)
1040EZ	N/A
FAFSA	Student Question 45f Parent Question 94f

Tax-Exempt Interest Income	
Tax Return Transcript	Tax-Exempt Interest (Transcripts—1040 and 1040A only)
1040	Line 8b
1040A	Line 8b
1040EZ	N/A
FAFSA	Student Question 45d Parent Question 94d



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Untaxed Income and Benefits – Tax Filers

Education Tax Credits	
Tax Return Transcript	Education Credit Per Computer (Transcripts—1040 and 1040A only)
1040	Line 50
1040A	Line 33
1040EZ	N/A
FAFSA	Student Question 44a Parent Question 93a



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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



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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**

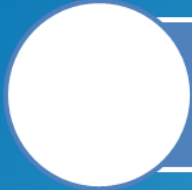


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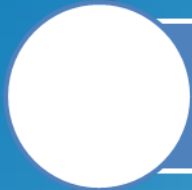
Verification Status Codes



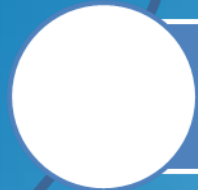
Verified



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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Unusual uncovered
medical/dental
expenses

Parent/
spouse
death

Secondary
school tuition

Extraordinary
dependent
care

Loss of
employment

Divorce



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Making corrections and updates

- **FAFSA on the Web**

<https://fafsa.ed.gov/>

- **FAA Access to CPS Online**

<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)

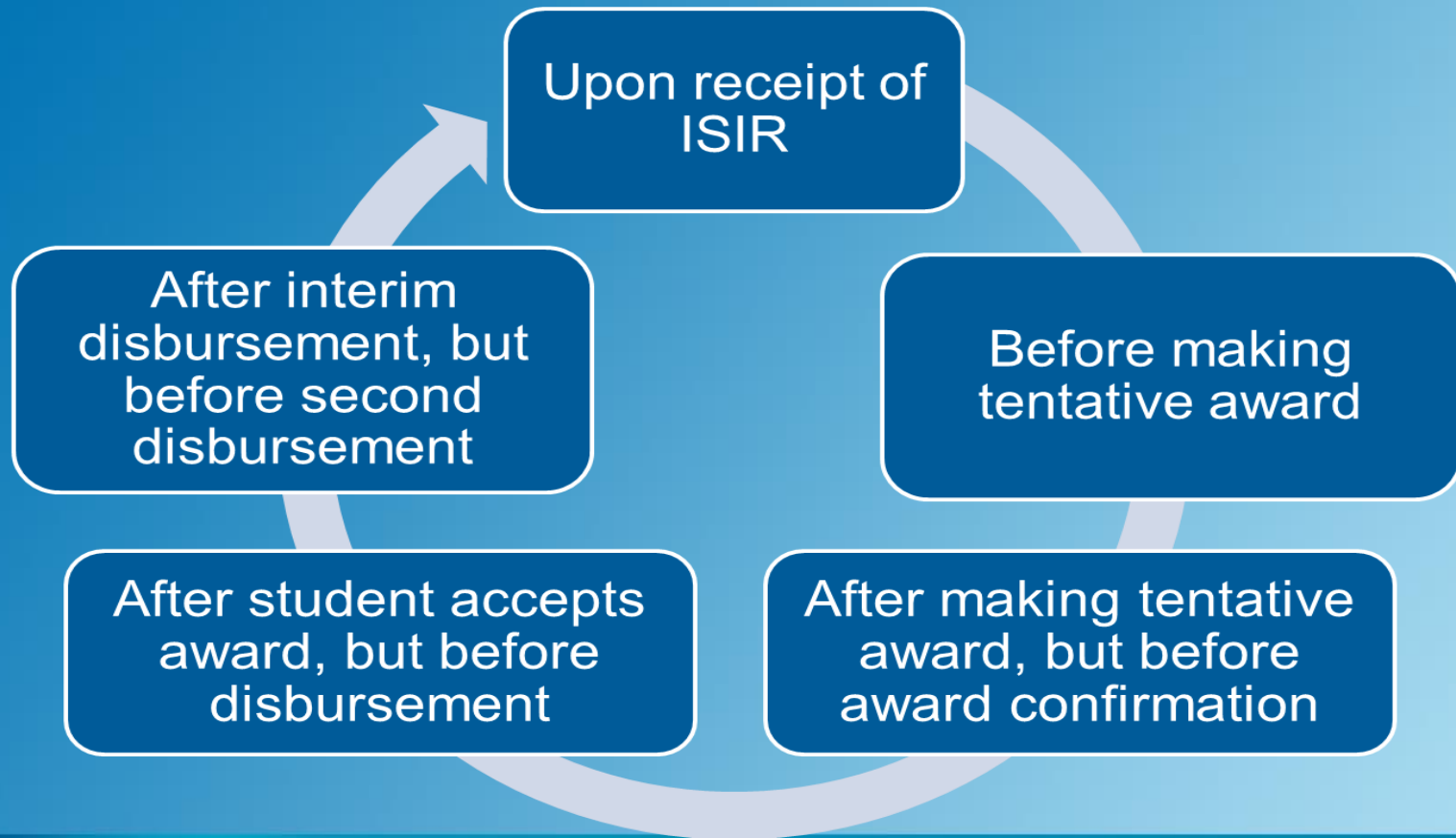
1-800-4-FED-AID (1-800-433-3243)



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Verification and the Award Cycle



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Verification Deadlines

Institutional
deadline

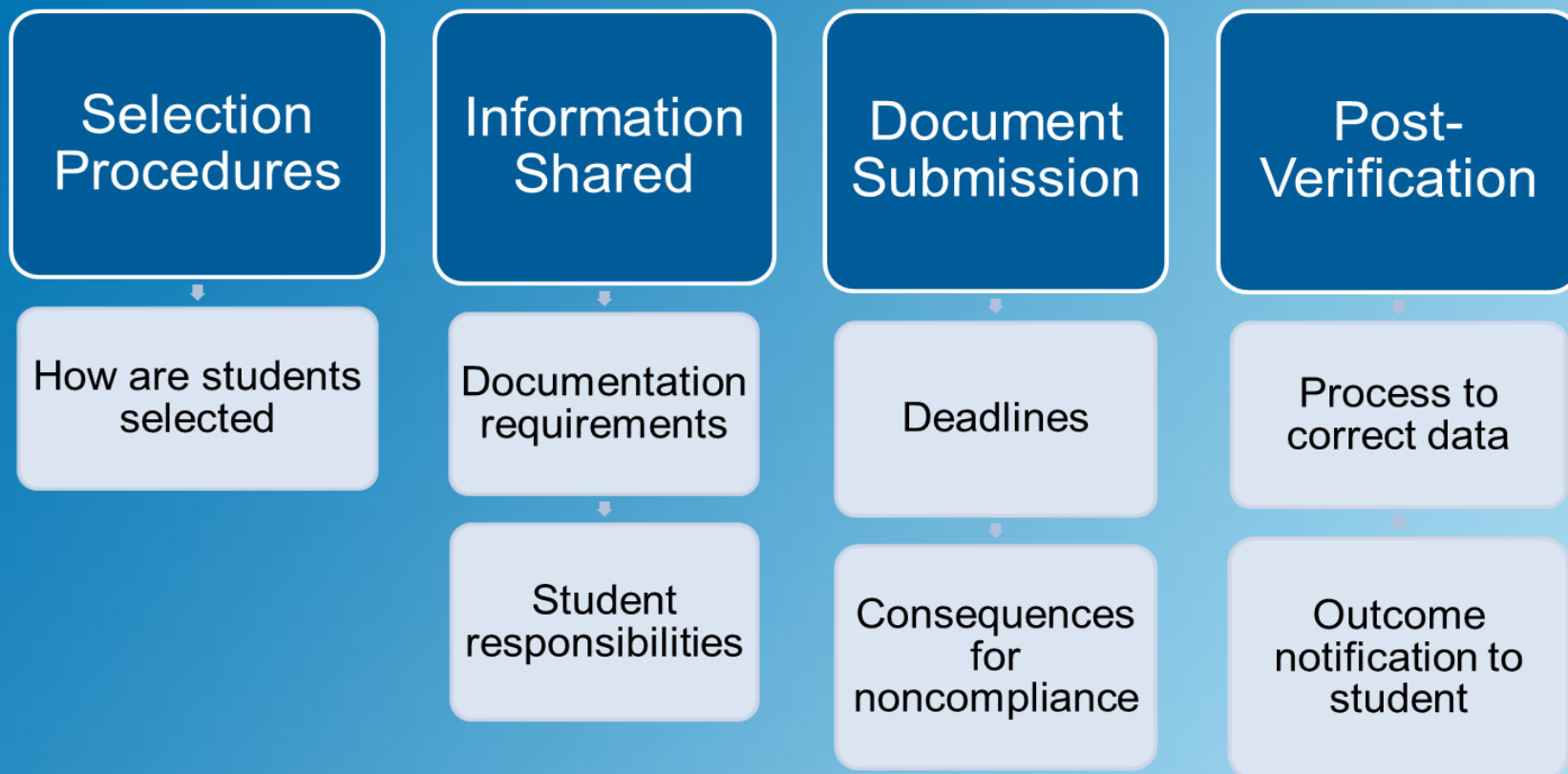
Federal Pell
Grant
deadline

Campus-
Based and
Direct Loan
deadlines

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Verification Policies and Procedures



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Resources

- Student Aid Handbook-Application Verification Guide aka- AVG
- Department of Ed
 - <https://ifap.ed.gov/sarcommcodetxt/1920SARCommCodesTxt.html>
 - FSATECH@LISTSERV.ED.GOV
- NASFAA-Ask Regs. , training, webinars
- EASFAA-training and webinars
- PASFAA –training and webinars
- IRS <https://www.irs.gov/pub/irs-pdf/p17.pdf>IRS
- List serves, Software Companies,
- Friends and colleagues are most helpful.



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Questions?

Comments?



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**THANK YOU
FOR
ATTENDING !**

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