Verification
2013-2014
Customization

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AGENDA

- Verification regulations overview
- Verification items
- Verification tracking groups and flags
- Acceptable Documentation
- Verification text vs. verification worksheets
- Verification resources
- Questions

Verification Regulations

Verification regulations effective:

- July 1, 2013 for 2013-2014 award year

Note: *although regulations effective July 1 of the award year, processing under these regulations begins with processing for that aid year*

Verification Regulations

- Schools have to verify all files selected by CPS
- Schools that do 100% verification may still continue to do so
- Quality assurance schools will follow the verification guidelines under that program
- Schools still have the option to select additional applicants based on institutional selection criteria
- 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

Verification Regulations

Information that must be verified no longer static

- Is determined annually and published before the start of an award year in a *Federal Register Notice* – notice also identifies acceptable documents
- Customized for individual applicants
- Institutions may verify additional items

Information for 2013-2014 award year is in 7/12/12 Federal Register Notice and Dear Colleague Letter (DCL) Gen - 12-11 posted on 7/17/2012

Verification Regulations

If the applicant would have been selected based on standard verification criteria and Tax return data for the student and parent(s) for a dependent record or for the independent student:

- Retrieved from the IRS and not changed on the FAFSA,
- Responses to Household Size and Number in College questions seems logical
- Record will **not** be selected for verification

Logical answers include the following:

Parents' Marital Status	Family Members	Number in College
Married	3	1
Not Married	2	1

Student's Marital Status	Family Members	Number in College
Married	2	1
Not Married	1	1

Verification Regulations

Verification selection process remains the same:

- 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 – Verification Tracking Group will not change
- Subsequent Transactions After Non-Selection
  - Records will be subjected to selection again

Verification Items

Required Verification Items: *new for 12-13 and continued for 13-14*

- Number of household members
- Number of household members enrolled at least half time in an eligible post secondary institution
- Food stamps – Supplemental Nutrition Assistance Program (SNAP)
- Child support paid – amount, by who, to whom, & for whom
- Income information for tax filers – *AGI, U.S. income taxes paid, untaxed IRA distributions, untaxed pension distributions, education credits, IRA deductions & tax exempt interest*
- Income information for non tax filers – *income earned from work*

Verification Items

Required Verification Items: *for 13-14*

- 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

Customized to each applicant:

* Verification Flags
* Verification Tracking Flags
* Verification Tracking Groups
* Items to verify based on Verification Tracking Groups

Verification Tracking Groups

Items to be verified will be grouped:

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

Verification Tracking Groups

V1 –Standard:

Tax Filers

- Adjusted Gross Income
- U.S. Income Tax Paid
- Untaxed Portions of IRA Distributions
- Untaxed Portions of Pension Distributions
- IRA Deductions and Payments
- Tax Exempt Interest Income
- Education Credits
- Number of Household Members
- Number in College
- Supplemental Nutrition Assistance Program (SNAP-Food Stamps) – ***if reported on the ISIR***
- Child Support Paid – ***if reported on the ISIR***

Verification Tracking Groups

V1 –Standard:
Non-Tax Filers

- Income Earned from Work
- Number of Household Members
- Number in College
- Supplemental Nutrition Assistance Program (SNAP-Food Stamps) - ***if reported on the ISIR***
- Child Support Paid - ***if reported on the ISIR***

Verification Tracking Groups

V2—SNAP

Supplemental Nutrition Assistance Program (SNAP-Food Stamps)

Receipt of food stamps is the only thing making them eligible for an Auto-Zero EFC

V3—Child Support Paid

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

Verification Tracking Groups

V4—Custom

- High School Completion Status
- Identity/Statement of Educational Purpose
- Supplemental Nutrition Assistance Program (SNAP-Food Stamps) - ***if reported on the ISIR***
- Child Support Paid – ***if reported on the ISIR***

Verification Tracking Groups

V5—Aggregate

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

  AND
- All items indicated for Tax Filer **(V1)**

  OR
- All items indicated for Non-Tax Filer **(V1)**
- Supplemental Nutrition Assistance Program (SNAP-Food Stamps) - ***if reported on the ISIR***
- Child Support Paid – ***if reported on the ISIR***

Acceptable Documentation

Income Information – tax filers:

- Income information that has been identified as retrieved using the IRS Data Retrieval Tool (DRT) and remained unchanged – 02 Flag

  OR
- IRS Tax Return Transcript – not required to be signed

Items to be verified:

- Adjusted gross income - AGI
- U.S. income taxes paid
- Untaxed IRA distributions
- Untaxed pension distributions
- Education credits
- IRA deductions
- Tax exempt interest

NOTE: Copies of U.S. tax returns no longer acceptable except in limited cases

Acceptable Documentation

Recent Guidance: 2013-2014

In the limited cases where an aid applicant who has:

* Filed a tax return **and**
* Attempted unsuccessfully to use the IRS Data Retrieval Tool or to obtain IRS Tax Return Transcripts due to identity theft:
  - Institutions may accept a signed copy of the relevant (i.e., applicant, spouse, or parent) 2012 IRS Tax Return **and**
    - a signed copy of the Affidavit of Identity Theft (IRS Form 14039), or
    - a police report, or
    - any correspondence from the IRS verifying that applicant/parent/spouse is a victim of identity theft

DCL; GEN-12-07
Electronic announcement 8/21/2012

Acceptable Documentation

Recent Guidance: 2013-2014

When an institution is aware that a tax filer filed or will file an amended tax return - 1040x; it must obtain:

- Either a signed copy of the original tax return that was filed (signature requirements must be met), IRS Record of Account or IRS Tax Return Transcript

AND

- A signed copy of the IRS Form 1040x (amended tax return form) that was filed with the IRS

Acceptable Documentation

Income information for non-tax filers:

Income earned from work

- A signed Verification Worksheet or statement certifying that the individual has not filed and is not required to file an income tax return for 2012

AND

- Must submit copies of W2's for all sources of earned income or Wage and Earning Statement from the IRS

OR

- If any income received for work for which a W2 is not available, the statement should list source and amount and explain why W2 is not available

Acceptable Documentation

Foreign or Puerto Rican Tax Returns

- Relevant income tax information converted to U.S. dollars; tax return treated as a 1040 (signed copy of Tax Return is acceptable)

Foreign Income but no Tax Return

- Statement indicating income earned from work converted to U.S. dollars – counted as other untaxed income

Other Tax Returns – Freely Associated States

- Copy of wage and tax statement from each employer or statement identifying all income and taxes for the year

Acceptable Documentation

Tax Filers - Extension

Person is required to file, but obtained **extension**, must submit:

- IRS form 4868 or IRS approval to extend beyond October 15, 2013
- W-2 for each source of employment income
- Signed statement by a self-employed individual certifying amount of AGI & US income tax paid for 2012
- *When above documentation reviewed, verification is considered complete* (disbursements are valid)
- School may request transcript/IRS DRT when taxes are filed

Acceptable Documentation

All non-income items required to be verified can be documented on the relevant verification form or with a signed statement:

- Household Size: Verification Worksheet or signed statement
  - name and age of each member
  - The relationship to applicant
- Number Enrolled: Verification Worksheet, signed statement or institutional certification
  - Name and age of each household member attending an eligible post secondary institution at least half time
  - Name of the eligible post secondary institution

Acceptable Documentation

Food Stamps

- A statement/Form signed by the applicant/parent affirming that SNAP–Food Stamps benefits were received by someone in the household during the 2011 and/or 2012 calendar years
- If school has concerns with accuracy of information, the institution must obtain documentation from the agency that issued the SNAP-Food Stamps benefits

Acceptable Documentation

Child Support Paid

- Statement/Form signed by the applicant/parent certifying—
  - The amount of child support paid;
  - The name of the person who paid the child support;
  - The name of the person to whom child support was paid; and
  - The names of the children for whom child support was paid

If the institution has reason to believe that the information provided in the signed statement is inaccurate, the applicant must provide the institution with supporting documentation, such as—divorce decrees, checks, signed statements, etc.

Acceptable Documentation

Documentation of high school completion status:
High school diploma

- High school diploma; **or**
- Final official 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

Document Review

Documentation of high school completion status:
recognized equivalent of 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

Acceptable Documentation

Documentation of high school completion status:

recognized equivalent of a high school 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

Acceptable Documentation

Documentation of high school completion status:

Home schooled

- 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

Acceptable Documentation

Identity/Statement of Educational Purpose
STUDENTS THAT APPEAR IN PERSON

- Present to an institutionally authorized individual
- A valid government-issued photo identification; and
- A signed & witnessed statement of educational purpose
- Wording provided by ED and cannot be modified
- Maintain, an annotated copy of the identification
- The date documentation was received; and
- The name of the institutionally-authorized individual that obtained the documentation

Acceptable Documentation

Identity/Statement of Educational Purpose
STUDENTS UNABLE TO APPEAR IN PERSON
Must provide the institution with:

- A copy of a valid government-issued photo identification
  AND
- An *original*, notarized statement of educational purpose signed by the applicant
- ED developed Statement of Educational Purpose cannot be modified
- **Cannot be faxed or scanned**

Verification Text vs. Verification Worksheets

Electronic Announcement – 1/18/13

- Contains 4 appendices to assist with crafting school verification documents to gather required verification data
- To remove unnecessary burden on all parties, ED urges institutions to use a targeted approach to request only required verification information from students and families
- Schools still allowed to select additional items based on school selection policy

Verification Text vs. Verification Worksheets

Electronic Announcement – 1/18/13
Appendix A – Suggested text

- Not required to use ED's suggested text and formats
- ***ONE EXCEPTION - institutions must use the exact language provided in the "Statement of Educational Purpose" (Groups V4 & V5)***
- Includes a signature block
- Ensure document collects student's name and other identifying information, and that each page is identified as belonging to that student
- Should contain any special instructions for where, when, and how documents are to be submitted

Verification Text vs. Verification Worksheets

Electronic Announcement – 1/18/13

Statement of Educational Purpose

I certify that I _____ am the individual signing
(Print Student's Name)
this Statement of Educational Purpose and that the federal student financial assistance I may receive will only be used for educational purposes and to pay the cost of attending _____ for 2013-2014.
(Name of Postsecondary Educational Institution)

_____ _____
(Student's Signature) (Date)

_____
(Student's ID Number)

Verification Text vs. Verification Worksheets

Electronic Announcement – 1/18/13

- Appendix B – Verification item table listing important aspects of each item and groups each item according to verification tracking group
- Appendix C – Table of all items in each verification tracking group

Verification Text vs. Verification Worksheets

Electronic Announcement – 1/18/13

Appendix D – Example of institutional verification document

- Example is for a dependent student selected for Verification Tracking Group V4 whose ISIR indicates child support paid but no receipt of SNAP benefits
- Example of ONLY including text for items required to verify (no SNAP language included)
- Provides a sample verification requirements introductory paragraph, possible headings and a sample student demographic section

Verification Resources

- **IFAP - http://ifap.ed.gov/ifap/**
  - *FSA Handbook*
  - *Application and Verification Guide*
  - *Electronic Announcements*
  - *Dear Colleague Letters*
  - *FAFSA- Instructions & Worksheet*
  - *Program Integrity Q&A*
- **IRS WEBSITE – www.irs.gov**

Questions

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