

Verification for 2012-13 and Beyond

FASFAA Region V Fall Workshop

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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

Communications

- NPRM: June 18, 2010
- Final regulations: October 29, 2010
- Technical corrections: April 14, 2011
- Federal Register notice: July 13, 2011
- Dear Colleague Letters:
 - GEN-11-03, February 2011 (IRS)
 - GEN-11-13, July 2011 (Verification)

Verification Resources

- Q&A on Program Integrity website:
 - <http://www2.ed.gov/policy/highered/reg/hearrulemaking/2009/verification.html>
- FAFSA-IRS Tax Return Transcript Matrix
 - <http://www.ifap.ed.gov/eannouncements/031612FAFSA1213VerificationIRSTaxReturnMatrix.html>
- 2012-13 Application and Verification Guide
 - <http://www.ifap.ed.gov/fsahandbook/attachments/1213AVG.pdf>
- GEN -12-07 – Acceptable Documentation for Income and Taxes
 - <http://www.ifap.ed.gov/dpcletters/attachments/GEN1207.pdf>

Verification Regulations

- Effective July 1, 2012 for 2012-13 award year
- Requires the processing of all changes and corrections to an applicant's FAFSA information
- Eliminates \$400 tolerance; replaces with \$25 tolerance for any item
- Must report all changes, not just those that impact Pell Grants
- Eliminates the 30% institutional verification cap
- All CPS-selected applicants must be verified

Verification Items

- Eliminated five required verification items
- Annual Federal Register notice lists verification items and acceptable documentation
 - 2012-13 notice published 7/13/11
- Goal is to specify required verification items for individual applicant on ISIR
- Institution may select additional applicants or verify additional items for an applicant

2012-13 Verification Items

- Tax Filers — (from IRS Data Retrieval)
 - Adjusted Gross Income (AGI)
 - Taxes paid
 - Education credits
 - Specific untaxed income items from tax return —
 - Untaxed IRA distributions
 - Untaxed pensions
 - IRA deductions
 - Tax exempt interest

2012-13 Verification Items

- Tax Filers
 - No additional information is required if tax filer used DRT and did not alter data
 - Tax transcript is required if tax filer:
 - Did not use DRT, OR
 - Used DRT but altered data

2012-13 Verification Items

- Nontax Filers —
 - Copy of IRS Form W-2 for each source of employment received for the tax year 2011
 - VWS or a signed statement certifying —
 - That the individual has not filed and is not required to file an income tax return for tax year 2011
 - The sources of income earned from work as reported on the FAFSA and amounts of income from each source for tax year 2011 that is not on W-2s
 - If W-2 is not available, a signed statement must be obtained explaining why and list source and amount of income.

Selection Process –

Verification Exclusions

- Verification is not required if student:
 - Dies during the award year
 - Is not a Title IV aid recipient
 - Only is eligible for unsubsidized aid programs:
 - TEACH Grant
 - Unsubsidized Stafford Loan
 - Graduate or Parent PLUS loan
 - Is verified by another school
 - Leaves school and subsequently is selected
 - All disbursements must have been made

Selection Process –

Verification Exclusions

- Verification of parent information is not required if parents listed on FAFSA:
 - Are mentally incapacitated, OR
 - Reside outside the U.S. and cannot be reached, OR
 - Cannot be reached because contact information is unknown and cannot be obtained

Selection Process –

Verification Exclusions

- Verification of spouse's information for an independent student is not required if spouse:
 - Has died, OR
 - Is mentally incapacitated, OR
 - Resides outside the U.S. and cannot be reached, OR
 - Cannot be reached because contact information is unknown and cannot be obtained

Selection Process

Previously Exempt Applicants

- Certain applicants no longer are exempt from verification:
 - Students (or applicable parents) who are Pacific Island residents
 - Incarcerated students
 - Students who are recent immigrants

2012-13 Verification Items

- All applicants —
 - Number in household —
 - Need signed statement including the name of each household member, age and relationship to applicant
 - Not required if :
 - Dependent student household size reported is two and the parent is single, separated, divorced or widowed; or three if the parent is married
 - Independent student household reported is one and the applicant is single, separated, divorced or widowed; or two if applicant is married

2012-13 Verification Items

- All applicants —
 - Number in college —
 - Not required if reported is one
 - Applicant must provide name and age of each household member who is or will be attending an eligible postsecondary educational institution as at least a half-time student in the 2012-13 award year and the name of the eligible institution(s) that each household member is or will be attending.

2012-13 Verification Items

- All applicants —
 - Supplemental Nutrition Assistance Program (SNAP) benefits, (formerly food stamps) if receipt is reported on FAFSA —
 - Certification on verification worksheet
 - Institution may request documentation from the agency that issues the SNAP benefit

2012-13 Verification Items

- All applicants —
 - Child support paid if amount reported on FAFSA —
 - Certification on verification worksheet or statement sign by the applicant, spouse or parent who paid child support certifying:
 - Annual amount paid
 - Name of the person to whom the child support was paid
 - Name of the children for whom child support was paid

2012-13 Verification Items

- All applicants —
 - Child support paid - if school believes information is inaccurate, documentation must be obtained showing amounts
 - Copy of separation agreement/divorce decree OR,
 - Statement from child support recipient OR,
 - Copies of canceled checks or money order receipts

Tax Filers With Special Circumstances

- Individual filed jointly and is now separated, divorced, widowed or remarried. Acceptable documentation for 2012-13 are:
 - Tax transcript
 - W-2 Form(s) if joint-filer no longer is married to individual on the return.
 - Only required for filer whose income was used to calculate the EFC

IRS Extension Filers

- Verification is completed if you have -
 - Documentation of IRS extension
 - Copy of W-2 Form(s), or signed statement from self-employed individual
- MAY require an individual granted a tax filing extension to provide copy of their completed and signed tax return when filed
- MUST verify AGI and taxes paid, if you receive a copy of the return
- MAY return all funds disbursed, if you do not receive copy of the return

Tax Filers With Special Circumstances

- Individual requested a tax transcript and one could not be provided by the IRS, U.S. territory or commonwealth, or foreign country. Acceptable documentation for 2012-13 are:
 - Copy of W-2 Form(s)
 - Signed copy of Federal Tax Return (see GEN 12-07)
 - Signed statement self-certifying AGI and tax paid if:
 - Self-employed, OR
 - Has filed a tax return

Verification & PJ

- Required verification of all selected applicants before exercising professional judgment
- Does not require verification before exercising PJ for non-selected applicants

Updating

- FAFSA reported info is generally a snapshot
- Unless due to student's marital status change, must update for —
 - Dependency status changes (all applicants, anytime)
AND
 - Household size and number in college (selected applicants, at the time of verification)

Marital Status Updating

- Marital status updates permitted only by FAA to address inequity or better reflect ability to pay –
 - When dependency status changes AND/OR
 - When selected applicant needs to update household size and number in college
- If FAA changes marital status, other updates may be needed

Interim Disbursements

- May make interim disbursements without receipt of corrected ISIR if completed verification makes no change to aid eligibility
- All required corrections must be submitted to CPS AND school must receive revised ISIR transaction OR school will be liable for payment student receives

Verification After Enrollment Ends

- Student no longer limited to lesser Pell Grant award if verification completed after enrollment ends
- Student will receive Pell Grant payment based upon correct EFC

What's Next for 2013-14?

- Annual Federal Register notice —
 - Items to verify
 - Acceptable documentation
- 2013-14 Federal Register Notice:
 - July 12, 2012
- DCL GEN-12-11 (July 17, 2012)

2013-14 Verification

- Retained all items subject to verification in 2012-13
 - AGI, Taxes Paid, Four Untaxed Income Items, Education Credits, Number in Household, Number in College, SNAP and Child Support Paid
- Added two new items —
 - High school completion status
 - Identity/Statement of Educational Purpose

2013-14 Verification

- Documentation of high school completion status:
high school diploma –
 - High School Diploma; or
 - Final 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.

2013-14 Verification

- Documentation of high school completion status: recognized equivalent of a high school diploma –
 - General Education 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; or

2013-14 Verification

- 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 postsecondary institution that the student has met the formalized, written policies of the postsecondary institution for admitting such students

2013-14 Verification

- Documentation of high school completion status: homeschooled —
 - 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

2013-14 Verification

- Documentation of identity/statement of educational purpose
 - Appear in person and present to an institutionally authorized individual –
 - A valid government-issued photo identification (e.g. driver's license, non-driver's license, military identification, or passport); and
 - A signed statement of educational purpose
 - Must maintain, an annotated copy of identification submitted by the applicant that includes –
 - The date documentation was received; and
 - The name of the institutionally-authorized individual that obtained the documentation

2013-14 Verification

- Documentation of identity/statement of educational purpose (cont.) —
 - If unable to appear in person, must provide the institution —
 - A copy of a valid government-issued photo identification (e.g. driver's license, non-driver's license, military identification, or passport); and
 - An original notarized statement of educational purpose signed by the applicant

Verification Tracking Groups

- Verification flags
- Verification tracking flags
- Verification tracking groups
- Items to verify based on group

2013-14 Documentation

- Five Verification Tracking Groups
 - V1 – Standard Verification Group
 - Tax Filers
 - 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
 - Number of Household Members
 - Number in College
 - Supplemental Nutrition Assistance Program (SNAP – Food Stamps)
 - Child Support Paid

2013-14 Documentation

- Five Verification Tracking Groups (cont.) -
 - V1 — Standard Verification Group
 - Non-Tax Filers
 - Income Earned from Work
 - Number of Household Members
 - Number in College
 - Supplemental Nutrition Assistance Program (SNAP — Food Stamps)
 - Child Support Paid

2013-14 Documentation

- Five Verification Tracking Groups (cont.) —
 - V2 — SNAP Verification Group
 - Supplemental Nutrition Assistance Program (SNAP — Food Stamps Only)
 - V3 — Child Support Paid Verification Group
 - Child Support Paid Only by the student (or spouse), the student's parent or both

2013-14 Documentation

- Five Verification Tracking Groups (cont.) —
 - V4 — Custom Verification Group
 - High School Completion Status
 - Identity/Statement of Educational Purpose
 - Supplemental Nutrition Assistance Program (SNAP — Food Stamps)
 - Child Support Paid

2013-14 Documentation

- Five Verification Tracking Groups (cont.) –
 - V5 – Aggregate Verification Group
 - High School Completion Status
 - Identity / Statement of Educational Purpose
- AND
- All items indicated - Tax Filer (V1)
 - All items indicated – Non-Tax Filer (V1)

IRS Data and Verification

- An institution may consider as acceptable documentation IRS retrieval information if the Secretary has identified those items as having come from the IRS and not been changed – IRS Request Flag = 02

Resources

- U.S. Dept. of Education - 2011 FSA Conference Session on Verification
- U.S. Dept. of Education – 2012 NASFAA Conference Session on Verification
- www.ifap.ed.gov
- USA Funds “Implementing 2012-13 Verification Regulations” handout

