

2013-2014 Customized Verification: What You Need to Know?

FASFAA Region V Spring Workshop
April 26, 2013

Agenda

2013-2014


- Verification tracking flags
- Verification tracking groups
- FAFSA information required to be verified
- New verification items and acceptable documentation
- Verification resources

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Program Integrity Final Rule

- Published on October 29, 2010
- Replaces the five verification items for all selected applicants with a targeted selection from items included in an annual **Federal Register notice published by the Secretary**
- Goal is to target verification based upon most error prone data items specific to an applicant
- Institution may select additional applicants or verify additional items for an applicant

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Program Integrity Final Rule

- Eliminates the 30% institutional verification cap
- Retained all items subject to verification in 2012-13
 - Same documentation requirements
- Added two new items
 - High school completion status
 - Identity/Statement of Educational Purpose

(see Federal Register – July 12, 2012 and DCL GEN-12-11, July 17, 2012)


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2013-2014 Verification Items

- Tax filers
 - Adjusted gross income (AGI)
 - U.S. income tax paid
 - Untaxed portions of IRA distributions
 - Untaxed portions of pensions
 - Education credits
 - IRA deductions and payments
 - Tax exempt interest
- Nontax filers
 - Income earned from work

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2013-2014 Verification Items

- Household size
- Number in college
- Supplemental Nutrition Assistance Program (SNAP - Food Stamps)
- Child support paid
- High school completion status
- Identity and Statement of Educational Purpose

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Verification Tracking Flag Groups

Verification for 2013-2014

Verification Tracking Flag Groups

Verification Tracking Flag	Verification Tracking Group	Verification Description
V1	Standard Verification	Record selected because conditions based on statistical analysis error-prone risk model were met
V2	SNAP Verification	Record selected for receipt of SNAP criteria only
V3	Child Support Paid Verification	Record selected for Child Support Paid criteria only
V4	Custom Verification	Record selected for Identity criteria only
V5	Aggregate Verification	Record selected for Identity and "Standard Verification" criteria
Blank	Not selected for verification	

Communicating with Schools

FAA INFORMATION

Date 1028 Received NM/DD/OCTY ☒ Pushed ISIR Flag XXX ☒

Verification Flag ☒ Rejects Beta ☒ Verification Tracking Flag V2 ☒

Professional Judgment XXXXXX Dependency Override XXXXXXXXXX

Transaction Receipt Date NM/DD/OCTY ITT

Auto Zero EFC Flag XXXX ☒ Rejected Status Change Flag ☒ Duplicate SSN Flag XXX ☒

EFC Change Flag XXXXXXXX ☒ Verification Selection Change Flag ☒ Address Only Correction X

SNT Flag XXXX ☒ Special Circumstance Flag ☒ SAR C Change Flag X

FAA Access to OAS Online - Student Inquiry

NEW REPORT 2013-2014

FAA Information (UNBET) EDCOUTHOUSE

Verification Selection Change Flag: Transaction is now selected for verification when the transaction being corrected was not selected

Verification Flag: Selected for verification

Verification Tracking Flag: Child Support Paid Verification Group

Communications with Students

Current SAR comments:

- Dependent Student (170)
 - Your FAFSA has been selected for a review process called verification. Your school has the authority to request copies of certain financial documents from you and your parent(s).
- Independent Student (171)
 - Your FAFSA has been selected for a review process called verification. Your school has the authority to request copies of certain financial documents from you (and your spouse).

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V1 - Standard

- 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) – *if listed on FAFSA*
 - Child Support Paid – *if listed on FAFSA*

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V1 – Standard (cont.)

- Non-Tax Filers
 - Income Earned from Work
 - Number of Household Members
 - Number in College
 - Supplemental Nutrition Assistance Program (SNAP-Food Stamps) – *if listed on FAFSA*
 - Child Support Paid – *if listed on FAFSA*

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V2 - SNAP

- Supplemental Nutrition Assistance Program (SNAP-Food Stamps)
 - A statement 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.

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V3 – Child Support Paid

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

- Statement signed by the applicant/parent certifying—
 - The amount of child support paid in 2012;
 - 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 child 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.

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V4 - Custom

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

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V4 - Custom

- Documentation of high school completion status:
 - 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 official high school transcript is unavailable, the institution may accept alternative documentation

- Student self-certification not allowed*

V4 - Custom

- 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; or

V4 - Custom

- Documentation of high school completion status:
 - recognized equivalent of a high school diploma (cont.)
 - 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 (i.e. Doogie Howser)

V4 - Custom

- 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

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V4 - Custom

- Documentation of 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 statement of educational purpose
 - ❖ *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

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V4 - Custom

- Documentation of identity/statement of educational purpose - STUDENT UNABLE TO APPEAR IN PERSON
 - Must provide the institution—
 - 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

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V5 - Aggregate

- High School Completion Status
- Identity/Statement of Educational Purpose
AND
- All items indicated-Tax Filer (V1)
- All items indicated-Non-Tax Filer (V1)

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2013-14 Verification

Certification and Signatures

- If the institution combined two or more sets of text into a single document (worksheet), only one set of certification/signatures is required, *except that a separate signature is required by the student for execution of the Statement of Educational Purpose.*
- Also, this certification and signature is not required for the submission of signed tax returns or for IRS Tax Return Transcripts

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2013-14 Verification



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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

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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

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Electronic Announcement – 1/18/13

Statement of Educational Purpose

I certify that I _____ am the individual
(Print Student's Name)


signing 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)


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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


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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

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Other Exceptions

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Electronic Announcement – 8/21/12

- August 21, 2012—Electronic Announcement
 - Limited circumstances when a signed copy of relevant tax return is acceptable
 - Amended Returns; Identity Theft; Other Tax Returns
 - Updated with program integrity Q & A (DOC-Q2)

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Electronic Announcement – 8/21/12

- A tax filer will be unable to obtain an IRS tax transcript if he or she:
 - Has been determined by the IRS to be a victim of identity theft;
 - Filed a tax return with Puerto Rico, the Virgin Islands, American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, the Republic of the Marshall Islands, the Republic of Palau, and the Federated States of Micronesia; or
 - Filed a tax return in a foreign country

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Amended Tax Returns

If the institution is aware that an amended tax return was filed, to complete verification, the applicant must submit —

- Either a Signed copy of the original tax return, an IRS Tax Return Transcript, IRS Record of Account Transcript or a Return Transcript for Taxpayer (RTFTP) (Program Integrity Q&A DOC-Q10)

AND

- Signed copy of the Amended 1040X that was filed with the IRS

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Identity Theft

- To complete verification for victim of identity theft –
 - Signed copy of IRS income tax return
 - AND
 - One of the following –
 - IRS Form 14039, “Identity Theft Affidavit” (unless not required to file form or did not keep a copy)
 - Signed, dated statement indicating victim of identity theft and IRS is investigating
 - Copy of the police report filed by the tax filer

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Other Tax Returns

- Puerto Rico, Virgin Islands, American Samoa, Commonwealth of the Northern Mariana Islands, & Guam
 - Signed copy of filed tax return is acceptable
- Freely Associated States (Republic of the Marshall Islands, Republic of Palau, & the Federated States of Micronesia)
 - Copy of individual's Wage and Tax Statement from each employer that provided such a statement and a signed statement identifying all of the individual's income and taxes for the tax year is acceptable

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Other Tax Returns (cont.)

- Foreign Countries
 - Signed copies of that tax return or other documentation, using income and tax information (converted to U.S. dollars).
 - If foreign country does not require citizens to file an income tax returns, they can provide institution with signed statement certifying all of the individual's income and taxes paid for the tax year.

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Tax Filers – Extensions

- 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

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Resources

- *Federal Register*, 9/27/12, pp. 59311-59318, Updated Waivers and Modifications of Statutory and Regulatory Provisions Pursuant to the Higher Education Relief Opportunities for Students (HEROES) Act of 2003, Public Law 108-76
- *Federal Register*, 7/12/12, pp. 41173-41176, Free Application for Federal Student Aid (FAFSA), 2013-14 Award Year
- *Federal Register*, 10/29/10, pp. 66902-66913 and 66954-66958, Program Integrity Issues Final Rule
- *Federal Register*, 6/18/10, pp. 34825-34834, Program Integrity Issues Notice of Proposed Rulemaking

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Resources (cont.)

- Dear Colleague Letters:
 - GEN-12-11 – 2013-14 Award Year: FAFSA Information to be Verified and Acceptable Documentation
 - GEN-11-03 – Enhancements to the FAFSA-IRS Data Retrieval Process
- Electronic Announcement, 3/18/13 – FAFSA Applicants Who May Have Been Impacted by a Tax Filing Software Issue Related to IRS Form 8863
- Electronic Announcement, 1/18/13 – 2013-2014 Verification-Suggested Text
- Electronic Announcement, 11/1/12 – Plans for 2013-14 Verification Worksheets
- Electronic Announcement, 8/21/12 – Limited Circumstances When a Signed Copy of a Tax Return or Other Documentation is Acceptable for Completing Verification

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Resources (cont.)

- 2013-14 *ISIR Guide*
- 2013-14 *Application and Verification Guide*
- 2013-14 FAFSA Verification – IRS Tax Return Transcript Matrix
 - <http://ifap.ed.gov/eannouncements/031513FAFSAVerification1314IRSTaxReturnTranscriptMatrix.html>
- Department of Education Program Integrity Information Q&As - Verification
 - <http://www2.ed.gov/policy/highered/reg/hearrulemaking/2009/verification.html>

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Resources (cont.)

- *FSA Presentation on Verification* (on www.ifap.ed.gov)
- 2013-14 *Using Federal Tax Returns in Need Analysis*
 - http://www.nasfaa.org/products/taxreturn/Using_Tax_Returns_in_Need_Analysis_Verification.aspx (need NASFAA login name & password)
- *USA Funds Comparison of 2012 Tax Return and Tax Transcript Data*
 - <http://www.usafunds.org/schools/Pages/Training.aspx>
- *USA Funds 2012 Federal Tax Return: Eligible to File a 1040A/EZ*
 - <http://www.usafunds.org/schools/Pages/Training.aspx>

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