

### Verification

2018-19 Verification

Joseph Massman, Training Officer  
U.S. Department of Education

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### Agenda

- Background
- 2018-19 Verification Changes Overview
- 2018-19 Verification Tracking Groups & Documentation
- Verification Reminders
- Resources



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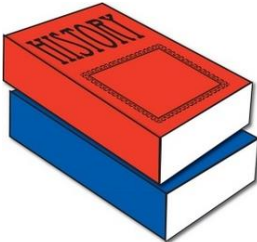
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### Background



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## Verification

**Verification – History**

- Last comprehensive look in 1985
- Program Integrity regulations (October 29, 2010)
  - Move toward more customized verification
  - Effective for the 2012-13 award year
- For the 2012-13 award year
  - Retained the long-standing five items and added SNAP and child support paid, if reported on the ISIR

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**Verification – History**

- For the 2013-14 award year
  - Introduced the concept of verification groups
  - Added high school completion and identity/statement of educational purpose as verification items
- For the 2014-15 award year
  - Eliminated SNAP (V2) as a separate verification group
  - Added household resources group (V6)
  - Added other untaxed income and benefits as a verification item

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**Verification – History**

- For the 2015-16 award year
  - No changes to verification items and tracking groups
- For the 2016-17 award year
  - Eliminated Child Support Paid (V3) as a separate verification group
  - In limited circumstances, an applicant's Verification Tracking Group could change

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**Verification – History**

- For the 2017-18 award year
  - Verification Tracking Group V6 was eliminated
    - Schools still have authority to select additional students and items of their choosing for verification
  - SNAP and Child Support Paid removed as individual verification items under V1, V4 or V5

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**2018-19 Verification Changes Overview**

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**2018-19 Verification Changes**

- May 5, 2017 Federal Register and GEN-17-05
  - No changes to verification tracking groups
  - Tax extenders must now show IRS proof of extension beyond automatic 6-month extension
    - If cannot produce, must provide tax data through DRT or tax transcripts
  - *Dependent students* who are not required to file taxes do not have to provide proof of nonfiling

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**Valid Photo ID Clarification**

- May 5, 2017 Federal Register and GEN-17-05
  - An unexpired valid government-issued photo identification is one issued by the U.S. government, any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, a federally recognized American Indian and Alaska Native Tribe, American Samoa, Guam, the Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau

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**Auto-Zero EFC**

- May 5, 2017 Federal Register
  - Remind schools that students selected for verification that qualify for an auto zero EFC have reduced requirements –
    - For dependent students
      - The parents' AGI if the parents were tax filers
      - The parents' income earned from work if the parents were nontax filers; and
      - The student's high school completion status and identity/ statement of educational purpose, if selected

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**Auto-Zero EFC**

- May 5, 2017 Federal Register
  - Remind schools students selected for verification that qualify for an auto zero EFC have reduced requirements:
    - For independent students
      - The student's and spouse's AGI if they were tax filers
      - student's and spouse's income earned from work if were nontax filers
      - The student's high school completion status and identity/ statement of educational purpose, if selected; and
      - The number of household members to determine if the independent student has one or more dependents other than a spouse

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### Amended Tax Returns

- Amended tax return filtering question removed from 2018-19 FAFSA
- Applicant or parent can use the IRS DRT to import information from their original return
- Flag from the IRS will indicate if there is an amended tax return on file
  - IRS Request Flag 07
  - School must obtain documentation for the updated information and make any necessary corrections regardless of whether selected for verification

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### Amended Tax Returns

VI-Q10: What FAFSA/ISIR information must be verified if an institution receives an ISIR with an IRS Request Flag value of 07?

VI-A10: An IRS Request Flag with a value of 07 indicates that the applicant or parent filed an amended tax return. Therefore, if an institution receives an ISIR with an IRS Request Flag value of 07, it must contact the applicant to obtain the documentation needed to make changes to any of the FAFSA/ISIR data items that were amended, regardless of whether those items are required to be verified. [Guidance issued 12/08/2017; **and applies beginning with the 2018-2019 FAFSA processing year**]

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### IRS Data Field Flags

- IRS Data Field Flags
  - **New** set of flags to help financial aid administrators know what, if any, specific information was changed once retrieved from the IRS and transferred into the FAFSA form
  - Flags provided separately for student and parent
  - Flags listed for EACH IRS-related data fields that can be transferred from the IRS
- **Different** flags than the IRS Request Flags
  - 02 Request flag still means no data changed for verification purposes

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**IRS Data Field Flags**

- List of *IRS Data Field Flag* values:
  - Blank = IRS data not transferred from IRS (FAFSA submitted via paper or by a financial aid administrator)
  - 0 = IRS data not transferred from IRS (FAFSA not submitted via paper or by a financial aid administrator)
  - 1 = IRS data transferred from IRS – Not changed by user
  - 2 = IRS data transferred from IRS – Field changed by user prior to submission of application (only occur if IRA/Pension fields changed by user entering rollover amount)
  - 3 = IRS data transferred from the IRS – Field corrected by the user on this transaction
  - 4 = IRS data transferred from the IRS – Field corrected by the user on a previous transaction

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**2018-19 Verification Tracking Groups: Data Elements & Documentation**



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**Which Students to Verify?**

- Schools only need verify students who are selected for verification
- Applicants can be selected in two ways:
 

<p><b>Department Selects</b></p> <ul style="list-style-type: none"> <li>School must verify all students the Department selects</li> <li>Student will be assigned to a verification group, which determines the items to verify</li> <li>ISIR will include verification flag and an asterisk (*) next to EFC</li> </ul>	<p><b>School Selects</b></p> <ul style="list-style-type: none"> <li>Schools may select students not selected by the Dept.</li> <li>May use the same data elements and documents as the Dept., or something else</li> <li>Written policy must address how school selects students and what they will verify</li> </ul>
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### Verification Selection Groups

- V1 – Standard Verification Group
- V2 – Reserved
- V3 – Reserved
- V4 – Custom Verification Group
- V5 – Aggregate Verification Group
- V6 – Reserved



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### V1– Tax Filers

- Adjusted Gross Income
- U.S. Income Tax Paid
- Untaxed Portions of IRA Distributions
- Untaxed Portions of Pensions
- IRA Deductions and Payments
- Tax Exempt Interest Income
- Education Credits

**Documentation:**

- IRS DRT;
- Tax Return Transcripts;
- Alternate documentation where allowed (e.g. amended returns, foreign returns, etc.)

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### IRS Data Retrieval Tool

IRS Request Flag	Description
Blank	IRS Data Retrieval Tool not available
00	Student/Parent was ineligible to use the IRS Data Retrieval Tool
01	Student/Parent was presented with the IRS Data Retrieval Tool and elected to use it, but did not transfer IRS data into the FAFSA
★ 02	IRS data was transferred and was not changed
03	IRS data was transferred and changed
04	IRS data was transferred and then changed on a subsequent transaction
05	Student/Parent was presented with the IRS Data Retrieval Tool and elected not to use it
06	IRS data was transferred, but a subsequent change made the student/parent ineligible to use the IRS Data Retrieval Tool
07	IRS data was transferred, but an amended tax return was filed

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**Tax Filers - Extensions**

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

**Tax Filers Extension Documentation:**

- Copy of IRS form 4868; IRS proof of extension beyond October 15 deadline; and
- W-2 (or Wage and Income Transcript) for each source of employment income; and
- If self-employed, a signed statement certifying the amount of AGI and U.S. income tax paid; and
- Confirmation of Non-Filing status from the IRS dated on or after October 1, 2017

*When above documentation reviewed, verification is considered complete (disbursements are valid)*

- School may request transcript/IRS DRT when taxes are filed; must then re-verify income information

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**Amended Tax Returns**

*Individuals who filed an amended tax return must submit the following documents to the institution:*

- an IRS Tax Return Transcript, or any other IRS tax transcript(s) that include all of the income and tax information required to be verified;
- and
- a signed copy of the IRS Form 1040X that was filed with the IRS

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**IRS Identity Theft**

Victims of IRS tax-related identity theft must submit:

- Statement signed and dated by tax filer indicating they were victims of IRS tax-related identity theft and the IRS has been made aware of the tax-related identity theft; **and**
- A Tax Return DataBase View (TRDBV) transcript obtained from the IRS (1-800-908-4490)
  - Tax filers who cannot obtain a TRDBV transcript may instead submit another official IRS transcript or equivalent document provided by the IRS if it includes all of the income and tax information required to be verified

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**V1 – Tax Non-Filers**

- Income earned from work

**Documentation**

- Signed statement certifying the following:
  - Individual has not filed and not required to file 2016 tax return;
  - Sources of income earned from work and amounts of income from each source for tax year 2016; and
- Copy of IRS Form W-2 (or Wage and Income Transcript) for each source of employment income received for tax year 2016, and
- Confirmation of Non-Filing from the IRS (required for Parents and Independent Students)
  - Not required for Dependent Students

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**V1 - Tax Non-Filers**

- Schools are required to know whether an applicant was required to file a tax return
- IRS Publication 17 gives guidance

IF your filing status is...	AND at the end of 2016 you were...*	THEN file a return if your gross income was at least...**
single	under 65	\$10,350
	65 or older	\$11,900
married filing jointly***	under 65 (both spouses)	\$20,700
	65 or older (one spouse)	\$21,950
	65 or older (both spouses)	\$23,200
married filing separately	any age	\$ 4,050
head of household	under 65	\$13,350
	65 or older	\$14,900
qualifying widow(er) with dependent child	under 65	\$16,650
	65 or older	\$17,900

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**V1 – Tax Non-Filers**

- IRS documents that clearly indicate that the IRS does not have a tax return record on file for the tax year are acceptable for verification of nonfiling
  - Can be obtained from IRS.gov online
  - Form 4506-T and checking box 7 if never filed taxes before
  - Must be dated October 1 or later
  - This is also required documentation for those granted filing extension by the IRS

*Electronic Announcement - February 23, 2017*

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### Possible IRS Non-Filing Documents

- Verification of non-filing letter
- Transcript with indication that “no record is found” or “no transcript on file”
  - Unclear messages such as “could not be processed” or “request could not be honored” are not sufficient
- IRS Form 13873
  - There are multiple versions (13873-T, 13873-V, etc.)
  - Any version is acceptable, as long as it clearly states that the IRS has no record of a tax return
- Browser response that indicates there is no 2016 tax return on file

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### Non-IRS Tax Filers

*Income Information for Non-IRS Tax Filers*

- Tax filers who filed an income tax return with a taxing authority in a **U.S. territory** (Guam, American Samoa, the U.S. Virgin Islands) or **commonwealth** (Puerto Rico and the Northern Mariana Islands) or with a **foreign central government**, must submit a copy of a transcript of their tax information
  - A signed copy of the applicable 2016 income tax return that was filed with the taxing authority is only acceptable if tax filers are unable to obtain a free copy of a transcript of their tax information

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### Verification Q & A

- DOC-Q28: ...Which tax authorities charge a fee to obtain this information?
- DOC-A28: The tax authorities for Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico and the U.S. Virgin Islands charge a fee to obtain tax account information. Therefore, a tax filer who filed an income tax return with these tax authorities may provide institutions with a signed copy of his or her income tax return that was filed with the relevant tax authority. ...  
 ...A tax filer who filed an income tax return with tax authorities not mentioned above, i.e. a foreign tax authority, and who indicates that they are unable to obtain tax account information free of charge, must provide the institution with documentation that the tax authority charges a fee to obtain information, along with a signed copy of his or her income tax return that was filed with the relevant tax authority

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### Non-IRS Nontax Filers

*Income Information for Non-IRS Nontax Filers*

- **Residents of the Freely Associated States** (Republic of the Marshall Islands, the Republic of Palau, the Federated States of Micronesia), or a **U.S. territory or commonwealth** or a **foreign central government** who are not required to file an income tax return under that taxing authority's rules must submit the following:
  - a copy of their Wage and Tax Statement (or equivalent documentation) for each source of employment income and
  - a signed statement identifying all of the individual's income and taxes

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### V1– All Applicants

- Number in Household & Number in College

**Documentation:**

- **Household size** – signed statement (name, age, relationship)
  - Not required for certain logical assumptions:
    - Dependent student household size reported is 2 and parent is unmarried or 3 if the parents are married or unmarried and living together
    - Independent student household reported is one and applicant is unmarried or two if the applicant is married
- **Number in College** – signed statement (name of household member attending at least half-time and eligible institution name)
  - Not required if reported number is one (student)

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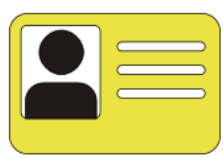
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### V4—Custom

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

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**High School Completion Status**

- High school completion status

**Documentation**

- High school diploma; or
- Final official high school transcript showing date diploma awarded, or
- Secondary leaving certificate (for students who completed secondary education in a foreign country and are unable to get a copy of high school diploma/transcript), or
- DD-214 (if it specifically states that student is a high school graduate or equivalent)

*Note: If prior to student being selected for verification, an institution already obtained HS completion status records for other purposes, the institution may rely on those records as long as it meets ED HS completion criteria*

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**High School Completion Status**

- Recognized equivalent of a HS diploma

**Documentation**

- Copy of student's General Educational Development (GED) certificate, an official GED transcript that indicates the student passed the exam, or a state-authorized HS equivalent certificate, or
- 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
- Student excelled academically in HS and has met all the criteria to be admitted to a 2-year degree program or higher

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**High School Completion Status**

- Test transcripts of State-authorized examinations

**Documentation**

- Official test transcripts of state-authorized examinations (e.g., GED test, HiSET, TASC, or other state-authorized high school equivalency examinations) are acceptable documentation of high school completion only if:
  - The official test transcript specifically indicates that a State has determined that the test results are considered by the state to meet its requirements of a high school equivalency, or
  - The official test transcript includes language that the final score is a passing score

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**High School Completion Status**

- Homeschooled

**Documentation**

- Credential, 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 credential for homeschool provided for under state law

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**High School Completion Status**

- For V4 and V5, if the school successfully verified and documented applicant's high school completion status for a prior award year, verification of high school completion status is not required for subsequent years
- An institution may not accept as alternative documentation an applicant's self-certification

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**High School Completion Status**

In rare cases where it is impossible for a *refugee, an asylee or a victim of human trafficking* to obtain documentation of his or her completion of a secondary school education in a foreign country, an institution may accept self-certification from these applicants

- Q&A FHD-Q2/A2 (program integrity Q & A website under HSD)
- Required information included:
  - Proof of attempt to obtain documentation of their completion of a secondary school education in a foreign country
  - Signed/dated statement that indicates applicant completed secondary school education in a foreign country along with - name and address of foreign high school and date foreign HS diploma was awarded
  - Copy of entry status documentation showing status as a refugee, asylee, or victim of human trafficking and who entered the US after the age of 15

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**Identity/Statement of Educational Purpose**

- Students that appear **in-person**

**Documentation**

- Present to an institutionally-authorized individual
  - A valid, **unexpired** government-issued photo identification (cannot use military IDs), and
  - A signed statement of educational purpose *using the text provided by ED (text 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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**Identity/Statement of Educational Purpose**

- Student **unable to appear in-person**

**Documentation**

- Must provide the institution:
  - A copy of a valid (unexpired) government-issued photo identification (cannot use military IDs)
  - AND
  - An original, **notarized** statement of educational purpose signed by the applicant (no online notaries allowed)
    - **Cannot** be faxed or scanned
    - Maintain a copy in the file
    - After examining the *original* Statement of Educational Purpose for accuracy and completeness, the institution may convert it into an electronic record

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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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**Verification Reminders**



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**Mid-Year Change to Tracking Group**

- Electronic Announcement issued October 31, 2016
- In general, whether selected initially or on a subsequent transaction, student must complete verification of the information required for the current Verification Tracking Group

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**Mid-Year Change to Tracking Group**

- Information previously verified does not need to be re-verified
- Because V5 concerns the student's identity, failure to complete verification will, in most cases, require the student to repay any Title IV aid that was disbursed
- If, after verification is completed, it is determined that the student was overpaid, the student is liable for the overpayment

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**Mid-Year Change to Tracking Group**

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Not initially selected; then selected for V1

- Until verification is complete, no further disbursements of **any** Title IV aid can be made, except on a case-by-case basis for Direct Unsubsidized Loans and Direct PLUS Loans
- If verification never completed, student must return all Title IV grant funds. Direct Unsubsidized, Direct Subsidized, and Direct PLUS loans and FWS wages earned do not have to be returned


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**Mid-Year Change to Tracking Group**


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Initially not selected; then selected for V4 or V5

**OR**

Previously selected for V1 or V4; then selected for V5

- Until verification is complete, no further disbursements of **any** Title IV aid can be made, including Direct Unsubsidized and Direct PLUS Loans
- If verification is never completed or student fails to verify identity or high school completion status, the student must return **all** Title IV aid including Direct Unsubsidized, Subsidized, and PLUS loans
- FWS wages earned do not have to be returned
- The requirement for the student to return funds applies regardless of whether the student is still enrolled


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**Mid-Year Change to Tracking Group**

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Once verification is complete if —

No change to EFC

- Student may receive all Title IV aid for which eligible and may be employed under FWS

EFC decreases

- All aid for the award year must be based on new EFC
- Disbursements must be consistent with late disbursement rules, if applicable


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### Verification

#### Mid-Year Change to Tracking Group

EFC increases

- All awards, disbursements, and FWS must be based on the verified higher EFC
- May result in overpayments of Title IV grants
- Follow normal rules for resolving any overpayments, including adjustments to upcoming disbursements

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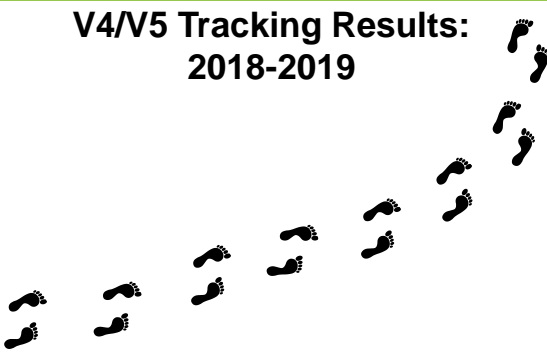
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#### V4/V5 Tracking Results: 2018-2019



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#### V4/V5 Tracking Results

- The V4 and V5 tracking process in FAA Access that began in the 2014-15 processing year **continues** for 2018-2019
- Schools need to select the proper award year for which they are providing results

<https://faaaccess.ed.gov>

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### Verification

**Verification & PJ**

- For applicants **selected** for verification (by ED or school), *must complete verification before PJ adjustments* made [HEA section 479A(a)]
- But...all PJ adjustments do **NOT** require verification
  - *Does school require?*
- **Must** mark ISIR as PJ!
  - An ISIR with PJ **coded correctly** will **not** be subject to ED's verification selection

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**“Non-Verification” Reminders**

**Regardless** of verification status

- Must resolve any and all “C-Codes”
  - Citizenship, Selective Service, Loan Default, etc.
- Must resolve conflicting information
  - Separate process from verification
  - Includes any information of which the school has knowledge

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Verification

**Resources**

**Federal Student Aid Handbook**

- Application and Verification Guide – Chapter 4

**Federal Registers**

- May 5, 2017 (2018-2019 verification items & documentation)

**Dear Colleague Letters**

- GEN-17-05 (5/25/17) - 2018-19 verification items and documentation

**Electronic Announcements**

- August 16, 2017 (2018-19 suggested verification text)

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**Resources**

**Program Integrity Q & A Website (Verification)**


- <http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/integrity-qa.html>

**FSA Assessments**

- <http://ifap.ed.gov/qahome/qaassessments/fsaverification.html>
- Activity 3 – Verification Codes

**Federal Regulations**

- 34 C.F.R. § 668 Subpart E (668.51 – 668.61)
- 34 C.F.R. § 668.16(f)



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**Department of Education Contacts**

**Research and Customer Care Center**  
 800.433.7327  
 fsa.customer.support@ed.gov



**Reach FSA**  
 855.FSA.4FAA -- 1 number to reach 10 contact centers!

eZ-Audit	Campus Based Call Center
COD	School Eligibility Service Group
CPS/SAIG	Foreign Schools Participation Division
NSLDS	Research and Customer Care Center
G5	Nelnet Total & Permanent Disability Team

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### Verification

**Contacts**

- Kansas City School Participation Division
  - Main Number: 816-268-0410
  - Jim Wyant (IIS) 816-268-0431
- Kansas City Training Officer
  - David Bartlett 816-268-0434
- Email – `firstname.lastname@ed.gov`



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**Training Feedback**

To ensure quality training we ask all participants to please fill out an online session evaluation

- Go to <https://www.surveymonkey.com/s/Massman>
- Evaluation form is specific to Joseph Massman
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
- Additional feedback about training can be directed to Mark.Gerhard@ed.gov; 415-486-5620

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**Questions?**

Contact me with follow-up questions about this session:  
Joseph Massman, Federal Training Officer  
[Joseph.Massman@ed.gov](mailto:Joseph.Massman@ed.gov); 303-844-0432



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