

2017-18 Verification

Bruce Honer, Training Officer  
U.S. Department of Education

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**Agenda**

- Background
- 2017-18 Verification Changes Overview
- 2017-18 Verification Tracking Groups & Documentation
- Verification Reminders
- Resources



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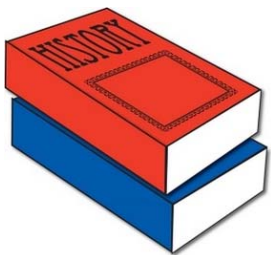
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**Background**



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**Verification – History**

- Last comprehensive look in 1985
- Program Integrity regulations (October 29, 2010)
  - Move toward more customized verification
  - Effective for the 2012-2013 award year
- For the 2012-2013 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 2013-2014 award year
  - Introduced the concept of verification groups
  - Added high school completion and identity/statement of educational purpose as verification items
- For the 2014-2015 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 2015-2016 award year
  - No changes to verification items and tracking groups
- For the 2016-2017 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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**2017-18 Verification Changes Overview**

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**Tracking Groups and Data Elements**

- Verification Tracking Group V6 was eliminated for 2017-18
  - 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

DCL GEN-16-07



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**Verification of Non-Filing**

- Individual selected for V1/V5 verification required to file a 2015 IRS income tax return and granted a filing extension by the IRS, or **any** nontax filer selected for V1/V5 verification (parent, student, etc.) regardless if they earned any income from work, **MUST** provide:
  - Confirmation of non-filing from the IRS or other relevant taxing authority dated on or after October 1, 2016
  - If individual never filed a tax return before, can get letter of nonfiling from the IRS through form 4506-T (box 7)

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### Use of Documents from 2016-17

- School can use verification documents from 2016-2017 to meet 2017-2018 requirements for the following items:
  - 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; Income Earned from Work
- Documentation of high school completion obtained prior to the 2017–2018 award year is acceptable
- Must obtain new documentation for:
  - Number of Household Members
  - Number in College
  - Identity/Statement of Educational Purpose

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### 2017-18 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:
 

Department Selects	School Selects
School must verify <b>all</b> students the Department selects	Schools may select students not selected by the Dept.
Student will be assigned to a verification group, which determines the items to verify	May use the same data elements and documents as the Dept., or something else
ISIR will include verification flag and an asterisk (*) next to EFC	Written policy must address how school selects students and what they will verify




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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

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### Tax Filers - Extensions

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

**Tax Filers Extension Documentation:**

- IRS Form 4868 or copy of the IRS's approval to extend beyond October 15 deadline;
- W-2 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
- Non-Filing Letter from the IRS

*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

**Guidance effective 8/13/15 for 15/16 and subsequent years**

- Posted on Program Integrity Q & A website

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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 2015 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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### 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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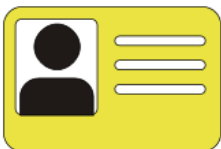
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### V4—Custom

- 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 - Updates

- 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
- A school may not accept as alternative documentation an applicant's self-certification

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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, and
  - A signed statement of educational purpose *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

- Clarified that the valid photo ID must not have expired

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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 AND
  - An original, **notarized** statement of educational purpose signed by the applicant (**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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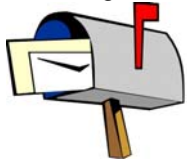
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**Transcript Requests – 2017-18**

- “Get Transcript Online” at IRS.gov website
- Online **Get Transcript by Mail**
- Automated phone tool (1-800-908-9946)
- Paper Form 4506-T or 4506T-EZ generate a paper transcript



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**Tax 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

**Guidance applies to 15/16 and subsequent years**

- Posted in 6/26/15 Federal Register Notice

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**Tracking Group Changes**

- Applicants may be moved from previously assigned Groups V1 or V4 to Verification Tracking Group V5
  - Applicant is only required to verify any additional items in V5 that were not previously verified
  - If the applicant is moved to Verification Tracking Group V5, no additional disbursements of any Title IV aid may be made until verification is satisfactorily completed

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**Tracking Group Changes**

Applicants moved to Verification Tracking Group V5:

- If student was previously verified and Title IV aid had been disbursed prior to receiving an ISIR with updated code V5, and the applicant does not complete V5 verification, the applicant is liable for the full amount of TIV aid disbursed for 2017-2018
- The school is not liable
  - *Exception: if an R2T4 is required for the student, school would return funds as per normal*

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**FAA Access – Identity Verification Results**

- In 2014-15 an Identity Verification Results reporting function was added to FAA Access
- Schools report the verification results for identity and high school completion for students who have been selected for verification under V4 or V5

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**FAA Access – Identity Verification Results**

**Whom to report:** student for whom school received an ISIR with a Verification Tracking Group of V4 or V5 AND for whom school requested verification documentation

- Do NOT include students the school selected for verification of identity or high school completion status

**When to report:** 60 days following the institution's first request to the student to submit the required V4 or V5 identity and high school completion documentation

- Changes to previously submitted identity verification results must be updated within 30 days

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### FAA Access – Identity Verification Results

New Value #6 added to drop-down options for 2017-18:

1. Verification completed in person, no issues found
2. Verification completed remotely, no issues found
3. Verification attempted, issues found with identity
4. Verification attempted, issues found with HS completion
5. No response from applicant or unable to locate
6. **Verification attempted, issues found with both identity and HS completion**

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### 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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**Resources**

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**Federal Student Aid Handbook**

- Application and Verification Guide – Chapter 4
- 2017-18 AVG is coming soon!

**Federal Register**

- April 1, 2016 (2017-18 verification items & documentation)
  - <https://ifap.ed.gov/fregisters/FR040116FAFSA20172018BeVerified.html>

**Dear Colleague Letters**

- GEN-16-07 published on April 5, 2016 (2017-18 verification items and documentation)
  - <https://ifap.ed.gov/dpletters/GEN1607.html>
- GEN-16-14 published on August 3, 2016 (conflicting 2015 tax and income information)
  - <https://ifap.ed.gov/dpletters/GEN1614.html>

**Electronic Announcement**

- July 29, 2016 (2017-18 suggested verification text)
  - <https://ifap.ed.gov/eannouncements/072916VerificationSuggestedTextPackageFor20172018.html>

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**Resources**

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**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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