


2017-18 Verification

Bruce Honer | April 2017
U.S. Department of Education
2017 NCASFAA Spring Conference

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Agenda

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



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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)
 - Other acceptable documentation for verification of non-filing can be found in EA 2/23/2017

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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 must verify all students the Department selects
 - Student will be assigned to a verification group, which determines the items to verify
 - ISIR will include verification flag and an asterisk (*) next to EFC

School Selects


 - Schools may select students not selected by the Dept.
 - May use the same data elements and documents as the Dept., or something else
 - 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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V1 – Tax Non-Filers

- Income earned from work

Documentation

1. Signed statement certifying the following:
 - Individual has not filed and not required to file 2015 tax return;
 - Sources of income earned from work and amounts of income from each source for tax year 2015; and
2. Copy of IRS Form W-2 for each source of employment income received for tax year 2015, and
3. Verification of Non-Filing from the IRS

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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 2015 you were...*	THEN file a return if your gross income was at least...**
single	under 65	\$10,300
	65 or older	\$11,850
married filing jointly***	under 65 (both spouses)	\$20,600
	65 or older (one spouse)	\$21,850
	65 or older (both spouses)	\$23,100
married filing separately	any age	\$ 4,000
head of household	under 65	\$13,250
	65 or older	\$14,800
qualifying widow(er) with dependent child	under 65	\$16,600
	65 or older	\$17,850

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V1 – Tax Non-Filers

- Institution must require applicant to submit a “Verification of Nonfiling Letter” for 2015 tax year
 - 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
 - Non-Filing letter is also required documentation for those granted filing extension by the IRS
- Further guidance on other acceptable documentation for verification of non-filing can be found in EA 2/23/2017

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Other Non-Filing Documentation

EA 2/23/2017: Verification - IRS Documentation Requests, Uses, and Messaging

- IRS documents clearly indicating the IRS does not have a tax return record on file is acceptable for verification of non-filing
 - Includes Tax Return Transcripts or Tax Account Transcripts that includes messaging “no record of return filed” or “no transcript on file”
 - Includes IRS Form 13873 that clearly states is verification of non-filing or the IRS has no record of a tax return
 - Includes Verification of Non-Filing Letter
- Includes chart on document results from requests and response timeframes

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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 Documentation 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


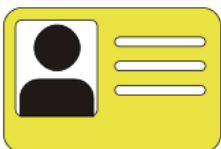
Documentation:

- **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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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

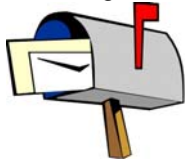


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Transcript Requests – 2017-18

- “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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V4/V5 Tracking Results

- The V4 and V5 tracking process in FAA Access that began in the 2014-15 processing year WILL CONTINUE for 2016-17 AND 2017-2018
- Schools need to select the proper award year for which they are providing results
 - 2015-16, 2016-17, 2017-18, etc.

<https://faaaccess.ed.gov>

Elec. Ann. – 8/19/16 Federal Student Aid PROUD SPONSOR of the AMERICAN MIND™
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NEW V4/V5 Tracking Results – 2017-18

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

- Dropdown options for 2017-18 will now be:
 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**

Elec. Ann. – 11/18/16 Federal Student Aid PROUD SPONSOR of the AMERICAN MIND™
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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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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

Federal Student Aid Handbook

- Application and Verification Guide – Chapter 4

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/dpclatters/GEN1607.html>

Electronic Announcement

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

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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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Questions?

Contact me with follow-up questions about this session:
 Bruce Honer-Federal Training Officer
 bruce.honer@ed.gov; 415-486-5521



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Training Feedback

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

- Go to <http://s.zoomerang.com/s/BruceHoner>
- Evaluation form is specific to Bruce Honer
- 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 joann.borel@ed.gov; 936-201-3298

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