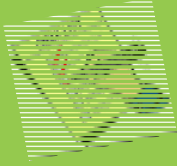


Verification

Verification



PacFAA Annual Conference

Bruce Honer, FSA Trainer | Spring 2018
U.S. Department of Education

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2018-19 Verification Changes Overview



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2018-2019 Verification

- 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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2018-2019 Verification

- 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




05/05/17 Federal Register & GEN-17-05

- Reduced requirements for students selected for verification who qualify for an auto zero EFC
 - For dependent students
 - Parents'
 - AGI if the parents were tax filers
 - income earned from work if the parents were nontax filers
 - Student's high school completion status and identity/ statement of educational purpose, if applicable



05/05/17 Federal Register & GEN-17-05

- Reduced requirements for students selected for verification who qualify for an auto zero EFC
 - For independent students
 - Student's and spouse's
 - AGI, if tax filers
 - Income Earned from Work, if nontax filers
 - Student's high school completion status and identity/statement of educational purpose, if applicable
 - Number of household members




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2018-19 Verification


- 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 if selected for verification

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2018-2019 Verification


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 DRT Changes for 2018-2019

- 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 DRT Changes for 2018-2019

- 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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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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IRS “Get Transcript Online”

- Allows the user to immediately receive an online PDF version of their IRS Tax Return Transcript or, if appropriate, a verification of non-filing
- New enhanced two-step, multi-factor authentication process requires:
 - access to a valid email address,
 - a text-enabled mobile phone in the user’s name, and
 - specific financial account numbers (credit card number, etc.)
- During the new Get Transcript Online registration process, the IRS will send the user a one-time confirmation code via email and an authentication code via text that the user will use to finalize the Get Transcript Online registration

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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;
- 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
- Non-Filing Letter 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
 - 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**
- Verification of Non-Filing Letter from the IRS (Not Required for Dependent Student – Parents and Independent Students still required)

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IRS Verification Documentation

- February 23, 2017 Electronic Announcement
 - Contains a chart that outlines the verification documents that can be requested from the IRS, the IRS document or response that will result from each request, where the response will be sent, and an estimate of the time for the IRS to respond to the request
 - Verification of Nonfiling (VNF)
 - IRS documents that clearly indicate IRS does not have a tax return record on file for the tax year are acceptable for VNF
 - Includes Tax Return Transcripts/Tax Account Transcripts that indicate “no record of return filed” or “no transcript on file”
 - Includes any version of IRS Form 13873 that clearly states that the form is provided to the individual as verification of nonfiling or states the IRS has no record of a tax return

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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)


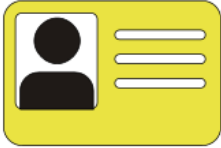
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V4—Custom

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

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High School Completion Status

Documentation:

- High school diploma; or
- Final official high school transcript showing date diploma awarded; or
- “Secondary school leaving certificate” for students who completed secondary education in foreign country and unable to get copy of high school diploma/transcript
- **Note:** If, prior to 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

- For V4 and V5, if institution 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
- DD Form 214 Certificate of Release or Discharge From Active Duty *may serve* as alternative documentation to verify a student’s high school completion if it indicates that the individual is a high school graduate or equivalent
- 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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High School Completion Status

Documentation: Recognized equivalent of a HS diploma

- Copy of the 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 met all criteria to be admitted into a 2-year degree program or higher

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High School Completion Status

- 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 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

- Documentation: Homeschooled
 - A secondary school completion credential for home school provided for under State law;
 - OR
 - 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

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Identity/Statement of Educational Purpose

- Documentation: students that appear in person
 - Present to an institutionally authorized individual
 - A valid NON-EXPIRED U.S. government-issued photo ID; &
 - *Cannot use military IDs*
 - A signed statement of educational purpose
 - Wording provided by ED, 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

Documentation: student unable to appear in person

- Must provide the institution—
 - Copy of valid, NON-EXPIRED U.S. government-issued photo ID
 - *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
 - After examining *original* Statement of Educational Purpose, institution may convert it to an electronic record

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V5 – Aggregate

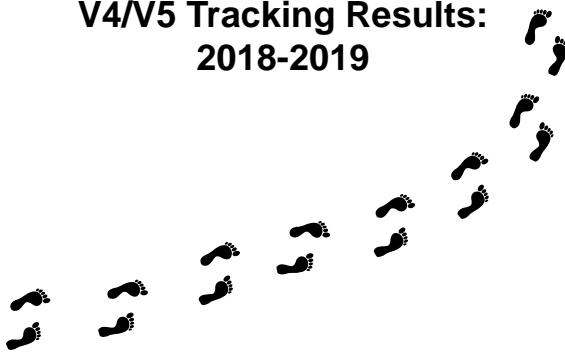
- High School Completion Status
- Identity/Statement of Educational Purpose

AND

- All items indicated-Tax Filer (V1)
- All items indicated-Non-Tax Filer (V1)

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**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 WILL CONTINUE 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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Suggested Text



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Suggested Text

- 2018-2019 Elec. Ann. (8/16/17)
- Contains 3 appendices to assist with crafting school verification documents to gather verification data
- Appendix A – Suggested Text
 - Not required to use ED’s suggested text and formats
 - **ONE EXCEPTION – must use the exact language provided in the “Statement of Educational Purpose” (Groups V4 & V5)**
- Appendix B – Table of verification items
- Appendix C – Verification tracking groups and FAFSA verifiable information

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Resources

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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/ntegrity-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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fsa.customer.support@ed.gov



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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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Contact Information

Contact me with follow-up questions about this session:
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 - Evaluation form is specific to Bruce Honer
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- Additional feedback about training can be directed to nancy.hoover@ed.gov; 202-377-4203

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Questions?



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