



General Verification  
 MASFAA  
 and Rapids, MI

---

---

---

---

---

---

---

---

**New Regulations  
 Effective July 1, 2011**

---

---

---

---

---

---

---

---

**What Is Verification?**

- Process whereby certain information provided on the FAFSA is reviewed for accuracy and completeness
  - Selected Title IV recipients
  - Only specific ISIR data elements

668.51 thru 668.61 - Subpart E

---

---

---

---

---

---

---

---

### How Many Do I Verify?

#### 2011-12

- General requirement to verify all those selected by CPS, **BUT**,
- May stop at 30% of your applicant pool, if CPS selects more than 30%
- Some applicants are exempt (See FSA Handbook)

4

---

---

---

---

---

---

---

---

### 2011-12 30% Verification Option

- No school is required to verify more than 30% of its total number of Title IV applicants
- School must define *total number of Title IV applicants*
- Could be total number of students who
  - Apply to the school
  - Enroll at the school
  - Receive Title IV aid
  - Have an ISIR received by the school

5

---

---

---

---

---

---

---

---

### Required Verification Items In 2011-12

#### ALL FOR ALL

- Adjusted Gross Income
- U.S. Income Tax Paid
- Number in household
- Number in college at least half-time
- Certain untaxed income and benefits--
  - Child support
  - IRA/Keogh deductions
  - Interest on tax-free bonds

6

---

---

---

---

---

---

---

---

### Tax Info You Must Know

- Married couple files separate tax returns and both filed as "head of household"
  - IRS allows if spouses lived apart for the last 6 months of calendar year
    - Not including separation due to business, military service, medical care, school
- Student and parent both claimed student as tax exemption
- Net assets are zero, but tax return shows income from assets

7

---

---

---

---

---

---

---

---

### Tax Info You Must Know

- ISIR says "I'm not going to file." and gross income meets IRS minimums
    - That's conflicting information!
- <http://www.irs.gov/pub/irs-pdf/i1040.pdf>
- Chart on page 8
- ISIR will have reject 20 with comment 126 (parent) or 131 (student)

8

---

---

---

---

---

---

---

---

### IRS Data and Verification

- 2011-12 & 2012-13**
- An institution may consider IRS retrieved information as acceptable verification documentation if
    - the Secretary has identified those items as having come from the IRS and have not been changed
      - IRS Request Flag = 02
- ★ IRS does not verify household size and number in college

9

---

---

---

---

---

---

---

---

### Corrections From Verification

2011-12

- Must be submitted to CPS if
  - School does not recalculate EFC
- OR
  - School recalculates EFC and Pell award changes

10

---

---

---

---

---

---

---

---

### Verification Tolerance

2011-12

- No recalculation or reprocessing necessary if
  - There is no change in non-dollar items used to calculate EFC
- AND
  - There is no dollar amount in excess of \$400 as calculated by the following formula

11

---

---

---

---

---

---

---

---

### \$400 Net Tolerance Option 2011-12

#### Original Data

Total  
Income  
*minus* Taxes Paid  
= Total

#### Corrected Data

Total  
Income  
*minus* Taxes Paid  
= Total

Compare the two totals:  
Dollar change amount < or = to  
\$400

---

---

---

---

---

---

---

---

### Verification – Updating

2011-12

- Required to update FAFSA information if:
  - Dependency status changes during award year, regardless of verification selection, *unless change due to change in applicant’s marital status*
  - Household size and/or number in college if selected to verify and that information has changed, *unless change to applicant’s marital status*

---

---

---

---

---

---

---

---

### Verification Selection After Disbursement

- Do you have to do it?
  - YES, if student is still attending
  - Future disbursements are on hold
- Must aid be revised if verification results in eligibility change?
  - YES!
  - Student is liable for grants and Perkins if aid cannot be adjusted
- If verification is not completed, student<sup>4</sup> liable for grants and Perkins

---

---

---

---

---

---

---

---

### Interim Disbursements

- If a school has no reason to suspect that application information is incorrect:
  - For Pell, FSEOG and Perkins: May make one disbursement for applicant’s first payment period
  - For FWS, employee may work for a maximum of 60 consecutive days from start of enrollment

\*

---

---

---

---

---

---

---

---

**Interim Disbursements**

- For Direct Loans: May only originate subsidized loans, may not disburse
- TEACH, PLUS, and Unsubsidized DL are not subject to verification/interim disbursements

---

---

---

---

---

---

---

---

**10/29/10  
VERIFICATION  
REGULATIONS**

17

---

---

---

---

---

---

---

---

**Effective Date of Verification  
Regulations**

- Effective July 1, 2012 for 2012-13 award year
- ★ Remember 12/13 FAFSA processing begins January 1, 2012

18

---

---

---

---

---

---

---

---

### Verification - Definitions

- **Subsidized student financial assistance programs**
  - Eligibility uses EFC & Verification applies
  - Pell, FSEOG, FWS, Perkins, Direct Subsidized Loan
- **Unsubsidized student financial assistance programs**
  - Eligibility does not use EFC & Verification does not apply
  - Direct Unsubsidized Loan & PLUS Loan
  - TEACH Grant

19

---

---

---

---

---

---

---

---

### Verification - Definitions

- Use "FAFSA information" instead of "application"
- **Specified year**
  - ▶ The calendar year preceding the first calendar year of an award year, i.e. the base year, or the year preceding the base year
- **Applicant responsibility**
  - ▶ Applicant must provide specified documents or information if requested by Secretary or institution

20

---

---

---

---

---

---

---

---

### Verification Selection

For 2012-13

- Institutions must verify **all applicants selected by CPS** for verification
  - Removes institution's option to verify only 30% of applicant pool

21

---

---

---

---

---

---

---

---

**Required Verification Items**

- Regulation allows ED to choose required verification items prior to start of each award year
- Goal is to target verification based upon most error prone data items specific to an applicant
- ED will publish Federal Register Notice each award year listing possible verifiable items and acceptable documentation
- **For 2012-13, schools must verify all required data elements for each selected applicant.**<sup>22</sup>

---

---

---

---

---

---

---

---

**2012-13 Required Verification Items**

- From the 2011 tax return
- Adjusted gross income
  - U.S. income tax paid
  - Untaxed IRA distributions
  - Untaxed Pensions
  - Education credits
  - IRA deductions
  - Tax Exempt Interest

---

---

---

---

---

---

---

---

**Acceptable Documentation**

- For items on 2011 tax return**
- Information obtained through IRS data retrieval on FOTW
    - IRS Request Flag value of 02
  - OR
  - A tax transcript obtained from the IRS
- See DCL GEN-11-13*

---

---

---

---

---

---

---

---

**IRS EXTENSION  
2012-13**

- ❖ You must verify with documentation of IRS extension and W-2 Forms or statement from self-employed individual
  - School *may* require an individual granted a tax filing extension to provide a copy of their completed and signed tax return when filed
  - If school receives a copy of the return, it **MUST** verify AGI and taxes paid
  - If school does not receive copy, may **return** all funds disbursed

---

---

---

---

---

---

---

---

**TAX RETURN  
PREPARER**

- **For 2012-13**, regulation clarifies that tax returns submitted with preparer signature (wet, stamped, typed or printed) with the name and address of the preparer must also have their SSN, EIN, or PTIN

26

---

---

---

---

---

---

---

---

**2012-13 Required  
Verification Items**

- Not on tax return**
- Number in household
  - Number in college
  - Food stamps – Supplemental Nutrition Assistance Program (SNAP)
  - Child support paid

---

---

---

---

---

---

---

---

### Changes To 2012-13 FAFSA Information

- For *subsidized* programs, all changes resulting from verification **must be submitted** to CPS if change is
  - To any nondollar item
  - OR
  - A *single* dollar item of \$25 or more
- If required to submit one change, must submit all changes

28

---

---

---

---

---

---

---

---

### Verification & Professional Judgment

For 2012-13

- Codifies policy that all applicants selected for verification must complete verification before any PJ adjustments to FAFSA or cost of attendance are made
  - Refers to HEA section 479A(a)
- Statement must be included in school's written policies and procedures about verification

29

---

---

---

---

---

---

---

---

### Updating For Marital Status

For 2012-13

- School may require updating due to change in applicant's marital status IF institution determines update is necessary to address inequity or accurately reflect ability to pay and
  - Student is selected for verification
  - OR
  - Marital status change results in dependency status change

30

---

---

---

---

---

---

---

---

**Verification & Interim Disbursements**

**For 2012-13**

- Interim disbursements may be made without receipt of corrected ISIR if completed verification makes no change to aid eligibility
- However all required corrections must be submitted to CPS and school must receive revised ISIR transaction

31

---



---



---



---



---



---



---

**Verification After Enrollment Ends**

**For 2012-13**

- Student no longer limited to lesser Pell award if verification completed after enrollment
- ▶ Student would receive Pell payment based upon correct EFC

32

---



---



---



---



---



---



---

**FAFSA INFO NOT RELATED TO VERIFICATION**

33

---



---



---



---



---



---



---

### Who Is A Parent On The FAFSA?

- ONLY biological or adoptive parents
- Not legal guardians
- Not foster parents
- Step-parents must be included if
  - Currently married to biological or adoptive parent
  - Not married to biological or adoptive parent but has legally adopted student

34

---

---

---

---

---

---

---

---

### FAFSA Household

- Siblings of dependent student are included in the parents' household if
  - Parent will provide more than 50% of support for sibling during award year
 OR
  - Sibling would be dependent if filed FAFSA
- Foster children are not in the household and foster payments are not income
- Independent Student's boyfriend/girlfriend
  - Only if student provides more than 50% of support for friend and will do so during<sup>35</sup> award year

---

---

---

---

---

---

---

---

### TIDBITS

- In-kind support is not untaxed income on FAFSA
  - Examples - support other than money
    - Food
    - Clothing
    - Living rent-free
- Federal law defines marriage as legal union of man and woman
  - Same-sex couples cannot be married on the FAFSA

36

---

---

---

---

---

---

---

---

### Conflicting Information

- Requires that the institution “communicates to the individual designated to be responsible for administering Title IV, HEA programs, all the information received by any institutional office that bears on a student’s eligibility for Title IV, HEA program assistance
- 668.16(f)

37

---

---

---

---

---

---

---

---

### Conflicting Information

- Develops and applies an adequate system to identify and resolve discrepancies that the institution receives from different sources with respect to a student’s application for financial aid under Title IV, HEA programs
- Applies to ALL Title IV recipients and any information that affects Title IV aid eligibility

38

---

---

---

---

---

---

---

---

### What Isn’t Conflicting Information?

- Household size differs from number of tax return exemptions
- Dependent under IRS rules vs. Department definition of dependent
- Assumptions made by CPS
- FAFSA filed using estimated income
- W-2 Box 14
- Tax filer claimed multiple or conflicting credits
- Secondary INS confirmation successful but student has expired INS document

---

---

---

---

---

---

---

---

Questions?

40

---

---

---

---

---

---

---

---

Jamie A. Malone  
 Training Officer  
 U.S. Department of Education  
 312-730-1528  
 jamie.malone@ed.gov

41

---

---

---

---

---

---

---

---

Please provide any comments regarding  
 this training or the trainer to:

Jo Ann Borel  
 Title IV Training Supervisor  
 joann.borel@ed.gov  
 202-377-3930

42

---

---

---

---

---

---

---

---