

Verification Review for Newcomers



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Purpose of Verification

- **Process by school to determine accuracy of information provided by student/parent when completing FAFSA**
- **Regulations and Guidance determine:**
 - Whose application must be verified
 - FAFSA information to be verified
 - Documentation required to verify data elements
- **Institutions must also resolve conflicting information and discrepancies that may change SAI or student's eligibility for Title IV aid**



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Verification Selection

- Department of Education, Comment Codes and Rejects, or Institutional Selection
- Current verification numbers we're seeing
 - Iowa State University:
 - 25,487 ISIRs
 - 4,830 or 18.95% are rejected
 - 80 or 0.31% are selected for V1, V4, and V5
- Lower verification selection this year by the Department of Education



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Verification Tracking Groups

- Standard – V1
- Custom – V4
- Aggregate – V5

Information That Must Be Verified	V1— Standard Verification Tracking Group	V4— Custom Verification Tracking Group	V5— Aggregate Verification Tracking Group
Income Information: Tax Filers			
• Adjusted gross income (AGI)	✓		✓
• Income earned from work	✓		✓
• U.S. income tax paid	✓		✓
• Untaxed portions of Individual Retirement Arrangement (or Individual Retirement Account, IRA) distributions (withdrawals) <ul style="list-style-type: none"> ➢ Rollover amount if reported on FAFSA 	✓		✓
• Untaxed portions of pension and annuity distributions (withdrawals) <ul style="list-style-type: none"> ➢ Rollover amount if reported on FAFSA 	✓		✓
• IRA deductions and payments	✓		✓
• Tax-exempt interest income	✓		✓
• Education tax credits (American Opportunity Tax Credit and Lifetime Learning Tax Credit)	✓		✓
• Foreign Earned Income Exclusion (foreign income exempt from federal taxation) if reported on FAFSA	✓		✓
Income Information: Nontax Filers			
• Income earned from work	✓		✓
• Family Size	✓		✓
• Identity/Statement of Educational Purpose		✓	✓



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FADDX, FTI, IRS Response Codes

200	Successful Request	FTI was successfully transferred into the FAFSA	FTI is considered verified if manual entry of tax return information is not required and Professional Judgment (PJ) Flag is not set If manual entry of tax information is required, it will appear in the Manually Entered Financial Information (SEIR) block; follow verification requirements for tax filers in September 19, 2023 Federal Register only IF selected for verification If tax information is manually entered and not needed, it will be removed
203	Personally Identifiable Information (PII) Match Failed	Contributor identifiers do not match IRS records (IRS error code; unable to confirm tax identity)	FTI cannot be retrieved; if tax return data is required, it must be manually entered by the contributor FTI cannot be used to complete verification; follow verification requirements for tax filers in September 19, 2023 Federal Register only IF selected for verification
206	Partial Delivery of Content	FTI transfer incomplete (IRS error code)	FTI cannot be retrieved; if tax return data is required, it must be manually entered by the contributor FTI cannot be used to complete verification; follow verification requirements for tax filers in September 19, 2023 Federal Register only IF selected for verification There will be no partial FTI and partial manual entry
212	Cannot Verify Return Data	Unable to confirm tax return data (IRS error code)	FTI cannot be retrieved; if tax return data is required, it must be manually entered by the contributor FTI cannot be used to complete verification; follow verification requirements for tax filers in September 19, 2023 Federal Register only IF selected for verification
214	No Return on File	Contributor did not file a tax return	No FTI to be retrieved; manual entry of tax information is not required for U.S. nonfilers; manual entry is required for foreign nonfilers Follow verification requirements for nontax filers in September 19, 2023 Federal Register only IF selected for verification Only confirms contributor did not file a tax return, not whether they were required to file a tax return

<https://askregs.nasfaa.org/article/36911/what-do-the-irs-response-codes-mean>



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2022 1040 Line Items

The following chart shows the tax form line numbers for the required verification items from IRS Form 1040 (or IRS Form 1040-NR).

Item	2022 IRS Form 1040 or IRS Form 1040-NR
AGI	Line 11
Income earned from work	Line 1z + Schedule 1: Lines 3 + 6
U.S. income tax paid	Line 22 – Schedule 2: Line 2
Untaxed portions of IRA distributions (excluding rollovers)	Lines 4a – 4b
Untaxed portions of pensions (excluding rollovers)	Lines 5a – 5b
IRA deductions and payments	Schedule 1: Lines 16 + 20
Tax exempt interest income	Line 2a
Education credits	Schedule 3: Line 3
Foreign income exempt from federal taxation	Schedule 1: Line 8d



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V1/V5 Acceptable Documentation

- **FA-DDX, Tax Transcript, Signed Copy of Federal Tax Return**
 - Adjusted Gross Income
 - Income Earned from Work - NEW 24-25
 - Income Tax Paid for Tax Filers
 - Untaxed Income and Benefits for Tax Filers
 - Rollover
- **Tax Transcript, Signed Copy of Federal Tax Return**
 - Foreign Earned Income Exclusion
- **Verification Worksheet**
 - Income Earned from Work for Nontax Filers
 - Family Size if manually entered by contributor and does not match FTI family size



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V4/V5 Acceptable Documentation

- **Identity and Statement of Educational Purpose**
 - **Must appear in person and sign statement and provide unexpired government-issued photo ID**
 - Passport
 - Driver's License
 - Non-driver's identification card
 - Other state-issued ID
 - Permanent Resident Card or Resident Alien Card(I-551)
 - Certificate of Naturalization
 - Inmate ID from a government facility
 - State-issued voter ID



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Student Eligibility Requirements

- **Criteria checked via application process**
- **Criteria checked and monitored by school**
- **Criteria not specifically checked, but must be resolved if school has conflicting information**



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Rejected Codes and FPS C Flags

- **Rejected ISIR**
 - Reason indicated on ISIR and FSS
 - FPS does not calculate SAI
 - Instructions provided to student on how to correct problem
- **FPS C Flag**
 - Requires resolution, FSS provides student with instructions on how to resolve the problem
 - Student not eligible to receive federal financial aid until resolved
 - School collects any required documents, resolve issue and typically resubmit ISIR to FPS for reprocessing



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Database Match via Application Process

- **Social Security Administration (SSA)**
 - Citizenship Status
- **Department of Homeland Security (DHS)**
 - Eligible noncitizen status
- **National Student Loan Data System (NSLDS)**
 - Default and overpayment status, fraudulently obtained Title IV funds, annual/aggregate limits not exceeded
- **Department of Justice (DOJ)**
 - Eligibility for federal benefits
- **Department of Veterans Affairs (VA)**
 - Dependency Status question not eligibility criteria



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Reject Codes

- **No parental data on the FAFSA**
- **Missing Parent/Student/Spouse Signature**

NEW 24-25

- **Critical tax information is missing from FAFSA**
- **Did not provide consent and approval to disclose FTI**



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Provisional Independent

- **Comment Code 003 – Reject Code 1**
- **You didn't report information about your parents because you indicated that you have an unusual circumstance...**
 - **The FAA must review the student's unusual circumstance and, on a case-by-case basis, determine if a dependency override is warranted.**



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Unsubsidized Loan Only

- **Comment Code 049 Reject Code 14**
- **You indicated that your parents are unwilling to provide their information on your FAFSA form. Therefore the only federal student aid you may be eligible to receive is Direct Unsubsidized Loan.**
 - **If the FAA determines the parent is unwilling to provide information on the student's FAFSA form or has ended financial support, then the FAA may determine the student's eligibility for Direct Unsubsidized Loan.**
- **Increase in students answering this question as**
Yes 23-24 = 0 24-25 = 68



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Foreign Income

- **Comment Code 040**
- **You reported receiving an exemption for foreign income**
 - **Resolution Required** – The FAA must review and confirm the total amount of the student's or parent's foreign earned income exclusion. If determined that-if added back into the AGI- the amount of exempted foreign income makes the student ineligible for a Maximum Pell Grant award, the FAA may choose to exercise PJ to adjust the A to include the exempted income.



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Dependency Status Documentation

- **Legal Guardianship**
- **Orphan, Foster Child or Ward of Court**
- **Unaccompanied Homeless Youth**
- **Children and Legal Dependents**



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Verification Issues

- **Common Verification Issues we're seeing**
- **What are you seeing at your institutions?**
- **Questions?**



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Resources

- [24-25 FAFSA Specification Guide](#)
- [NASFAA Comment Codes Crosswalk](#)
- **24-25 NASFAA Study Guides**
 - **Verification and Student Eligibility**



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