

VERIFICATION 101

Robert Hoover
Director of Financial Aid
Clarke University

Verification

What is Verification?

- Clarke.edu
 - The Department of Education selects students for verification randomly. You simply need to make sure you have used the [Clarke.edu](#) system available on the FAFSA or submit [Clarke.edu](#). We also require completion of a Verification Worksheet. These are mailed to students if needed. The Financial Aid Office will compare these documents with the FAFSA you completed. You will be notified if changes in verification affect your financial aid award.

- DOE
 - The Department will use data-based statistical analysis to select for verification on the 2020–2021 FAFSA applicants with the highest statistical probability of error and the greatest impact of such error on award amounts. The Central Processing System (CPS) will set a Verification Tracking Flag on a selected applicant's *Institutional Student Information Record (ISIR)* indicating that the applicant was selected by the Department for institutional verification. The ISIR will also indicate the Verification Tracking Group for the applicant.
 - Institutions have the authority to select students for verification to resolve conflicting information for additional students if needed

Verification

Policies and Procedures

- Your school **must** have written policies about
 - the time period in which students must submit verification documentation,
 - the consequences for failing to submit those documents in time,
 - the method you will use to notify students if their EFC and Title IV aid amounts change,
 - the procedures you or students will follow to correct FAFSA data,
 - the procedure you will follow to refer a student to the Office of Inspector General (OIG)(see Chapter 5 of FSA HB).
- Your school **must** provide, in a timely manner, students selected for verification a clear explanation of their role, including what documents they must submit, the deadlines they must meet, and the consequences of failing to meet them.
- You **must** complete verification for a selected student before you exercise professional judgment to adjust any values that are used to calculate the EFC. But making a PJ adjustment does not require you to verify an application that isn't selected.

Verification

Conflicting Information

- Must be resolved for all award years, even retroactively, unless:
 - Student dies during the award year; or
 - Conflicting data are received after the student is no longer enrolled at the school and does not intend to re-enroll at the school in the future
- School decides what documentation it deems appropriate to resolve any conflicts

Verification

Policies and Procedures (Continued)

- Your institution may decide to add processes to your verification if certain pieces of data are received
 - Low Income
 - Independent student by child
 - Farm Loss
 - IRS Rollover
- Consistency is the Key
- Opportunities for Conflicting Information
- Is this the best for the student and the institution?
 - Reduced Verification Groups
 - Audit Risk

Verification

INSTITUTIONAL STUDENT INFORMATION RECORD – ISIR

- ISIRs contain processed student information reported on the *Free Application for Federal Student Aid (FAFSA™)*, as well as key processing results and National Student Loan Data System (NSLDS™) financial aid history information. ISIRs are sent electronically to institutions by the Central Processing System (CPS).
 - <https://fafp.ed.gov/isirguide/2021ISIRGuide.html>
- All the information you could ever want
- Each correction made by the student or institution will create a new ISIR Transaction
- At times, the Department of Ed will send new ISIR records based on updated information it may receive

Verification

What Do I Verify?

Verification Tracking Flag	Verification Tracking Group Name	FAFSA Information Required to be Verified
V1	Standard Verification Group	<ul style="list-style-type: none"> •Tax Filers Adjusted Gross Income •U.S. Income Tax Paid •Untaxed Portions of IRA Distributions and Pensions •IRA Deductions and Payments •Tax Exempt Interest Income •Education Tax Credits
		<ul style="list-style-type: none"> •Nontax Filers Income Earned from Work
		<ul style="list-style-type: none"> •Tax Filers and NonTax Filers Number of Household Members •Number in College

Verification

What Do I Verify? (Continued)

V4	Custom Verification Group	<ul style="list-style-type: none"> •High School Completion Status •Identity/Statement of Educational Purpose
V5	Aggregate Verification Group	<ul style="list-style-type: none"> •Tax Filers Adjusted Gross Income •U.S. Income Tax Paid •Untaxed Portions of IRA Distributions and Pensions •IRA Deductions and Payments •Tax Exempt Interest Income •Education Tax Credits
		<ul style="list-style-type: none"> •Nontax Filers Income Earned from Work
		<ul style="list-style-type: none"> •Tax Filers and NonTax Filers Number of Household Members •Number in College •High School Completion Status •Identity/Statement of Educational Purpose

Verification

Processing Verification

- Paper based
 - Paper files
 - Paper verification worksheets
 - Transactions and results tracked on paper
- Computer Based
 - Computer software system can house all verification elements
- Confirm required elements/forms are collected
- Have a process:
 - to confirm what elements were reported and how they were verified
 - Track the data elements, transaction, comment codes, and EFC from
 - Record as corrections are being sent to CSP
 - Review once they've returned
 - Record for record purposes

Verification

Acceptable Documentation

FAFSA Information	Acceptable Documentation
Adjusted Gross Income	2018 IRS Form 1040 Line 7
U.S. Income Tax Paid	2018 IRS Form 1040 Line 13 minus Line 46 of Schedule 2 (Form 1040)
Untaxed Portions of Individual Retirement Account (IRA) Distributions and Pensions	2018 IRS Form 1040 Lines 4a minus 4b. Note: Exclude rollovers.
IRA Deductions and Payments	2018 IRS Schedule 1 (Form 1040) Line 28 plus Line 32
Tax Exempt Interest Income	2018 IRS Form 1040 Line 2a
Education Credits	2018 IRS Schedule 3 (Form 1040) Line 50

Verification

Acceptable Documentation (Continued)

- Verification Worksheet
 - Household size
 - Number in college
 - Tax filing confirmation
 - Used DRT
 - Did not use DRT
 - Worked But Did Not File
 - Listing the source(s) and total(s) of the income
 - W2, or supplemental wage documentation
 - Did not work and will not file

Verification

Acceptable Documentation (Continued)

- *Income Tax Return*
 - Effective beginning with the publication of the [January 9, 2019 Electronic Announcement](#), and applicable to the 2018–2019 FAFSA processing and verification cycles and beyond, we announced that institutions may accept as acceptable documentation **a signed copy of the income tax return** for the applicable tax year, that the tax filer submitted to the IRS or other relevant tax authorities to verify FAFSA/ISIR income and tax return information. This includes using a signed copy of the income tax return to complete verification for amended tax filers and victims of identity theft. The Federal Register notice published on May 24, 2019 reflects this guidance.

Verification

Acceptable Documentation (Continued)

- *Alternative Documentation for Verification of Nonfiling*
- Individuals are required to obtain verification of nonfiling (VNF) from the IRS or other tax authorities.
- Individuals who are unable to obtain verification of nonfiling from the IRS or other relevant tax authority and, based upon the institution's determination, it has no reason to question the student's or family's good-faith effort to obtain the required documentation, the institution may accept a signed statement certifying that the individual attempted to obtain the verification of nonfiling from the IRS or other relevant tax authority and was unable to obtain the required documentation.
 - Note: A dependent student who is a nontax filer is excluded from the requirement

Verification

IRS Data Retrieval

Data Request Flag	This flag indicates whether or not the student/parent transferred data from the Internal Revenue Service (IRS).
blank	IRS Data Retrieval Tool not available in the application method utilized by the student/parent (i.e., paper FAFSA, EDE, or FAFSA Access)
00	Student/parent was ineligible to use the IRS Data Retrieval Tool and was therefore not presented with the option to use it in FAFSA on the Web
01	Student/parent was presented with the option to use the IRS Data Retrieval Tool in FAFSA on the Web and elected to use it but did not transfer IRS data into the FAFSA
02	IRS data for the student/parent was transferred from the IRS and was not changed by the user prior to submission of an application or correction
03	IRS data for the student/parent was transferred from the IRS and changed by the user prior to submission of an application or correction
04	IRS data for the student/parent was transferred from the IRS and then changed by the user on a subsequent transaction
05	Student/parent was presented with the option to use the IRS Data Retrieval Tool in FAFSA on the Web, but did not elect to use it
06	IRS data for the student/parent was transferred from the IRS, but a subsequent change made the student/parent ineligible to use the IRS Data Retrieval Tool
07	IRS data for the student/parent was transferred from the IRS, but the IRS indicated that the student/parent filed an amended tax return

Verification

IRS Data Retrieval

Data Field Flag	This set of flags indicate whether or not the student/parent transferred data from the IRS. If transferred, the code indicates whether or not the data populated in each field was changed.
0	Student/parent IRS data not transferred from the IRS
1	Student/parent IRS data transferred from the IRS -Field not changed by the user
2	Student/parent IRS data transferred from the IRS -Field changed by the user prior to submission of the application
3	Student/parent IRS data transferred from the IRS -Field corrected by the user on this transaction
4	Student/parent IRS data transferred from the IRS -Field corrected by the user on a previous transaction

Verification

Tools and Resources

- 2019-2020 SAR Comment Codes and Text: <https://ifap.ed.gov/sarcommcodestxt/attachments/1920SARCommCodesTxt.pdf>
- 2020-2021 FAFSA Verification-IRS Tax Return Transcript Matrix: <https://www.higheredexecutives.com/wp-content/uploads/2019/06/2019-2020-IRS-Tax-Return-And-Transcript-Matrix-For-FAFSA-Verification-072019.pdf>
 - Watch IFAP for their updated resource
- 2017 Tax Transcript Decoder: https://www.nasfaa.org/uploads/documents/Tax_Transcript_Decoder_Tax_Year_2017.pdf
 - Watch NASFAA.org for updated decoder for 2018
- NASFAA > AskRegs: <https://www.nasfaa.org/askregs>

Verification

Questions?

Robert Hoover
Robert.hoover@Clarke.edu
563-588-6338
