

Spring 2019



FA 101: VERIFICATION

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**VERIFICATION
2019-2020**

Because students sometimes make errors on their application, there is a process [referred to as Verification] for verifying applications and making corrections. The Central Processing System (CPS) selects which applications are to be verified, but you also have the authority to verify additional students. - *FSA HB December 2017, page AVG - 79*




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**FSA 101 - VERIFICATION
OUTLINE**

- Policies & Procedures
- ISIRs
- Conflicting Information Review
- Tracking Groups V1/V4/V5
 - Household & In-College
 - Income
 - Identity
 - Statement of Educational Purpose
 - High School or Equivalent
- Documentation
- Verification Exclusions
- Questions



POLICIES & PROCEDURES

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Policies & Procedures are Required

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 101).

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.



INSTITUTIONAL STUDENT INFORMATION RECORD ISIR

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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 schools by the Central Processing System (CPS).

- FSA ISIR definition

<https://ifap.ed.gov/ifap/byAwardYear.jsp?type=isirguide>



CONFLICTING INFORMATION

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- 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



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VERIFICATION TRACKING GROUPS

V1 – Standard Verification Group

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

Non-Tax Filers

- ✓ income earned from work

Other Data Elements

- ✓ household size
- ✓ number in college



IRS DATA RETRIEVAL CODES (IRS DRT RESULTS)

Data Request Flags

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

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IRS DATA RETRIEVAL CODES

Data Field Flags

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 Tracking Groups

V1 – Standard Verification Group

Tax Filers

- ✓ adjusted gross income
- ✓ U.S. income tax paid
- ✓ untaxed portions of IRA distributions
 - ✓ Rollovers (if rollover, further documentation required)
- ✓ untaxed portions of pensions
 - ✓ Rollovers (if rollover, further documentation required)
- ✓ IRA deductions and payments
- ✓ tax-exempt interest income
- ✓ education credits



DOCUMENTATION

AskRegs Alerts:

- **Tax Returns and Verifications of Nonfiling:** ED has published the [January 9, 2019 Electronic Announcement, Changes to 2018-2019 and 2019-2020 Verification Requirements](#), announcing that schools can now accept signed copies of tax returns and self-certifications of nonfiling to complete verification for the remainder of the 2018-19 and 2019-20 award years. Conditions apply. While many impacted AskRegs Q&As have already been updated, we are in the process of updating the rest. In the meantime, note the following we have confirmed with ED:
- The guidance applies regardless of the government shutdown and is effective for verifications being completed on or after January 9, 2019, even if the student was selected for verification and the school requested documents before January 9, 2019.
- The guidance now **applies** when verifying amended tax returns and, under certain conditions, IRS-related identity theft cases. See *Today's News* article, [Verification Guidance Released 1/9/19 Includes Changes for Amended Tax Filers, Victims of Identity Theft](#).

<https://askregs.nasfaa.org/>



DOCUMENTATION

- The documentation you will need for verification varies according to the item verified. The Department encourages students and parents to use the IRS Data Retrieval Tool (DRT) to import data from their tax return and not change it. It is the fastest, easiest, and most secure method of meeting verification requirements.
- If you use a verification document, be sure that it is signed, that all required sections are completed, and that any relevant tax or alternative documents are attached. Copies are acceptable, and unless specifically noted, a signature on a copy is as valid as an original signature (i.e., a handwritten or "wet" signature).
- Copies of tax returns are now acceptable (1040, 1040A, 1040EZ, & 1040X). If it is unsigned, the filer (or at least one of the filers of a joint return) must sign it or the tax preparer must provide his name and SSN, EIN, or PTIN.



Verification Tracking Groups

V1 – Standard Verification Group

Number in College

Statement signed by the student (and a parent if dependent) that gives the name and age of each person in the household (excluding the parents of a dependent student) who is enrolled at least half time in a degree or certificate program at an eligible Title IV college. The statement must also give the name of each college.

-FSA HB December 2017 AVG-88-89



Verification Tracking Groups

V4 – Custom Verification Group

Official Documentation Required

- ✓ high school completion status

Students must provide one of the following:

- A copy of a high school diploma.
- A copy of a final, official high school transcript that shows the date when the diploma was awarded.
- A copy of the "secondary school leaving certificate" or similar document from the proper government agency for students who completed secondary school in a foreign country. If your college doesn't have the expertise to evaluate foreign secondary school credentials or chooses not to do so, there are evaluation services available.
- A copy of a General Educational Development (GED) certificate or GED transcript that indicates the student passed the exam.



Verification Tracking Groups

V4 – Custom Verification Group

Official Documentation Required

- ✓ high school completion status

Students must provide one of the following (cont):

- An academic transcript that indicates the student successfully completed at least a two-year program that is acceptable for full credit toward a bachelor's degree at any participating school. You do not have to collect proof of high school status for graduate students if admission into their program required the completion of at least two years of undergraduate coursework.
- For a student who has not completed high school and is seeking enrollment in a program that leads to at least an associate degree or its equivalent, documentation from the high school that he excelled academically and from your school that he meets your written policy for admitting such students. This should be a rare occurrence.
- For homeschooled students, a copy of a secondary school completion credential for homeschool (other than a high school diploma or its recognized equivalent) if state law requires homeschooled.



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Verification Tracking Groups

V4 – Custom Verification Group

Official Documentation Required

✓ high school completion status

Students must provide one of the following (cont):

- Certification of a passing score on a test that the student's state authorizes and recognizes as the equivalent of a high school diploma. This includes tests similar to the GED, such as the High School Equivalency Test or the Test Assessing Secondary Completion. Test transcripts are acceptable documentation if they indicate that the final score is a passing score or that the student's state considers the test results to meet its high school equivalency requirements.
- For homeschooled students, a copy of a secondary school completion credential for homeschool (other than a high school diploma or its recognized equivalent) if state law requires homeschooled students to get that credential. If it is not required, a transcript or the equivalent signed by the parent or guardian that lists the secondary school courses the student completed and documents the successful completion of a secondary school education in a homeschool setting.



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Verification Tracking Groups

V4 – Custom Verification Group

Official Documentation Required

✓ high school completion status

Students must provide one of the following (cont):

- For students in an "eligible career pathway program," documentation that they passed an approved ATB test or completed at least 6 credit hours or 225 clock hours that are applicable toward a degree or certificate offered by your school.

-FSA HB December 2017 AVG- 89 - 90



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Verification Tracking Groups

V4 – Custom Verification Group

Official Documentation Required

✓ identity

Students should appear in person at your school and present a valid, unexpired (at the time of presentation), government-issued photo identification (ID) such as a passport or a driver's license or other state-issued ID.

You must maintain an annotated copy of that ID that includes the date it was received and the name of the person your school authorized to receive it. Note that an ID issued by a state university or college is not sufficient for this purpose.*

-FSA HB December 2017 AVG- 89 - 90



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Verification Tracking Groups

V4 – Custom Verification Group

Official Documentation Required

- ✓ Identity

A student who is unable to appear at your school must go to a notary public. Then, the student must submit to your office a certification from the notary that the student appeared before him/her and presented a government-issued photo ID confirming his/her identity, and a copy of the same ID.

-FSA HB December 2017 AVG- 90



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Verification Tracking Groups

V4 – Custom Verification Group

Official Documentation Required

- ✓ statement of educational purpose

Students must also sign a statement of educational purpose that certifies who they are and that the federal student aid they may receive will only be used for educational purposes and for the cost of attending the school for the [2019-2020] year. The text for this statement is not **suggested**—you must use the **exact language given** (the student's identification number is optional though if collected elsewhere on the same page as the statement). After examining the statement, you may convert it into an electronic record. You must keep that or the original for at least the required Title IV record retention period.

-FSA HB December 2017 AVG- 90



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Verification Tracking Groups

V4 – Custom Verification Group

Official Documentation Required

- ✓ statement of educational purpose

A student who is unable to appear at your school must go to a notary public and sign the statement of educational purpose. He must then submit to your office that statement, a certification from the notary that he appeared before her and presented a government-issued photo ID confirming his identity, and a copy of the same ID.

-FSA HB December 2017 AVG- 90



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Verification Tracking Groups

V4 – Custom Verification Group

Official Documentation Required

- ✓ statement of educational purpose

Following is the **required** text (update the year to the respective academic year):

Statement of Educational Purpose

I, of am attending at for the purpose of .

The Department of Education Programs and Student Financial Services cannot provide assistance if any expense will only be used for educational purposes and no part of the amount.

(Name of Postsecondary Educational Institution) _____ (Date) _____

(Student's Signature) _____

(Student's ID Number) _____



-FSA HB December 2017

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Verification Tracking Groups

V5 – Aggregate Verification Group (V1 + V4)

Tax Filers	Non-Tax Filers
✓ adjusted gross income	✓ income earned from work
✓ U.S. income tax paid	✓ household size
✓ untaxed portions of IRA distributions	✓ number in college
✓ untaxed portions of pensions	
✓ IRA deductions and payments	Additional Information to be Verified
✓ tax-exempt interest income	✓ high school completion status
✓ education credits	✓ identity
✓ household size	✓ statement of educational purpose
✓ number in college	



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VERIFICATION EXCLUSIONS

Situations where you do not need to complete verification for a selected student:

- ✓ Death of the student.
- ✓ Student is no need and only offered unsubsidized and/or a parent plus loan (unless selected for V4/V5, and/or 400/401 Comment Code and/or other conflicting information needs to be resolved).
- ✓ Graduate student who is only receiving unsubsidized or graduate plus (unless selected for V4/V5, and/or 400/401 Comment Code and/or other conflicting information needs to be resolved). If awarding Work Study, and the student is selected for verification, you must complete verification before **any** funds can release.
- ✓ Student no longer enrolled.
- ✓ Student is not receiving any Title IV aid.



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VERIFICATION EXCLUSIONS

Situations where you do not need to complete verification for a selected student (cont):

- ✓ Applicant verified by another school. The student completed verification for the current award year at another school before transferring. Her FAFSA data must be the same as it was at the previous school, and you must get a letter from that school stating that it verified her application and providing the transaction number of the pertinent valid ISIR.
- ✓ Post enrollment. The student was selected for verification after ceasing to be enrolled at your school, she does not intend to reenroll for the award year, and no further (including late) disbursements will be made.

-FSA HB December 2017 AVG- 81-82



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VERIFICATION EXCLUSIONS

Unless you have reason to believe it is inaccurate, you don't have to verify the reported FAFSA information of the parents of a dependent student if any of the following apply (including in cases where there is only one parent):

- ✓ Both of the parents are mentally incapacitated.
- ✓ Both parents or the custodial parent has died.
- ✓ They are residing in a country other than the United States and can't be contacted by normal means.
- ✓ They can't be located because the student does not have and cannot get their contact information.

-FSA HB December 2017 AVG- 82



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VERIFICATION EXCLUSIONS

Unless you have reason to believe it is inaccurate, you don't have to verify the reported FAFSA information of the spouse of an independent student if any of the following apply:

- ✓ The spouse has died.
- ✓ The spouse is mentally incapacitated.
- ✓ The spouse is residing in a country other than the United States and can't be contacted by normal means.
- ✓ The spouse can't be located because the student does not have and cannot get the spouse's contact information.

-FSA HB December 2017 AVG- 82-83



QUESTIONS? 40



Resources & References 41

Federal Register - Department of Education/FAFSA Information to be Verified for 2018-2019:
<https://ifap.ed.gov/registers/attachments/FR050517EASEA1819.pdf>

Federal Register - Department of Education/FAFSA Information to be Verified for 2019-2020:
<https://ifap.ed.gov/registers/attachments/FR032818.pdf>

2018-2019 Application and Verification Guide:
<https://ifap.ed.gov/isahandbook/attachments/1819FSAHbkAVG.pdf>

2019-2020 Application and Verification Guide: Not available to date.

2019-2020 ISIR Guide: <https://ifap.ed.gov/isirguide/attachments/1920ISIRGuide.pdf>

IFAP iLibrary - ISIR Guides: <https://ifap.ed.gov/ifap/byAwardYear.jsp?type=isirguide>



Resources & References 42

2018-2019 SAR Comment Codes and Text:
<https://ifap.ed.gov/sarcommentcodestxt/attachments/1819SARCommCodesTxt0ct2017.pdf>

2019-2020 SAR Comment Codes and Text:
<https://ifap.ed.gov/sarcommentcodestxt/attachments/1920SARCommCodesTxt.pdf>

2018-2019 FAFSA Verification-IRS Tax Return Transcript Matrix:
<https://ifap.ed.gov/eannouncements/060618FAFSA1819VerifIRSTaxReturnTranscriptMatrix.html>

2017 Tax Transcript Decoder:
https://www.nasfaa.org/uploads/documents/Tax_Transcript_Decoder_Tax_Year_2017.pdf

NASFAA > AskRegs: <https://www.nasfaa.org/askregs>



Association Resources

IASFAA: <https://www.iasfaa.com/>
 Trainings with IASFAA: https://www.iasfaa.com/docs/toe_training.html
 MASFAA (Check out the Summer Institute!): <https://www.masfaaweb.org/>
 Check out all that NASFAA has to offer: http://www.nasfaa.org/About_NASFAA
 NASFAA is a great resource on many levels: http://www.nasfaa.org/tools_resources
 Today's News: <http://www.nasfaa.org/todays-news>
 NASFAA Credentials: http://www.nasfaa.org/Earn_Professional_Credentials
 Verification Credential: http://www.nasfaa.org/verification_pt
 NASFAA U: http://www.nasfaa.org/NASFAA_U
 AskRegs: <https://www.nasfaa.org/askregs>



Thanks for Attending

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Enjoy the rest of the conference!



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