Verifying and Documenting the Right Items 2013-14 and 2014-15

Eric Santiago | Dec. 2013
U.S. Department of Education
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History

- Validation to verification
- Last comprehensive look in 1985
- 25 years of experience
- Need analysis changes and operational improvements
- Program Integrity regulations—October 29, 2010
- Effective for the 2013-14 award year
Move to Customized Verification

For the 2012-13 award year
• Retained the long-standing five items and added SNAP and child support paid, if reported on the ISIR

For the 2013-14 award year
• Introduced the concept of verification groups
• Added high school completion and identity/statement of educational purpose as verification items

For the 2014-15 award year
• Eliminated SNAP (V2) as a separate verification group
• Added household resources group (V6)
• Added other untaxed income and benefits as a verification item
Verification for 2013-14
2013-14 Verification Items

• Retained all items subject to verification in 2012-13

• All applicants—
  • Household size
  • Number in college
  • SNAP benefits (formerly food stamps)—if receipt indicated on ISIR
  • Child support paid—if amount indicated on ISIR
2013-14 Verification Items

• Tax filers—
  • Adjusted gross income
  • U.S. income tax paid
  • Education credits
  • Specific untaxed income items
    • Untaxed IRA distributions
    • Untaxed pensions
    • IRA deductions
    • Tax Exempt Interest

• Non-tax filers
  • Income earned from work
2013-14 Verification

• Added two new items—
  • High school completion status
  • Identity/Statement of Educational Purpose
2013-14 Verification

Documentation of high school completion status: high school diploma—

• High school diploma; or
• Final high school transcript that shows the date the high school diploma was awarded

Note: If a copy of an applicant’s high school diploma or final high school transcript is unavailable, the institution may accept alternative documentation.
2013-14 Verification

Documentation of high school completion status: recognized equivalent of a high school diploma—

• General Educational Development (GED) Certificate;
• State certificate received by a student after the student has passed a State-authorized examination that the State recognizes as the equivalent of a high school diploma;
• 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
2013-14 Verification

Documentation of high school completion status: homeschooled—

• 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; or

• A secondary school completion credential for home school (other than a high school diploma or its recognized equivalent) provided for under State law.
2013-14 Verification

Documentation of identity/statement of educational purpose—

- Appear in person and present to an institutionally authorized individual—

- A valid government-issued photo identification (driver’s license, non-driver’s license, or passport); and

- A signed statement of educational purpose
2013-14 Verification

Documentation of identity/statement of educational purpose (cont.)—

- Must maintain, an annotated copy of the identification submitted by the applicant that includes—
  - The date documentation was received; and
  - The name of the institutionally-authorized individual that obtained the documentation
2013-2014 Required Verification Text
(Note: Institutions must use the exact language in the Statement of Educational Purpose as provided below)

Identity and Statement of Educational Purpose
(To Be Signed at the Institution)

The student must appear in person at _________________________________
(Name of Postsecondary Educational Institution)

To verify his or her identity by presenting a valid government-issued photo identification (ID), such as
but not limited to a driver’s license, other state-issued ID, or passport. The institution will maintain a

copy of the student’s photo ID that is annotated with the date it was received and the name of the
official at the institution authorized to collect the student’s ID.

In addition, the student must sign, in the presence of the institutional official, the following:

Statement of Educational Purpose

I certify that I, _________________________________, am the individual signing this
(Print Student’s Name)

Statement of Educational Purpose and that the federal student financial assistance

I may receive will only be used for educational purposes and to pay the cost of attending

(Name of Postsecondary Educational Institution)

_________________________________________  (Date)

(Student’s Signature)

_________________________________________
(Student’s ID Number)
2013-14 Verification

Documentation of identity/statement of educational purpose (cont.)—

• If unable to appear in person, must provide the institution—

  • A copy of a valid government-issued photo identification (driver’s license, non-driver’s license, or passport); and

  • An original notarized statement of educational purpose signed by the applicant
2013-2014 Required Verification Text
(Note: Institutions must use the exact language in the Statement of Educational Purpose as provided below)

Identity and Statement of Educational Purpose
(To Be Signed With Notary)

If the student is unable to appear in person at ________________________________
(Name of Postsecondary Educational Institution)
to verify his or her identity, the student must provide:

(a) A copy of the valid government-issued photo identification (ID) that is acknowledged in the
notary statement below, such as but not limited to a driver’s license, other state-issued ID, or
passport; and

(b) The original notarized Statement of Educational Purpose provided below.

Statement of Educational Purpose

I certify that I, ________________________________, am the individual signing this
(Print Student’s Name)
Statement of Educational Purpose and that the federal student financial assistance
I may receive will only be used for educational purposes and to pay the cost of attending
______________________________ for 2013-2014.
(Name of Postsecondary Educational Institution)
(Student’s Signature) (Date)

(Notary’s Certificate of Acknowledgement)

State of ________________________________
City/County of ________________________________
On ________________________________, before me, ________________________________,
(Date) (Notary’s name)
personally appeared ________________________________, and proved to me
(Printed name of signer)
on basis of satisfactory evidence of identification, ________________________________,
(Type of government-issued photo ID provided)
to be the above-named person who signed the foregoing instrument.

WITNESS my hand and official seal
(seal)

(Notary signature)

My commission expires on ________________________________
(Date)
Verification Selection

Of the 5,722,505 applicants selected for verification from the 18,827,577 total applicants to date (Jan. 1 - Nov. 1, 2013)

- .9% (51,533) were placed in the V4--Customized Verification Group

- 1.45% (82,889) were placed in the V5--Aggregate Verification Group
2014-15 Verification
2014-15 Verification

- Federal Register Notice, published June 13, 2013, Free Application for Federal Student Aid (FAFSA) Information To Be Verified for the 2014-15 Award Year

- Dear Colleague Letter GEN-13-16, Published June 13, 2013, 2014-15 Award Year: FAFSA Information to be Verified and Acceptable Documentation
2014-15 Verification

- Retained all items subject to verification in 2013-14

- Added one new item--
  - Other untaxed income and benefits
2014-15 Verification

• Documentation of untaxed income and benefits

• Untaxed income information reported in Question 45 for the student and spouse and Question 94 for the dependent student’s parents

• If the verified income does not appear to provide sufficient financial support, the student or parents must explain how the family was supported during the 2013 calendar year
2014-15 Verification

- Small number of students will be selected to verify household resources
- Provided extensive sample verification text that may be used for verification
  - Three pages that collect more detailed information on Q45 and Q94
  - One page that collects optional additional information
- Rely on the FAA to make the determination that the family had sufficient resources
Hot Topics
Starting with 2013-14 award year, no sample verification worksheets

- For 2013-14, Electronic Announcement posted on January 18, 2013
- For 2014-15, Electronic Announcement posted on November 8, 2013
- Institutions are able to develop a customized worksheet for individual students or groups of students
Amended Tax Returns

If the institution is aware that an amended tax return was filed, to complete verification, the applicant must submit—

• Signed copy of the relevant tax return or IRS Tax Return Transcript
  AND

• Signed copy of the 1040X that was filed with the IRS
Identity Theft for 2013-14

To complete verification for victims of identity theft—
  • Signed copy of IRS income tax return
    AND
  • One of the following—

  • IRS Form 14039, “Identity Theft Affidavit”
  • Signed, dated statement indicating victim of identity theft and IRS is investigating
  • Copy of the police report filed by the tax filer
Identity Theft for 2014-15

- A victim of IRS identity theft who is not able to obtain a 2013 IRS Tax Return Transcript or use the IRS Data Retrieval Tool (DRT) must contact the IRS at 1-800-908-4490

- Upon authentication of the tax filer’s identity, the IRS will provide, by U.S. Postal Service, a printout of the tax filer’s 2013 IRS income tax return information which can be used to complete verification
Copy of a Paper Tax Return

A signed copy of a tax return is acceptable for individuals completing verification who—

• Filed an amended tax return
• Was a victim of identity theft and completing verification for the 2013-14 and prior award years
• Filed a non-IRS tax return
• Are unable to use the IRS DRT or to obtain an IRS Tax Return Transcript due to authentication issues with the IRS
High School Completion Status

Previously obtained documentation

- May rely on documentation previously obtained as long as it meets the criteria

High School Completion Abroad

- If unable to obtain a copy of their high school diploma, may document high school completion status by obtaining a copy of the “secondary school leaving certificate” (or equivalent) through the appropriate central government agency
Reporting Verification Results

• Beginning with the 2014-15 FAFSA processing year
• Results of students’ identity and high school completion status
• Use FAA Access to CPS Online
• Deadline date notice for 2014-15 will specify reporting deadlines
Reporting Verification Results

Whom to report?

- Any student for whom your institution received an ISIR with a verification tracking group of V4 or V5 AND
- For whom you requested verification documentation

Do NOT report institutionally selected applicants
Coming Soon

Electronic Announcement

• Enhancements to IRS processes used by FAFSA applicants to request, obtain, and submit to their schools IRS Tax Return Transcripts

• Enhancements to the FAFSA IRS Data Retrieval Tool for the 2014-15 FAFSA processing year
Operational Update
• Program Integrity Final Rules
  • Federal Register Notice Published October 29, 2010
  • Replacing the five verification items for all selected applicants with a targeted selection from items included in an annual Federal Register notice published by the Secretary
  • FAFSA information to be verified for 2014-15 and acceptable documentation, refer to:
    • Federal Register Notice, published on June 13, 2013
    • DCL GEN-13-16, posted on June 13, 2013
Verification Tracking Flag Groups:

<table>
<thead>
<tr>
<th>Verification Tracking Flag</th>
<th>Verification Tracking Group</th>
<th>Verification Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>V1</td>
<td>Standard Verification</td>
<td>Record selected because conditions based on statistical analysis error-prone risk model were met</td>
</tr>
<tr>
<td>V2</td>
<td>Reserved for FSA Use Only</td>
<td>N/A</td>
</tr>
<tr>
<td>V3</td>
<td>Child Support Paid Verification</td>
<td>Record selected for Child Support Paid criteria only</td>
</tr>
<tr>
<td>V4</td>
<td>Custom Verification Group</td>
<td>Record selected for Identity criteria and SNAP/Child Support Paid</td>
</tr>
<tr>
<td>V5</td>
<td>Aggregate Verification Group</td>
<td>Record selected for Identity criteria, “Standard Verification” criteria and SNAP/Child Support Paid</td>
</tr>
<tr>
<td>V6</td>
<td>Household Resources Verification Group</td>
<td>Record selected for Other untaxed income, “Standard Verification” and SNAP/Child Support Paid</td>
</tr>
</tbody>
</table>
Verification Tracking Flag-V1 for Filers

Group V1—Standard Verification, Tax filers

• Selected based on standard verification criteria -- like 13/14, standard verification items:
  • 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
  • Number of Household Members
  • Number in College
  • Supplemental Nutrition Assistance Program (SNAP-Food Stamps)
  • Child Support Paid
Group V1– Standard Verification, **Non-filers**

- Selected based on standard verification criteria

  - Like 13/14, standard verification items:
    - Income Earned from Work
    - Number of Household Members
    - Number in College
    - Supplemental Nutrition Assistance Program (SNAP-Food Stamps)
    - Child Support Paid
Verification Tracking Flag – V3

Group V3 – Child-Support Paid Group

• **Not** selected based on standard verification criteria, but
  
  • Students who were selected because the student (or spouse), the student’s parent, or both reported Child Support Paid
Verification Tracking Flag – V4

• Group V4 – Custom Verification Group
  • **Not** selected based on standard verification criteria, but
  • Applicants selected using the identity verification criteria will verify the following data:
    • High School Completion Status
    • Identity/Statement of Educational Purpose
    • Supplemental Nutrition Assistance Program (SNAP-Food Stamps)
    • Child Support Paid
Verification Tracking Flag – V5

- Group V5 – Aggregate Verification Group
  - Selected based on standard verification criteria, and
  - Selected using the identity verification criteria
    - High School Completion Status
    - Identity/Statement of Educational Purpose
- For Tax Filers
  - Same as Group V1
- For Tax Non-tax Filers
  - Same as Group V1
  - Supplemental Nutrition Assistance Program (SNAP-Food Stamps)
  - Child Support Paid
Group V6 – Household Resources

- Based on resources reported—**Tax Filers**
  - Adjusted Gross Income
  - Income earned from work
  - Untaxed Income

- Based on resources reported—**Non-Tax Filers**
  - Income earned from work

- Household size

- Do not appear to provide sufficient financial support

- The applicant and, if appropriate, the applicant’s parents or spouse must explain how the family was financially supported during the 2013 calendar year
Verification Tracking Flag – V6

- Other Untaxed Income
  - Untaxed Portions of IRA Distributions
  - Untaxed Portions of Pensions
  - IRA Deductions and Payments
  - Tax Exempt Interest Income
  - Other Untaxed Income on the 2014–15 FAFSA—
    - Payments to tax-deferred pension and savings (Questions 45a and 94a)
    - Child support received (Questions 45c and 94c)
    - Housing, food and other living allowances paid to members of the military, clergy, and others (Questions 45g and 94g)
    - Veterans non-education benefits (Questions 45h and 94h)
    - Other untaxed income (Questions 45i and 94i)
    - Money received or paid on the applicant’s behalf (Question 45j)
- Education Credits
- Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR
- Child Support Paid, if included on the ISIR
Communication with Schools

<table>
<thead>
<tr>
<th>FAA INFORMATION</th>
<th>Applicant Information</th>
<th>FAA Information</th>
<th>FAA Access to CPS Online – Student Inquiry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date ISIR Received</td>
<td>MM/DD/CCYY</td>
<td>MM/DD/CCYY</td>
<td>Application Flags</td>
</tr>
<tr>
<td>Verification Flag</td>
<td>YY</td>
<td>XXX</td>
<td>Verification Selection Change Flag</td>
</tr>
<tr>
<td>Professional Judgment</td>
<td>XXXX</td>
<td>XXXXXX</td>
<td>Special Circumstance Flag</td>
</tr>
<tr>
<td>Transaction Receipt Date</td>
<td>MM/DD/CCYY</td>
<td>ETI</td>
<td>Child Support Paid Verification Group</td>
</tr>
<tr>
<td>Auto Zero EFC Flag</td>
<td>XXX</td>
<td>XXX</td>
<td>Transaction is now selected for verification when the transaction being corrected was not selected</td>
</tr>
<tr>
<td>EFC Change Flag</td>
<td>XXXXXXXX</td>
<td>XXXXXXXX</td>
<td>Selected for Verification</td>
</tr>
<tr>
<td>SNT Flag</td>
<td>XXX</td>
<td>XXX</td>
<td></td>
</tr>
<tr>
<td>Rejected Status Change Flag</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Verification Selection Change Flag</td>
<td>Y</td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Duplicate SSN Flag</td>
<td>XXX</td>
<td>XXX</td>
<td></td>
</tr>
<tr>
<td>Verification Tracking Flag</td>
<td>XXX</td>
<td>V3</td>
<td></td>
</tr>
<tr>
<td>Dependency Override</td>
<td>XXXXXXXX</td>
<td>XXXXXXXX</td>
<td></td>
</tr>
</tbody>
</table>

Transaction is now selected for verification when the transaction being corrected was not selected.
Same for 2014-15--Not Selected

If the applicant would have been selected based on standard verification criteria and

- Tax return data for the student and parent(s) for a dependent record or for the independent student
  - Retrieved from the IRS and not changed on the FAFSA
  - Responses to Household Size and Number in College questions seems logical
- Record will not be selected for verification
- Logical answers include the following:

### Dependent Students

<table>
<thead>
<tr>
<th>Parents’ Marital Status</th>
<th>Family Members</th>
<th>Number in College</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Not Married</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

### Independent Students

<table>
<thead>
<tr>
<th>Student’s Marital Status</th>
<th>Family Members</th>
<th>Number in College</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Not Married</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
IRS Data Retrieval Tool

• Applicants selected for verification – V1-Standard Verification
  • Who transfer their income tax return information *unchanged* using the IRS Data Retrieval Tool –
    • When initially completing the FAFSA using FAFSA on the Web (FOTW)
    • When making corrections on FOTW
  • Are considered to have verified the FAFSA IRS information
    • Adjusted Gross Income, taxes paid, and the applicable untaxed income items and education credits
  • Unless changes were made to the transferred information or institution has reason to believe that the information transferred is inaccurate
  • School **only needs to verify** # in HH and # in College
Current SAR comments:

- **Dependent Student (170)**
  - Your FAFSA has been selected for a review process called verification. Your school has the authority to request copies of certain financial documents from you and your parent(s).

- **Independent Student (171)**
  - Your FAFSA has been selected for a review process called verification. Your school has the authority to request copies of certain financial documents from you (and your spouse).
FAA Access will be updated to add required **Identity Verification Results** to the home page.

Select Identity Verification Results
2014-15 FAA Access Updates

- FAAs will be able to manually enter SSNs/Name ID/Verification Results from a dropdown menu on this page.
Dropdown options will be

- Verification completed in person, no issues found
- Verification completed remotely, no issues found
- Verification attempted, issues found with identity
- Verification attempted, issues found with HS completion
- No response from applicant or unable to locate
FAAs will be able to select the Option of Required Results Entry.

Available in April, 2014
FAAs will be able to create and upload a flat file to report required results.
2014-15 FAA Access Updates

FAAs will get a confirmation page with the results submitted. FAAs can print the page for their records.
2014-15 Verification

- Verification text

- We will provide suggested text for each required verification item

- Not required to use except for the language for the “Statement of Educational Purpose”
Acceptable Documentation 2014-2015

Clarification

- Nontax Filers
  
  • If institution questions a claim that tax filer has not, will not, and is not required to file a 2013 Income Tax Return, must require applicant to submit a “Verification of Non-filing” from IRS that the tax filer did not file a 2013 tax return.
  
  • Can be obtained by the tax filer using IRS Form 4506-T and checking box 7.
    
    – According to IRS, for the 2013 tax year, a response will not be issued until after June 15, 2014.
Acceptable Documentation 2014-2015

Clarification

Number of Household Members

- Must now include both of a dependent student’s legal (biological or adoptive) parents if the parents live together, regardless of the marital status or gender of the parents (GEN-13-12).
Acceptable Documentation 2014-2015

Clarification

Child Support Paid

• In addition to paper documents, an institution may accept records of electronic payments as documentation that child support payments were made.
Acceptable Documentation 2014-2015

Clarification

High School Completion Status

• Previously Obtained Documentation. (ie: Admission process)

Identity/Statement of Educational Purpose

• After examining the original, for accuracy and completeness, the institution may convert it into an electronic record. Either one, must be maintained for at least the required TIV record retention period.
Verification Resources

Please see the slides following slides for a wide variety of resources regarding Verification.
Verification Resources

• 10/29/10 Final Rule (Pages 66902 – 66913 and 66954 – 66958)
  • http://www.ifap.ed.gov/fregisters/FR102910Final.html

• Q&A on Program Integrity website:

• Federal Register Notice of Information To Be Verified for the 2013–14 Award Year
  • http://www.ifap.ed.gov/fregisters/FR071212FASFA.html

• Dear Colleague Letter GEN-12-11
  • http://www.ifap.ed.gov/dpcletters/GEN1211.html
2013-14 Verification Resources

- 2013-14 Verification Suggested Text

- 2013-14 ISIR Guide
  - http://www.ifap.ed.gov/ifap/byAwardYear.jsp?type=isirguide

- 2013-14 Application and Verification Guide

- 2013-14 FAFSA Verification-IRS Tax Return Transcript Matrix
2013-14 Verification Resources

• Limited Circumstances When a Signed Copy of a Tax Return or Other Documentation is Acceptable for Completing Verification

• Acceptable Documentation Update for 2013-14 Award Year Verification
  • http://ifap.ed.gov/eannouncements/102313AcceptableDocumentationUpdatefor20132014AwardYearVerification.html

• Spanish Statement of Educational Purpose for 2013-14
  • http://ifap.ed.gov/eannouncements/071613SpanishStatementEducationalPurpose1314.html
2014-15 Verification Resources

• Federal Register Notice, published June 13, 2013
  • [http://ifap.ed.gov/fregisters/attachments/FR061313FAFSAInformationToBeVerifiedforthe20142015AwardYear.pdf](http://ifap.ed.gov/fregisters/attachments/FR061313FAFSAInformationToBeVerifiedforthe20142015AwardYear.pdf)

• Dear Colleague Letter GEN-13-16

• 2014-15 Verification Suggested Text

• Reporting Verification Results Using FAA Access to CPS Online
Questions
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