Verification
(2019-2020 and 2020-2021)
Agenda

• Verification History

• 2019-2020 Verification

• 2020-2021 Verification

• Reporting V4 & V5 Verification Results

• Hot Topics
Verification History

• Program Integrity regulations effective for the 2012-2013 award year

• Added verification groups

• New data elements and verification groups have been added and deleted over the last six years
Verification History

• Data driven statistical analysis to select applicants for verification

• The ISIR will display the selected applicants tracking group
2019-2020 Verification

- Same information and tracking groups as in 2018-2019
- As in prior years, the Department will use data-based statistical analysis to select for verification the 2019–2020 FAFSA applicants with the highest statistical probability of error and the greatest impact of such error on award amounts
## 2019-2020 Verification

2019–2020 Verification Tracking Groups
**FAFSA Information Required to be Verified**

<table>
<thead>
<tr>
<th>Verification Tracking Flag</th>
<th>Verification Tracking Group Name</th>
<th>FAFSA Information Required to be Verified</th>
</tr>
</thead>
<tbody>
<tr>
<td>V1</td>
<td>Standard Verification Group</td>
<td><strong>Tax Filers</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Adjusted Gross Income</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- U.S. Income Tax Paid</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Untaxed Portions of Individual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Retirement Account (IRA) Distributions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Untaxed Portions of Pensions</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- IRA Deductions and Payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Tax Exempt Interest Income</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Education Tax Credits</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Nontax Filers</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Income Earned from Work</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Tax Filers and Nontax Filers</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Number of Household Members</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Number in College</td>
</tr>
<tr>
<td>V2</td>
<td>Reserved</td>
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</tr>
<tr>
<td>V3</td>
<td>Reserved</td>
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## 2019-2020 Verification

<table>
<thead>
<tr>
<th>V4</th>
<th>Custom Verification Group</th>
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<tbody>
<tr>
<td></td>
<td>High School Completion Status</td>
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<tr>
<td></td>
<td>Identity/Statement of Educational Purpose</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>V5</th>
<th>Aggregate Verification Group</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Tax Filers</td>
</tr>
<tr>
<td></td>
<td>Adjusted Gross Income</td>
</tr>
<tr>
<td></td>
<td>U.S. Income Tax Paid</td>
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<tr>
<td></td>
<td>Untaxed Portions of IRA Distributions</td>
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<tr>
<td></td>
<td>Untaxed Portions of Pensions</td>
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<td></td>
<td>IRA Deductions and Payments</td>
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<td></td>
<td>Tax Exempt Interest Income</td>
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<td></td>
<td>Education Tax Credits</td>
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<tr>
<td></td>
<td>Nontax Filers</td>
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<tr>
<td></td>
<td>Income earned from work</td>
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<td></td>
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</tbody>
</table>

| V6 | Reserved | N/A |
Verification Requirements for Individuals Who Are Eligible for an Auto Zero Expected Family Contribution (EFC)

Only the following FAFSA/ISIR information must be verified:
For dependent students—
• The parents’ AGI if the parents were tax filers;
• The parents’ income earned from work if the parents were nontax filers; and
• The student’s high school completion status and identity/statement of educational purpose, if selected.
Verification Requirements for Individuals Who Are Eligible for an Auto Zero Expected Family Contribution (EFC)

For independent students—
• The student’s and spouse’s AGI if they were tax filers;
• The student’s and spouse’s income earned from work if they were nontax filers;
• The student’s high school completion status and identity/ statement of educational purpose, if selected; and
• The number of household members to determine if the independent student has one or more dependents other than a spouse.
2019-2020 Verification

Electronic Announcement-Changes to 2018-2019 and 2019-2020 Verification Requirements

- Income Tax Return

- Alternative documentation for Verification of Nonfiling

- [https://ifap.ed.gov/eannouncements/010919Chngsto1819and1920VerificationReq.html](https://ifap.ed.gov/eannouncements/010919Chngsto1819and1920VerificationReq.html), January 9, 2019
2020-2021 Verification
2020-2021 Verification

• May 24, 2019 Federal Register
  – Outlines federal verification items and documentation requirements

• Dear Colleague Letter - GEN-19-02
  – Supplemental verification information

• July 31, 2019 Electronic Announcement
  – Suggested text for 2020-2021 verification included in App. A
  – Schools only required to use exact language for the Statement of Educational Purpose
2020-2021 Verification

• May 24, 2019 Federal Register
  – No verification tracking group changes
  – Includes option to use signed paper tax returns AND THEIR SCHEDULES to satisfy verification requirements under:
    • V1 or V5
    • Amended tax returns
    • IRS identity theft
  – Provides in footnotes the ability for a school to accept a signed statement that a nonfiler (or tax filer with an IRS approved extension) tried but was unable to obtain IRS verification of nonfiling (not required for dependent students)
Verification of Nonfiling (VNF)

- IRS documents that clearly indicate that the IRS does not have a tax return record on file for the tax year are acceptable for VNF.

- Verification of nonfiling from the IRS must be provided for (1) independent students (and spouses, if applicable) and parents of dependent student who did not file and are not required to file a 2018 income tax return and (2) individuals who are required to file a 2018 IRS income tax return but have not filed because they have been granted a filing extension beyond the automatic six-month extension.
<table>
<thead>
<tr>
<th>Año</th>
<th>Contribución</th>
<th>Sistema</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>RINDIO PLANILLA</td>
<td>INFORMACION SEGUN PERIODO CONTRIBUTIVO</td>
</tr>
<tr>
<td>2017</td>
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</tr>
<tr>
<td>2016</td>
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<td>2015</td>
<td>RINDIO PLANILLA</td>
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</tr>
<tr>
<td>2014</td>
<td>RINDIO PLANILLA</td>
<td></td>
</tr>
</tbody>
</table>

INFORMACION AL CONTRIBUYENTE

DE NO ESTAR DE ACUERDO CON LA INFORMACION CONTENIDA EN ESTA CERTIFICACION DEBERA PRESENTAR SU RECLAMACION COMO RADIACION EN CUALQUIERA DE LOS CENTROS DE SERVICIOS AL CONTRIBUYENTE.

DE NO ESTAR OBLIGADO POR LEY A RENDIR UNA PLANILLA (APLICA SOLO A INDIVIDUOS) DEBERA LLENAR EL MODELO SC 6088A, CERTIFICACION DE RAZONES POR LAS CUALES EL CONTRIBUYENTE NO ESTA OBLIGADO POR LEY A RENDIR UNA PLANILLA DE CONTRIBUCION SOBRE INGRESOS DE INDIVIDUOS, EN CUALQUIER DE LOS CENTROS DE SERVICIO AL CONTRIBUYENTE (CENTROS) Y PRESENTAR LA EVIDENCIA SOLICITADA.

PARA LA UBICACION DE LOS CENTROS, PUEDE COMUNICARSE A LOS SIGUIENTES TELEFONOS:

- SAN JUAN (787) 723-5556 / 1-877-684-3422
- CAGUAS (787) 258-5272 / (787) 745-0666
- PONCE (787) 844-8800
- MAYAGUEZ (787) 265-5200
- BAYAMON (787) 778-4949 / (787) 778-4973 / (787) 778-4074
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• The number of household members to determine if the independent student has one or more dependents other than a spouse.
Changes to IRS Tax Transcript

• New IRS Tax Transcripts Redacted Data:
  • Effective 9/23/18, IRS tax transcripts display a reduced number of digits/characters for SSN, EIN, account/phone #, last name, address
  • *Revised IRS tax transcript is acceptable for verification*
  • Filers can create “customer file numbers” when requesting transcripts via 4506T/T-EZ, Get Transcripts Online or Online by Mail
  • Effective June 28, 2019, the IRS will no longer fax tax transcripts to tax filers or third-parties

Changes to IRS Tax Transcript

• Changes to Third-Party Mailings
  • Effective July 1, 2019, option for requesting 3rd-party receipt of tax data on Form 4506, Form 4506-T and Form 4506T-EZ will no longer be available and transcripts only mailed to taxpayer
  • Schools can receive transcripts directly by participating in IRS’ Income Verification Express Services [IVES] by registering for e-Services on IRS.gov
IRS Data Retrieval Tool 2020-2021

• IRS DRT function is available for the 2020-2021 FAFSA processing year

• All DRT data continues to be encrypted, FAFSA applicants cannot make corrections, only institutions will be able to make corrections

• IRS data field flags identify what, if any, information was changed
Rollover

• If the Data Retrieval Tool (DRT) transfers a non-zero amount into the untaxed pension or IRA distribution field, the applicant will be able to report the amount of rollover and the Central Processing System (CPS) will subtract it.

• The IRS Data Field Flag will be “2” – Field changed by user prior to submission of application.

• To complete verification of this item, collect a signed statement certifying that the untaxed pension or IRA distribution contained a rollover.
Amended Tax Returns 2020-2021

IRS Request Flag Value of 07

• Obtain a signed copy of the IRS Form 1040X or documentation from the IRS that include the change(s) made to the tax filer’s 2018 tax information, in addition to one of the following:

  • IRS DRT information on the ISIR record with all tax information from the original tax return; or

  • An IRS Tax Return Transcript (that will only include info from the original tax return and does not have to be signed), or any other IRS tax transcript(s) that include all of the income and tax information required to be verified
Reporting V4 & V5 Verification Results
Report V4 and V5 Verification Results

• Reporting V4 and V5 verification results in FAA Access to CPS online continues to be in effect for 2020-2021

• Institutions need to select the proper award year for which they are providing results

• Report results no more than 60 days following your first request to the student for documentation of identity and high school completion
Report V4 and V5 Verification Results

- FAAs have multiple options for loading Identity Verification Results.
Report V4 and V5 Verification Results

FAAs can manually enter SSNs/Name ID/ Verification Results from a dropdown menu on this page.
Report V4 and V5 Verification Results

1—Verification completed in person, no issues found

2—Verification completed using notary, no issues found

3—Verification attempted, issues found with identity. (You received acceptable documentation of high school completion, but you did not receive the SEP or documentation of identity or the latter was unacceptable.)
Report V4 and V5 Verification Results

4—Verification attempted, issues found with HS completion. (You received the SEP and acceptable documentation of identity, but you didn’t get HS completion documentation or it was unacceptable.)

5—No response from applicant or unable to locate

6—Verification attempted, issues found with both identity and HS completion
Report V4 and V5 Verification Results

• FAAs can upload a flat file of SSNs/Name ID/Verification Results from their database

Select file from database by browsing
Reminder

• An applicant may move from Verification Tracking Group V1 or V4 to group V5 based on corrections made to her or his CPS record or on other information available to the Department


• An applicant can be selected for verification throughout the award year based on an update to the FAFSA
2020-2021 Verification

Resources

- Federal Register Notice of Information to beVerified for the 2020-2021 Award Year
- Dear Colleague Letter GEN-19-02, 
  https://ifap.ed.gov/dpcletters/GEN1902.html, June 7, 2019
Hot Topics
IRS Tax Return Transcripts

• Beginning June 28, 2019 the IRS will no longer fax tax transcripts to individual tax filers or third parties.

• Beginning July 1, 2019 the IRS will only mail transcripts to the individual tax filer using the address on record with the IRS. Tax transcripts will no longer be mailed to 3rd parties.

New IRS Tax Forms for 2018 Tax Year

- New Tax Form 1040 shortened/simplified (postcard size)
  - Old Tax Form 1040 line items moved to new Schedules 1 - 6
- Tax Forms 1040A/1040EZ Eliminated
  - Tax Form Schedule 1 used as the proxy for same purpose that 1040A/1040EZ had for Auto-Zero and Simplified Needs Test eligibility
2018 Tax Form Changes

FAFSA form is being updated to reflect changes in the 2018 IRS tax forms

• Eliminated references to 1040-A/EZ
• Added Schedule 1 question
• Removed exemptions questions
• Adjusted Foreign Tax return type answer response
• Combined untaxed pensions and untaxed portions of IRA distributions questions
Gainful Employment

• In 2017, a negotiated rulemaking committee was formed to consider the Gainful Employment rules

• A Notice of Proposed Rulemaking (NPRM) was published Aug. 14, 2018

• Final regulations were published July 1, 2019 rescinding GE regulations which includes the requirements contained in subpart Q (34 CFR 668.401-415)
Accreditation and Innovation

- Official implementation date of the GE rescission is July 1, 2020.
- Schools have the option to early implement the rescission.
  - An institution that early implements the rescission must document its early implementation internally and make such documentation available upon request by the Department.
    - Documentation must be signed and dated.
  - Institutions that do not early implement the rule are expected to comply with current GE rules until rescission becomes effective.
Rescission of Gainful Employment

Institutions that early implement the rescission of the GE rule will not be required to:

- Report GE data for the 2018-2019 award year to NSLDS, which will be due October 1, 2019
- Comply with the current requirements in 34 CFR 668.412 (d) and (e) that require institutions to include the disclosure template, or a link thereto, in their GE program promotional materials and directly distribute the disclosure template to prospective students, which became effective July 1, 2019
- Post the GE Disclosure Template
- Comply with the certification requirements for GE programs under 34 CFR 668.414 (E-App requirements)
Resources
• Federal Register Notice of Information to be Verified for the 2019-2020 Award Year
  • https://ifap.ed.gov/fregisters/FR032818.html, March 28, 2018
• Dear Colleague Letter GEN 18-03
  • https://ifap.ed.gov/dpcletters/GEN1803.html, March 29, 2018
• 2019-2020 FAFSA Verification Suggested Text
  • https://ifap.ed.gov/eannouncements/060818VerifiSuggestedTextPackage1920.html, June 8, 2018
• 2019-2020 ISIR Guide
  • https://ifap.ed.gov/eannouncements/090618ISIRGuide20192020.html, September 6, 2018
• IRS Announced Updated Tax Transcript Redacting Sensitive Information
  • https://ifap.ed.gov/eannouncements/100418IRSAAnnUpdatedTaxTranscriptsRedactSenInfo.html, October 4, 2018
2019-2020 Verification

Resources

• Verification Q & As

• 2019-2020 EDE Technical Reference
  • https://ifap.ed.gov/edetechref/1920EDETechRef0718Final.html, July 30, 2018

• Electronic Announcement-Changes to 2018-2019 and 2019-2020 Verification Requirements
  • https://ifap.ed.gov/eannouncements/010919Chngsto1819and1920VerificationReq.html, January 9, 2019

• 2019-20 Application and Verification Guide
  • https://ifap.ed.gov/fsahandbook/1920FSAHbkAVG.html

• 2019-2020 COD Technical Reference
  • https://ifap.ed.gov/eannouncements/111918CODTechRef1920.html, November 19, 2018
Questions?

Thank You

Eric.Santiago@ed.gov