

2017-18 Verification and Conflicting Information

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Agenda

- Verification
 - Changes for 2017-18
 - Hot Topics
- Conflicting Information

Verification 2017-18

Verification—Overview

- Regulations were effective for the 2012-13 award year
- Retained long-standing five items and added SNAP and child support paid

Verification—Overview

- For the 2013-14 award year
 - Introduced verification groups
 - Added high school completion and identity/statement of educational purpose
- For the 2014-15 award year
 - Eliminated SNAP verification group (V2)
 - Added household resources group (V6) and other untaxed income and benefits

Verification—Overview

- For the 2015-16 award year
 - No changes
- For the 2016-17 award year
 - No changes to data elements but some clarifications to acceptable documentation
 - Eliminated Child Support Paid (V3) Tracking Group
 - In limited circumstances, a Verification Tracking Group could change

2017-18 Verification

- No new items
- Removed Other Untaxed Income and Benefits
- Removed SNAP
- Removed Child Support Paid

2017-18 Verification

Verification Tracking Groups

- Eliminated Household Resources Verification Tracking Group (V6)
- Verification Tracking Groups V2, V3, and V6 are reserved

2017-18 Verification

Acceptable Documentation

- Documentation for the following items that were verified in 2016-17 may be used to satisfy 2017-18 verification

2017-18 Verification

- 2015 Income Information for Tax Filer
 - Adjusted Gross Income (AGI)
 - U.S. Income Tax Paid
 - Untaxed Portions of IRA Distributions
 - Untaxed Portions of Pensions
 - IRA Deductions and Payments
 - Tax Exempt Interest Income
 - Education Credits

2017-18 Verification

- 2015 Income Information for Nontax Filer
 - Income Earned from Work

2017-18 Verification

- All applicants
 - Documentation of high school completion obtained prior to the 2017-18 award year

2017-18 Verification

- Must obtain new documentation each award year for—
 - Number of household members
 - Number in college
 - Identity/Statement of Educational Purpose

2017-18 Verification

Acceptable Documentation

- Confirmation of Nonfiling
 - Nontax filers
 - Tax filers who received an extension but still have not filed their return
 - Use IRS Form 4506-T and check box 7

2017-18 Verification

Acceptable Documentation

- High School Completion Status
 - Former member of the military unable to obtain documentation
 - May accept as alternative documentation a DD Form 214
 - DD Form 214 must indicate that the individual is a high school graduate or equivalent

Verification Hot Topics

- IRS Get Transcript Online
- Reporting Verification Results for Verification Groups V4 and V5

2017-18 Verification

- Federal Register Notice, published April 1, 2016, Free Application for Federal Student Aid (FAFSA) Information to be Verified for the 2017-18 Award Year
- Dear Colleague Letter GEN 16-07, published April 5, 2016, 2017-18 Award Year FAFSA Information to be Verified and Acceptable Documentation

Conflicting Information

2016-17 \leftrightarrow 2017-18

Issue

- 2016-17 and 2017-18 FAFSAs use the same 2015 income and tax information
- Possibility of conflicting information between the two FAFSAs
- The regulations at 34 CFR 668.16(f) require resolution of any possible conflicting information
- Student aid must be provided based on correct information

Processes to Reduce Likelihood

- Minimize instances where institutional resolution of possible conflicting information would be required
 - Use of IRS DRT for both years
 - Pre FOTW submission warnings
 - ED identification

Use of IRS DRT for Both Years

- Students and parents use the IRS DRT for both 2016-17 FAFSA and 2017-18 FAFSA
 - 2016-17 – If not used when FAFSA initially submitted, use the IRS DRT with the FOTW corrections process to update (or confirm)
 - 2017-18 – Most can use the IRS DRT at time of initial completion of the FAFSA

Pre FOTW Submission Warnings

- Real-time warnings displayed if one or more of the income or tax amounts being input into a 2017-18 FAFSA differs from the amount(s) that was reported on the 2016-17 FAFSA

Pre FOTW Submission Warnings

- No warnings if the 2016-17 FAFSA transaction was based on –
 - Estimated income/taxes, or
 - If there has been a change in the student's dependency status between the two years, or
 - If there has been a change in either the student's or parents' marital status between the two years

ED Identification

- CPS will compare the last 2016-17 ISIR transaction with the 2017-18 ISIR to –
 - Determine if there is income/tax conflicting information between the two FAFSAs, and,
 - If any identified conflicting information would, once resolved, produce a significant change in the student's expected family contribution (EFC)
- CPS will flag the 2017-18 ISIR to require institutional resolution

ED Identification

- This CPS review will not be performed if—
 - Student is not expected to be Pell Grant eligible based on the 2017-18 FAFSA;
 - There was a change in the student's dependency status;
 - There was a change in the student's or parents' marital status; or
 - Professional judgment was performed in either year

ED Identification

- If there is the possibility of a significant change in a student's EFC, the 2017-18 ISIR will have a 'C' code and Comment Code 399, informing the institution that it must resolve the possible conflicting information

ED Identification

- If Comment Code 399 is not included on the 2017-18 ISIR, no further action by the institution is required
- Institutions must comply with the requirements for the resolution of other conflicting information

ED Identification

- Must compare the 2015 income and tax related items from both years to determine which item(s) are in conflict
- If, for either year the institution had verified the item(s) or the IRS DRT had been used with no changes, assume that the verified or IRS DRT transferred values are correct and submit corrections to the other year's ISIR

ED Identification

- Exception: If the institution is aware that subsequent to verification or subsequent to the use of the IRS DRT, an amended 2015 tax return was filed with the IRS, the institution must ensure that both years' EFCs were calculated using amounts from the amended tax return regardless of whether the IRS DRT was used or whether verification was completed

ED Identification

- No resolution –
 - Must hold all 2017-18 Title IV aid
 - Must consider the student to be in an overaward status for any need-based 2016-17 aid that was disbursed and no more FWS work

ED Identification

Additional Disbursements and Overpayments

- 2017-18 - If the required correction is to the 2017-18 record, the institution must use the EFC from the corrected ISIR for awarding and disbursing all Title IV aid for 2017-18

ED Identification

Additional Disbursements and Overpayments

- 2016-17 –
 - Lower EFC: Must disburse any additional 2016-17 aid the student is eligible to receive, consistent with the late disbursement rules at 34 CFR 668.164(g)
 - Higher EFC: Must determine 2016-17 eligibility based on the corrected EFC
 - Could result in overaward

ED Identification

Resolving Overawards – Future Disbursements

- Adjust any future 2016-17 disbursements, if possible; if not -
- Could be a Title IV overpayment in one or more of the programs

ED Identification

Resolving Overawards – Grants and Perkins

- Student must repay aid disbursed for which the student is no longer eligible
- Institution is not liable
- Follow the procedures for handling Title IV overpayments (see Volume 4: Chapter 3 “Overawards and Overpayments” of the *Federal Student Aid Handbook*)

ED Identification

Resolving Overawards - Subsidized Loans

- An overaward of Direct Subsidized Loan funds does not need to be immediately repaid
- Will be repaid under the terms of the promissory note
- No institution action is required except to record its determination

ED Identification Applicability of ISIRs

- No need to resolve
 - If the institution never received a 2016-17 ISIR because the institution has no conflicting information
 - If the institution received a 2016-17 ISIR but did not (and will not) disburse Title IV aid based on either of the ISIRs

ED Identification

Applicability of ISIRs

- Must resolve
 - If the institution received a 2016-17 ISIR and disbursed, or may disburse 2016-17 aid even if the institution did not and will not disburse 2017-18 aid
 - If the institution received a 2016-17 ISIR but did not review or process that ISIR

Questions?

