

Verification for 2016-2017

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Agenda

Verification

- Overview
- Changes for 2016-2017
- Verification Tracking Groups
- Hot topics

Verification – Overview

- History
- Last comprehensive look in 1985
- Program Integrity regulations (October 29, 2010)
- Move to customized verification
- Effective for the 2012-2013 award year

Verification – Overview

- For the 2012-2013 award year
 - Retained the long-standing five items and added SNAP and child support paid, if reported on the ISIR
- For the 2013-2014 award year
 - Introduced the concept of verification groups
 - Added high school completion and identity/statement of educational purpose as verification items

Verification – Overview

- For the 2014-2015 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
- For the 2015-2016 award year
 - No changes

Changes for the 2016-2017 Award Year



Verification – Overview

- Same data elements as for 2015-2016 award year
- Some modifications and clarifications to acceptable documentation
- In limited circumstances, an applicant's Verification Tracking Group could change

Acceptable Documentation

- Tax filers in a U.S. territory or commonwealth must submit a transcript of their tax return if it is available for free from the taxing authority

Acceptable Documentation

- Nontax filers in the Freely Associated States, a U.S. territory or commonwealth, or a foreign country must submit a copy of their Wage and Tax statement for each source of employment income for 2015 and a signed statement identifying all income and taxes for 2015

Acceptable Documentation

- Tax filers and Nontax filers—if a copy of the tax return was not retained and cannot be located by the IRS must submit:
 - Copy of all relevant W-2s
 - Signed statement that individual did not retain a copy of his or her tax account information, and
 - Documentation from the IRS that indicates that the individual's 2015 tax account information cannot be located.

Acceptable Documentation

- Victims of IRS tax-related identity theft must submit:
 - A Tax Return DataBase View (TRDBV) transcript and
 - A signed and dated statement from the tax filers that they are victims of IRS tax-related identity theft and that the IRS has been made aware of this

Acceptable Documentation

- Tax filers who filed an amended tax return must submit:
 - A copy of the original 2015 tax return that was filed
 - A transcript from the IRS that lists tax account information of the tax filer and
 - A signed copy of the IRS Form 1040X that was filed

Acceptable Documentation

- High school completion status
 - If the institution successfully verified and documented high school completion status in a prior award year, it does not have to reverify this item
 - If documentation is not available, alternative documentation may not include self-certification or a DD Form 214

Acceptable Documentation

- Child support paid
 - Removed a separation agreement or divorce decree from acceptable documentation

Acceptable Documentation

- Identity/Statement of Educational Purpose
 - Clarified that the valid government-issued photo identification used to verify identity must not have expired

Verification Tracking Groups

- Eliminated Verification Tracking Group V3 (Child Support Paid)

Verification Tracking Groups

- Applicants may be moved from previously assigned Groups V1, V4, and V6 to Verification Tracking Group V5
 - Applicant is only required to verify the additional items in V5 that were not previously verified

Verification Tracking Groups

- If the applicant is moved to Verification Tracking Group V5, no additional disbursements of any Title IV aid may be made until verification is satisfactorily completed

Verification Tracking Groups

- If verification is not satisfactorily completed, the student is liable for the full amount of Title IV aid disbursed.
- The institution is not liable.



Verification Tracking Groups: Data Elements & Acceptable Documentation

V1 – 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

Documentation:

- IRS DRT;
- Tax Return Transcripts
- Alternative documentation where allowed (e.g. amended returns, foreign returns, etc.)

V1 – Non-Tax filers

- Income earned from work

Documentation

- Signed statement certifying:
 - Individual has not filed and not required to file a 2015 tax return;
 - Sources of income earned from work and amounts of income from each source for tax year 2015; and
- Copy of IRS Form W-2 for each source of employment income received for tax year 2015

V1 – Non-Tax filers

- If an institution questions a claim that the tax filer is not required to file, must require applicant to submit a “Verification of Nonfiling Letter” by completing:
 - Form 4506-T and checking box 7
 - “Verification of Nonfiling Letter” for 2015 tax year generally not issued until after June 15, 2016

V1 – All Applicants

- Number in Household and Number in College

Documentation

- Household size – signed statement (name, age, relationship)
 - Not required if:
 - Dependent student household size reported is 2 and parent is unmarried or 3 if the parents are married or unmarried and living together
 - Independent student household size reported is one and applicant is unmarried or 2 if the applicant is married
- Number in college – signed statement (name of household member attending at least half-time and eligible institution name)
 - Not required if reported number is one (student)

V1 – All Applicants

- SNAP benefits (if reported on ISIR)

Documentation:

- Statement signed by applicant affirming SNAP benefits received by someone in household during 2014 and/or 2015
- If school has concerns with accuracy of information, the institution must obtain documentation from the agency that issued the SNAP benefits

V1 – All Applicants

- Child Support Paid (if reported on ISIR)

Documentation

- Statement signed by applicant/parent certifying:
 - Amount of child support paid
 - Name of the person who paid the child support
 - Name of the person to whom child support was paid, and
 - Names and ages of the children for whom child support was paid
- If the institution has reason to believe that the information provided in the signed statement is inaccurate, the applicant must provide the institution with supporting documentation, such as checks, signed statements etc.

V4 – Custom

- High School Completion Status
- Identity/Statement of Educational Purpose
- SNAP Benefits (if reported on ISIR)
- Child Support Paid (if reported on ISIR)



High School Completion Status

- High school completion status

Documentation:

- High school diploma; or
 - Final official high school transcript showing date diploma awarded, or
 - Secondary leaving certificate (for students who completed secondary education in a foreign country and are unable to get a copy of high school diploma/transcript)
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- Note: *If prior to student being selected for verification, an institution already obtained HS completion status records for other purposes, the institution may rely on those records as long as it meets ED HS completion criteria*

High School Completion Status

- Recognized equivalent of a HS diploma

Documentation:

- Copy of student's General Educational Development (GED) certificate, an official GED transcript that indicates the student passed the exam, or a state-authorized HS equivalent certificate, or
- 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
- Student excelled academically in HS and has met all the criteria to be admitted to a 2-year degree program or higher

High School Completion Status

- Test transcripts of State-authorized examinations

Documentation:

- Official test transcripts of state-authorized examinations (e.g., GED test, HiSET, TASC, or other state-authorized high school equivalency examinations) are acceptable documentation of high school completion only if:
 - The official test transcript specifically indicates that a State has determined that the test results are considered by the state to meet its requirements of a high school equivalency, or
 - The official test transcript includes language that the final score is a passing score

High School Completion Status

- Homeschooled

Documentation:

- Credential, 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 credential for homeschool provided for under state law

Identity/Statement of Educational Purpose

- Students that appear in person

Documentation:

- Present to an institutionally authorized individual
 - A valid (unexpired) government-issued photo identification, and
 - A signed statement of educational purpose *provided by ED, **cannot be modified***
- Maintain an annotated copy of the identification:
 - The date documentation was received, and
 - The name of the institutionally-authorized individual that obtained the documentation

Identity/Statement of Educational Purpose

- Student unable to appear in person

Documentation:

- Must provide the institution:
 - A copy of a valid (unexpired) government-issued photo identification
 - AND
 - An original, notarized statement of educational purpose signed by the applicant (**cannot** be faxed or scanned)
 - Maintain a copy in the file
 - After examining the *original* Statement of Educational Purpose for accuracy and completeness, the institution may convert it into an electronic record

V5 – Aggregate

- High School Completion Status
 - Identity/Statement of Educational Purpose
- AND
- All items indicated-Tax Filer (V1)
 - All items indicated-Non-Tax Filer (V1)

V6 – Household Resources

- All items indicated-Tax Filer (V1), or
- All items indicated-Non-Tax Filer(V1),
AND
- Other untaxed income from 2016-2017 FAFSA:
 - Payments to tax-deferred pension and savings
 - Child support received
 - Housing, food and other living allowance paid to members of the military, clergy and others
 - Veterans noneducation benefits
 - Other untaxed income
 - Money received or paid on the applicant's behalf

V6 – Household Resources

- Other Untaxed Income Documentation

Documentation:

- Signed statement listing sources and amounts of income for tax year 2015 and
 - Copy of IRS W-2s for sources of employment income received for tax year 2015, where applicable
- If institution determines amounts provided do not appear to provide sufficient support for family members reported, the applicant (and parent/spouse) must:
 - Provide additional signed statement listing other resources used to support family (may include items not required to be reported on FAFSA or other verification forms)
 - Explain how financially supported during 2015 calendar year

V6 – Household Resources

- Institutions should use reasonable judgment when evaluating the validity of the income information provided by students and parents who are placed in Verification Tracking Group V6
- “Reasonable” may differ among institutions
- Institutions may choose to accept a signed low-income statement, an income-to-expenses comparison, or other documentation as determined by the institution

Verification – Hot Topics

- Verification Text
- Amended Tax Returns
- Transcript Requests
- Identity Theft
- Identity Verification Results

Amended Tax Returns

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

- Copy of the original 2015 tax return that was filed with the IRS
- Transcript obtained from the IRS that lists tax account information for the filer(s) for 2015, and
- A signed copy of IRS Form 1040X that was filed with the IRS

Transcript Requests – 2016-2017

- Transcript requests
 - Online ***Get Transcript by Mail***
 - Automated phone tool (1-800-908-9946)
 - Paper Form 4506-T or 4506T-EZ generate a paper transcript

Transcript Requests – 2016-2017

- Use of Third Parties to Obtain Transcripts
 - IRS-developed Income Verification Express Service (IVES)
 - An institution may enter into an agreement with an IRS-approved IVES participant (who is not a Title IV third-party servicer when used for this service)
 - IVES participant electronically submits completed and signed IRS 4506-T/4506T-EZ transcript requests to the IRS
 - The IRS will then send the IVES participant an electronic IRS Tax Return Transcript (in HTML format)
 - IVES participant sends transcript information to the college via HTML format received from the IRS, in PDF, or other format, as converted by the IVES participant

Transcript Requests – 2016-2017

- Use of third parties to obtain transcripts
 - ED has determined that an IRS Tax Return Transcript received by a school from an IVES participant (If otherwise valid) meets the documentation standards for verification
 - Any entity (including an institution), may become an IVES participant
 - <http://www.irs.gov/Individuals/Income-Verification-Express-Service>
 - A student may not incur a charge for the cost of the IVES process

Identity Theft – 2016-2017

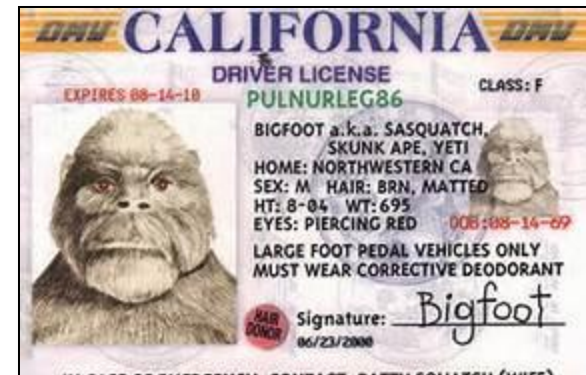
- A tax filer who is unable to obtain an IRS Tax Return Transcript because of IRS identity theft, calls a special IRS group at 1-800-908-4490
- Upon verification of identity, the tax filer can obtain a paper copy of an alternative document unique to identity theft issues (Tax Return Data Base View (TRDBV))
- The TRDBV is an official transcript that can be submitted to the institution to meet verification requirements

FAA Access – Identity Verification Results

- In 2014-15 an Identity Verification Results reporting function was added to FAA Access
- Institutions report the identity verification results for students who have been selected for verification under V4 or V5
- Institutions should be reporting this information on a regular basis
 - (Refer to Electronic Announcement posted November 6, 2014)

FAA Access – Identity Verification Results

- 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



Verification – Resources for 2016-2017

- Federal Register Notice, published June 26, 2015, Free Application for Federal Student Aid (FAFSA) Information To Be Verified for the 2016-2017 Award Year
 - Dear Colleague Letter GEN-15-11, Published June 29, 2015, 2016-2017 Award Year: FAFSA Information to be Verified and Acceptable Documentation
 - Program Integrity Q & A Website (verification topic)
 - <http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/integrity-qa.html>



Questions

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