

2015-2016 Verification

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Agenda

- 1. 2015-16**
 - Verification items and documentation
 - Suggested text
 - FAA tracking process for V4 and V5 groups
- 2. Resources**
- 3. Policy Reminders & Updates**



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2015-2016 Verification

Verification Tracking Groups Summary

- The Department will continue to use data-based statistical analysis to select applicants for verification. A Verification Tracking Flag will be set on the applicant's Institutional Student Information Record (ISIR) to indicate placement into one of the 2015–2016 Verification Tracking Groups
- No changes from the 2014-2015 FAFSA items that may need to be verified
 - Kept groups V1, V3, V4, V5 and V6

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2015-2016 Verification

An applicant will remain in the original 2015–2016 Verification Tracking Group for the entire 2015–2016 award year regardless of subsequent corrections to the applicant's record.



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;
alternate documentation where allowed (e.g. amended returns, foreign returns, etc.)



V1– Non- Tax Filers

Income earned from work

Documentation:
1. Signed statement certifying –
a) Individual has not filed and not required to file 2014 tax return;
b) Sources of income earned from work and amounts of income from each source for tax year 2014; and
2. Copy of IRS Form W–2 for each source of employment income received for tax year 2014;





Identity/Statement of Educational Purpose

- Documentation: students that appear in person
 - Present to an institutionally authorized individual
 - A valid 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

- Documentation: student unable to appear in person
- Must provide the institution—
 - A copy of a valid government-issued photo ID

AND

 - An *original*, notarized statement of educational purpose signed by the applicant
 - Cannot be faxed or scanned
 - 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 2015-2016 FAFSA:
 - Payments to tax-deferred pension and savings
 - Child support received
 - Housing, food and other living allowances paid to members of the military, clergy and others
 - Veterans non-education benefits
 - Other untaxed income
 - Money received or paid on the applicant's behalf

V6—Household Resources

Other Untaxed Income Documentation:
1. Signed statement listing –
 - Sources and amounts of income for tax year 2014; and
2. Copy of IRS W2s for sources of employment income received for tax year 2014 where applicable

- If school 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 2014 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

2015-2016 Verification

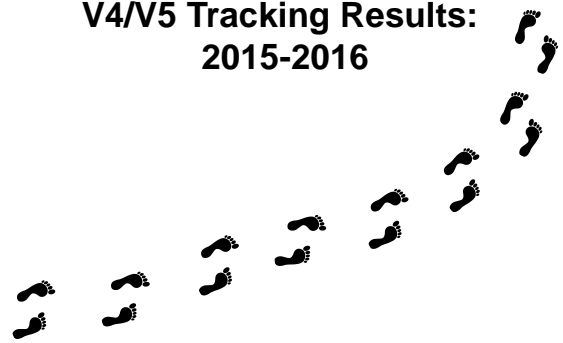
Suggested
Text



Suggested Verification Text

- Will provide suggested text for each of the required 2015–2016 verification items, which will subsequently be posted on the Information for Financial Aid Professionals (IFAP) Web site
- Not required to use ED's suggested text and formats
-ONE EXCEPTION – institutions must use the exact language provided in the "Statement of Educational Purpose" (Groups V4 & V5)
- The "Notary's Certificate of Acknowledgement" section, which may appear on the same document as the "Statement of Educational Purpose," does not require the use of the exact language provided, although it must include a copy or description of the identification presented by the applicant to the notary

V4/V5 Tracking Results: 2015-2016



Reminders, Updates, and Special Cases



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Verification & PJ

- For applicants **selected** for verification (by ED or school), *must complete verification before PJ adjustments made [HEA section 479A(a)]*
- But...all PJ adjustments do **NOT** require verification
 - *Does school require?*
- **Must** mark ISIR as PJ! An ISIR with PJ **coded correctly** will **not** be subject to ED's verification selection

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Tax Filers - Extensions

- Person is required to file, but obtained **extension**, must submit:

Tax Filers Extension Documentation:

 1. IRS Form 4868 or copy of the IRS's approval to extend beyond October 15 deadline;
 2. W-2 for each source of employment income; and
 3. If self employed, a signed statement certifying the amount of AGI and U.S. income tax paid

When above documentation reviewed, verification is considered complete (disbursements are valid)
- Program Integrity Q&A Website (DOC-Q16)
- School may request transcript/IRS DRT when taxes are filed; must then re-verify income information

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Amended Tax Returns

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

- Either a signed copy of the original tax return, an IRS Tax Return Transcript, IRS Record of Account Transcript or a Return Transcript for Taxpayer (RTFTP) (Program Integrity Q&A DOC-Q10)

AND

- Signed copy of the Amended 1040X that was filed with the IRS

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Transcript Requests – 2015-2016

Online IRS Transcript requests

- *Get Transcript Online* tool generates a real-time PDF transcript that the Tax filer can print/save/forward

Other Transcript Requests

- IRS2GO mobile app
- online *Get Transcript by Mail*
- automated phone tool (1-800-908-9946)
- paper Form 4506-T or 4506T-EZ generate a paper transcript

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Transcript Requests – 2015-2016

Use of Third Parties to Obtain Transcripts (IVES)

- IRS-developed Income Verification Express Service (IVES)
- A school 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

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Transcript Requests – 2015-2016

Use of Third Parties to Obtain Transcripts (IVES)

- 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 a school, may become an IVES participant:
 - <http://www.irs.gov/Individuals/Income-Verification-Express-Service>

A student cannot incur a charge for the cost of the IVES process

Identity Theft – 2015-2016

- A tax filer who is unable to request 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 request 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 school to meet Verification requirements

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Questions?



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Thanks!

