

**CHOOSE YOUR OWN ADVENTURE®**  
*Verification*

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US Department of Education  
CAPFAA Conference, Mashantucket, CT  
December 14-15, 2015

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**Agenda**

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- Verification overview and general updates
- 2015-2016 updates
- 2016-2017 Verification
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**Verification: History**

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

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### Verification: History

- 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

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### Verification: History

- For the 2014-2015 award year...
  - Eliminated SNAP (V2) as a separate Verification group
  - Added household resources group (V6)
- For the 2015-2016 award year...
  - No substantive changes to Verification items and tracking groups

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### IRS Tax Return Transcripts

Transcript requests

- Online **Get Transcript by Mail**
- Automated phone tool (800-908-9946)
- Paper Form 4506-T or 4506T-EZ

*On-demand PDF of tax return transcript not available for the foreseeable future*

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### Verification Policy Updates

Victims of IRS tax-related identity theft must submit:

- Statement signed and dated by tax filer indicating s/he was a victim of IRS tax-related identity theft and the IRS has been made aware; and
- An IRS Tax Return Database View (TRDBV) transcript
  - Tax filers who cannot obtain a TRDBV transcript may instead submit another official IRS document if it includes all of the income and tax information required to be verified

*Guidance applies to 2015-2016 and subsequent years  
Federal Register: June 26, 2015*



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### Verification Policy Updates

Individuals who filed an amended tax return must submit:

- An IRS Tax Return Transcript, or any other IRS tax transcript(s) that include the income and tax information required to be verified; and
- An signed copy of the IRS Form 1040X that was filed with the IRS

*Guidance applies to 2015-2016 and subsequent years  
Program Integrity Q & A website: Effective August 13, 2015*



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### Undocumented Parents

- An incorrect Social Security Number in itself does not always impede Verification or constitute conflicting information
  - Tax filing requirements still apply for undocumented immigrants
  - Identity theft and fraud issues may be raised



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## 2015-2016 Verification

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## 2015-2016 Documentation Update

- Alternative documentation may now be accepted when tax filer requested but is unable to obtain an IRS Tax Return Transcript using the IRS *paper or on-line* request process
  - Exception not permitted due to:
    - Transcripts being unavailable because the IRS has not had time to process the data, due to recent filing
    - The removal of the "Get Transcript Online" tool

*Electronic Announcement: October 2, 2015*

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## 2015-2016 Documentation Update

- Alternative documentation includes:
- Signed copy of 2014 IRS tax return, *and*
  - Statement from tax filer, on or attached to the return, certifying data is the same as submitted to the IRS, *and*
  - Communication from IRS stating request unsuccessful
    - Letter from IRS (signed and dated by tax filer) *or*
    - Screen shot print (signed and dated by tax filer), *and*
  - Completed and signed IRS Form 4506 T-EZ or 4506-T listing institution as third party
    - For mailing only if accuracy is doubted

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## 2016-2017 Verification



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## 2016-2017 Verification – Overview

- Same data elements as for 2015-2016
- Some modifications and clarifications to acceptable documentation
- In limited circumstances, an applicant's Verification Tracking Group could change
- Resources
  - *Dear Colleague Letter GEN-15-11*
  - *Federal Register: June 26, 2015*
  - *Suggested Text: Electronic Announcement, November 18, 2015*

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## 2016-2017 Verification

Verification Tracking Group V3 (Child Support Paid) has been removed

- Applicants placed in V1, V4, V5, and V6 must still verify child support paid and SNAP benefits if on ISIR



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**2016-2017 Verification**

*Verification Tracking Group changes*

- 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

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**2016-2017 Verification**

- If the applicant is moved to Tracking Group V5, no additional disbursements of any Title IV aid may be made until Verification is satisfactorily completed
  - If Title IV aid had been disbursed prior to receiving an ISIR with the new V5, and the applicant does not complete Verification, the applicant is liable for the full amount of Title IV aid disbursed for 2016-2017
  - The institution is not liable for those previously made disbursements

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**2016-2017 Verification**

*Income Information for Non-IRS Tax Filers*

- Tax filers who filed an income tax return with a taxing authority in a **U.S. territory** (Guam, American Samoa, the U.S. Virgin Islands) or **commonwealth** (Puerto Rico and the Northern Mariana Islands) or with a **foreign central government**, must submit a copy of a transcript of their tax information
  - A signed copy of the applicable 2015 income tax return that was filed with the taxing authority is only acceptable if tax filers are unable to obtain a free copy of a transcript of their tax information

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### 2016-2017 Verification

*Income Information for Tax Non-Filers*

- **Residents of the Freely Associated States** (Republic of the Marshall Islands, the Republic of Palau, the Federated States of Micronesia), and a **U.S. territory or commonwealth** or a **foreign central government** who are not required to file an income tax return under that taxing authority's rules must submit:
  - a copy of their Wage and Tax Statement (or equivalent documentation) for each source of employment income, and
  - a signed statement identifying all of the individual's income and taxes

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### 2016-2017 Verification

- If a copy of the tax return was not retained and cannot be located by the IRS, applicant 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

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### 2016-2017 Verification

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

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### 2016-2017 Verification

- 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 re-verify this item
  - If documentation is not available, alternative documentation may not include self-certification or a DD Form 214

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### 2016-2017 Verification

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

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**Additional Reminders about 2015-2016 Verification (move to slide 25)**

**Unusual Enrollment History Flag 3 (move to slide 35)**



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## Additional Reminders about 2015-2016 Verification

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### V1: Tax Non-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 2014 tax year generally not issued until after June 15, 2015

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### V3: Child Support Paid

**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, etcetera

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### V4/V5 Tracking Results

**Whom to report:** Students for whom school received an ISIR with a Verification Tracking Group of V4 or V5 AND for whom school requested Verification documentation

- Do not include students the school selected for Verification of identity or high school completion status

**When to report:** 60 days following the institution's first request to the student to submit the required V4 or V5 identity and high school completion documentation

- Changes to previously submitted identity verification results must be updated within 30 days

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### V4/V5 Tracking Results

Dropdown options are:

- Verification completed in person, no issues found
- Verification completed remotely, no issues found
- Verification attempted, issues found with identity
- Verification attempted, issues found with high school completion
- No response from applicant or unable to locate



*If issues found with BOTH identity and high school completion, school will indicate issues found with identity (#3)*

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### Tax Filers: Extensions

**Tax Filers Extension Documentation:**

- IRS Form 4868 or copy of the IRS's approval to extend beyond October 15 deadline;
- W-2 for each source of employment income; and
- 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, and must then re-verify information

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### Professional Judgment

- For applicants selected for Verification (by ED or school), *must complete Verification before PJ adjustments are made [HEA section 479A(a)]...but...*
  - Not all PJ adjustments require Verification unless this is the school's policy
- An ISIR with PJ **coded correctly** will **not** be subject to ED's Verification selection

**(Move to slide 43)**

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### Unusual Enrollment History Flag 3

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### UEH: Resolution of Flag Value 3

- The institution must review the student's records to determine if the student received academic credit at the institutions attended during the 4-year period
- Using information from NSLDS, the institution must identify the institutions where the student received Pell Grant and/or Direct Loan funding over the past four award years

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### UEH: Resolution of Flag Value 3

- Based upon the student's academic transcripts or grade reports, the institution...
  - Must determine, for each of the previously attended institutions, whether academic credit was earned during the award year in which the student received Pell Grant and/or Direct Loan funds
  - *Academic credit is considered to have been earned if the academic records show that the student completed any credit or clock-hours*

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### UEH: Resolution of Flag Value 3

#### Academic Credit Earned

If determined student earned any academic credit at each of the previously attended institutions during the relevant award years, no further action is required

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### UEH: Resolution of Flag Value 3

#### Academic Credit Not Earned

- If student did not earn academic credit at a previously attended institution, including current school, must obtain documentation from student explaining why failed to earn academic credit
- Must determine whether the documentation supports...
  - The reasons given by the student for failure to earn academic credit; and
  - That the student did not enroll only to receive credit balance funds

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### **UEH: Resolution of Flag Value 3**

#### Approval of Continued Eligibility

If school approves student's continued eligibility, may:

- Require student to establish academic plan
- Counsel student about the impact of the student's attendance pattern on future Pell and DL eligibility

#### Denial of Continued Eligibility

If a student did not earn academic credit and does not provide acceptable explanation and documentation, school must deny student any additional Title IV funds




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### **UEH: Regaining Aid Eligibility**

- If aid is denied, you must give the student information on how to appeal and how to regain eligibility
- *Successful completion of academic credit is the basis for a student's request for renewal of eligibility*
- Pell Grant and Campus-Based eligibility begin with the payment period in which the student meets the eligibility requirements
- Direct Loan eligibility is retroactive to the beginning of the enrollment period




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### **UEH: Special Cases**

- Flagged in prior year but not in current year
  - Strongly encouraged to resolve prior year before disbursing current aid, but not required
- Closed schools
  - State or other licensing agency
- Unresponsive schools
  - Student may self-certify *not* having received credit




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## Resources



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## Verification Resources

- *Dear Colleague Letter GEN-14-11:*  
FAFSA Information to be Verified, 2015-2016
- *Dear Colleague Letter GEN-15-11:*  
FAFSA Information to be Verified, 2016-2017
- *Application and Verification Guide, FSA Handbook*
- *Program Integrity Q & A Website (Verification topic)*  
<http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/integrity-qa.html>
- *IRS's Identity Protection Specialized Unit: 800.908.4490*

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## UEH Resources

- *Dear Colleague Letter GEN-13-09*  
- UEH process and resolution of UEH Flags
- *Dear Colleague Letter GEN-15-05*  
- New expanded requirements for UEH flag in 2015-16
- *2014-15 and 2015-2016 ISIR Guides*
- *FSA Handbook, Vol. 1, Chapter 3*

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# Thank you!

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## We Appreciate Your Feedback

To ensure quality training we ask all participants to please fill out an online session evaluation:

<https://www.surveymonkey.com/s/ZacharyGoodwin>

This evaluation tool provides a means to inform us of areas for improvement, and to support an effective process for listening to our customers.

Additional feedback about training can be directed to joann.borel@ed.gov.

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## Department of Education Contacts

### Region I Training Officers (New England)

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### Department of Education Contacts

Research and Customer Care Center  
800.433.7327  
fsa.customer.support@ed.gov



Reach FSA  
855.FSA.4FAA -- 1 number to reach 10 contact centers!

- |                                 |   |
|---------------------------------|---|
| <i>Campus Based Call Center</i> | <i>eZ-Audit</i>                               |
| <i>COD</i>                      | <i>School Eligibility Service Group</i>       |
| <i>CPS/SAIG</i>                 | <i>Foreign Schools Participation Division</i> |
| <i>NSLDS</i>                    | <i>Research and Customer Care Center</i>      |
| <i>G5</i>                       | <i>Nelnet Total &amp; Permanent</i>           |
|                                 | <i>Disability Team</i>                        |

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