



# Verification



The following is a presentation prepared for

**2011 ISFAA Winter Conference**

**Indianapolis, IN**  
**December 8 – 9, 2011**

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National Association of Student Financial Aid Administrators

**Verification**

**Eileen Welsh**  
Training Specialist  
Division of Training & Regulatory Assistance

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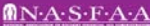
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**Overview of Verification Changes**

- Changes to regulatory definitions
- Elimination of 30% option
- Verification exclusions

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# Verification

## Overview of Verification Changes

- Targeted verification data element selection
- Acceptable verification documentation
- Updating dependency status

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2011-12

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## Overview of Verification Changes

- Exercising professional judgment on correct data
- Tolerance option eliminated
- Interim disbursements

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## Definitions

### Specified Year:

- Calendar year preceding the first calendar year of an award year (i.e., the base year); or
- Year preceding the year preceding the first calendar year of an award year (i.e., the prior, prior year)

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# Verification

## Definitions

**Subsidized student financial assistance programs:** Title IV programs for which eligibility is based on student's EFC. Programs include:

- Federal Pell Grant
- Federal Supplemental Educational Opportunity Grant (FSEOG)
- Federal Work-Study (FWS)
- Federal Perkins Loan
- Direct Subsidized Loan

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## Definitions

**Unsubsidized student financial assistance programs:** Title IV programs for which eligibility is not based on an applicant's EFC. Programs include:

- Teacher Education Assistance for College and Higher Education (TEACH) Grant
- Iran and Afghanistan Service Grant (IASG)
- Direct Unsubsidized Loan
- Direct PLUS Loan

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## Selection of FAFSA Information for Verification

Elimination of 30 percent verification cap

- 100% verification of applications selected by CPS

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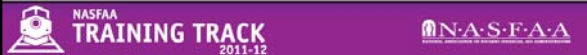
## Verification Exclusions

Exclusions eliminated:

- Student incarcerated at time of verification;
- Parent of dependent student or independent student's spouse:
  - Physically incapacitated, or
  - Address is unknown;
- Immigrant who arrived in U.S. during either calendar year of the award year;
- Citizen of Republic of the Marshall Islands, Federated States of Micronesia, or Republic of Palau; or
- Legal resident of Commonwealth of the Northern Mariana Islands, Guam, or American Samoa

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## Verification Exclusions

School does not have to perform verification:

- Applicant dies;
- Does not receive financial assistance from Title IV programs (other than failure to complete verification);
- Eligible for only unsubsidized student financial assistance; or
- Transfer student verified at a previous institution [under conditions specified in 668.54(iv)]

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## Verification Exclusions

School does not have to perform verification if both parents of dependent student or independent student's spouse:

- Deceased;
- Mentally incapacitated;
- Residing in a country other than the U.S. and cannot be contacted by normal means of communication; or
- Cannot be located because contact information is unknown and cannot be obtained by the student

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# Verification

## 2012–13 Data Requiring Verification

- All CPS-selected applicants who filed or will file federal tax return
  - Household size
  - Number in college
  - Child support paid
  - Food Stamps - Supplemental Nutrition Assistance Program (SNAP)
- All CPS-selected applicants who did not or will not file 2011 federal tax return
  - Income earned from work

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## 2012–13 Data Requiring Verification

- All CPS-selected applicants who did or will file 2011 federal tax return
  - Adjusted gross income
  - U. S. income tax paid
  - Untaxed IRA distributions
  - Untaxed pensions
  - Education credits
  - IRA deductions
  - Tax exempt interest

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## Household Size

- Documentation required:
  - Signed statement that lists each family member's name, age, and relationship to student
- Verification is not required if ISIR/SAR shows:
  - Dependent student with single, divorced, separated, or widowed parent and household size = 2
  - Dependent student, parents are married, and household size = 3
  - Single independent student and household size = 1
  - Married independent student and household size = 2

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# Verification

## Number in College

- Documentation required:
  - Signed statement including members attending at least half-time
- Verification not required if ISIR/SAR shows number in college = 1

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## Child Support Paid

Documentation required:

- Statement signed by person who paid the support
  - Amount paid
  - Name of child for whom support paid
  - Name of person to whom support paid
- If believe information on statement inaccurate, must request other documentation showing amount of support, such as copy of divorce decree or separation agreement, statement from recipient of the support, or copies cancelled checks or money order receipts

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## Food Stamps - Supplemental Nutrition Assistance Program (SNAP) Benefits

Documentation required:

- Proof from agency that issues the benefits; or
- Alternative documentation that the institution had determined to be acceptable to verify receipt of Foods Stamps in 2010 or 2011

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# Verification

## Nontax Filer: Income Earned From Work

Documentation required:

- Copy of 2011 Form W-2 for each source of employment income received
- Signed statement certifying
  - Individual has not and is not required to file a return for 2011
  - Sources and amount from each source of earned income for work in 2011

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## Data From Federal Tax Return

Documentation required:

- Tax obtained via IRS Data Retrieval Tool;
- IRS Tax Return Transcript; or
- Paper copy of tax return
  - Only in limited circumstances when cannot use Tool or obtain Transcript (e.g., filed a foreign tax return)
  - Must document reason for accepting paper return
  - Must follow documentation requirements in July 13, 2011 *Federal Register* Notice.

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## IRS Data Retrieval Tool

- Accessed via FAFSA on the Web (FOTW) at time of initial application or via correction process
- If not used at time of initial application:
  - Student more likely to be selected for verification
  - Even if not selected for verification, ED encourages students to use Tool to update estimated data

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## IRS Data Retrieval Tool

Cannot be used if:

- Married student and spouse filed separate tax returns;
- Parents of dependent student filed separate tax returns; or
- Marital status of student or parent of dependent student changed after the end of the tax year (i.e., 12/31/11 for 2011)

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## IRS Tax Return Transcript

- Required if:
  - Changes to application data retrieve by IRS Data Retrieval Tool
  - Not eligible to use retrieval process
- Must be requested by tax payer
- School may accept Transcript from IRS or the student
- GEN-11-13 has instructions for requesting Transcript

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## Updating Dependency Status

May require student to update dependency status based on change to his or his or her marital status if determine update necessary to:

- Address an inequity; or
- More accurately reflect student's ability to pay educational

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# Verification

## Professional Judgment

Must complete verification prior to exercising professional judgment authority to adjust:

- Any data used to calculate EFC
- Any cost component of COA

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## Changes to FAFSA Information Resulting from Verification

- \$400 tolerance option and option of submitting corrections to CPS for programs other than the Federal Pell Grant Program eliminated
- Must submit corrections if change to:
  - A nondollar data element; or
  - A single dollar item of \$25 or more

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## Verification and Updating Deadlines

- Eliminated 45-day period during which school may hold undisbursed Direct Subsidized Loan proceeds for student undergoing verification
  - Excess cash tolerance provisions in 668.166(b) apply
- If corrections increase Federal Pell Grant award amount and valid ISIR/SAR received after student is no longer enrolled, but before *Federal Register* deadline, must pay higher award amount

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# Verification

## Interim Disbursements

If school believes FAFSA data is accurate prior to verification, school may:

- Withhold payment or choose to make one disbursement from Federal Pell Grant, FSEOG, and Federal Perkins Programs
- Employ applicant under FWS
- Withhold origination or originate but not disburse proceeds of Direct Subsidized Loan

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## Interim Disbursements

If data correction are required, may make interim disbursement prior to receiving valid ISIR/SAR only if:

- Determine correction would not change amount student would receive under a Title IV programs eligibility
- School or student submits corrected data to CPS

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## Overpayments Due to Interim Disbursement

- If disbursed Federal Pell Grant, FSEOG, Federal Perkins before verifying application data:
  - Adjust subsequent disbursements
  - Reimburse program account by regulatory deadline if adjustment does not resolve overpayment
- If disbursed any Title IV funds after verifying application data and do not receive valid ISIR/SAR by deadline:
  - School is liable for all funds disbursed

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# Verification

## Resources

- *Federal Register*, Final Rule, Program Integrity 10/29/10
- *Federal Register*, NPRM, Program Integrity, 6/18/10
- *Federal Register*, Notice, Information To Be Verified for 2012–13 Award Year, 07/13/11
- GEN 11-13, 2012–2013 Award Year: FAFSA Information to be Verified, and Acceptable Documentation, 7/13/11
- GEN 11-03, Enhancements to the FAFSA-IRS Data Retrieval Process, 02/23/11
- NASFAA's Complied Title IV Regulations, as of 7/01/11
- NASFAA Webinar, Verification: It's A Whole New World, 9/21/11

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## Questions



**Please send your questions to:**

[askregs@nasfaa.org](mailto:askregs@nasfaa.org)

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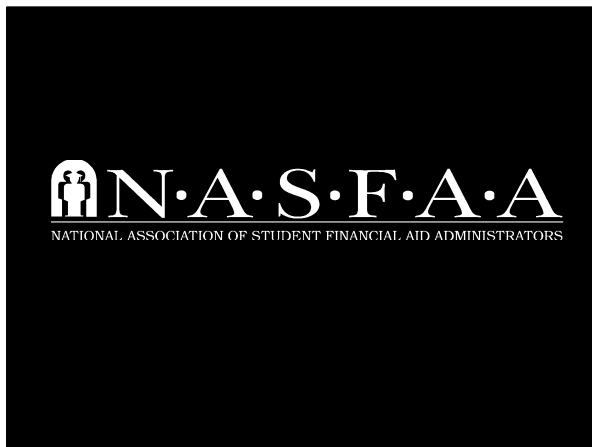
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