


Verification 2016-2018: Another Tracking Group Bites the Dust



Zack Goodwin
US Department of Education
MASFAA Conference, Southbridge, MA
November 17, 2016

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND



Agenda

- General updates and reminders
- 2016-2017 verification
- 2017-2018 verification
- Conflicting information and Comment Code 399

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND

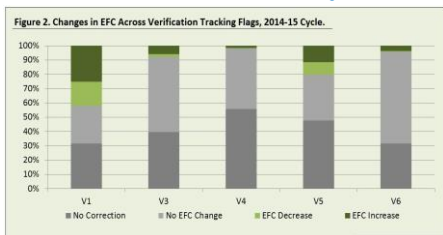
Progress!

	2015-2016	2016-2017	2017-2018
V1	X	X	X
V2	<i>reported only</i>	<i>reported only</i>	
V3	X	<i>reported only</i>	
V4	X	X	X
V5	X	X	X
V6	X	X	

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND

Verification and EFC Changes

For Tracking Group V1
42% had corrections that led to a change in EFC



FederalStudentAid | PROUD SPONSOR of the AMERICAN MIND™

General Updates and Reminders

FederalStudentAid | PROUD SPONSOR of the AMERICAN MIND™

Tax Filing Extensions

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 US income tax paid

- Program Integrity Q&A Website (DOC-Q16)
- School may request a tax return transcript/IRS DRT when taxes are filed, and must then re-verify information

FederalStudentAid | PROUD SPONSOR of the AMERICAN MIND™



Professional Judgment

- For applicants selected for verification (by ED or school), *must complete verification before PJ adjustments are made...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

Dear Colleague Letter GEN-16-03





V4/V5 Tracking Results

The V4 and V5 tracking process in FAA Access that was required as of 2014-2015 remains in effect for 2016-2017 and 2017-2018

<https://faaaccess.ed.gov>





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

When to report: 60 days following the institution's first request to the student for the required documentation

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





V4/V5 Tracking Results

Dropdown options are:

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

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

10 **FederalStudentAid** | PROUD SPONSOR of the AMERICAN MIND™
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

V4/V5 Tracking Results: 2017-2018

Dropdown options are:

- 1. Verification completed in person, no issues found
- 2. Verification completed remotely, no issues found
- 3. Verification attempted, issues found with identity
- 4. Verification attempted, issues found with high school completion
- 5. No response from applicant or unable to locate
- 6. *Issues with both identity and high school completion*

11 **FederalStudentAid** | PROUD SPONSOR of the AMERICAN MIND™
AN OFFICE of the U.S. DEPARTMENT of EDUCATION

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

Program Integrity Q & A website: Effective July 7, 2015

12 **FederalStudentAid** | PROUD SPONSOR of the AMERICAN MIND™
AN OFFICE of the U.S. DEPARTMENT of EDUCATION





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

Program Integrity Q & A website: Effective August 13, 2015





Verification Updates

- On a case-by-case basis, students in the V1 and V6 Tracking Groups may receive a disbursement of unsubsidized Title IV aid if there will be a delay in completing verification
- Those selected in the V4 and V5 Tracking Groups are not eligible for Unsubsidized Direct Loan funds, *including PLUS*, if verification is not completed
- For those with an IRS tax filing extension, if a school chooses to require a tax return transcript or DRT after completing verification, all Direct Loan funds (*including Subsidized*) already disbursed may be retained

Electronic Announcements: June 14 and October 31, 2016





Undocumented Parents/Spouses

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





2016-2017: And another one gone, another one gone



Progress!

	2015-2016	2016-2017	2017-2018
V1	X	X	X
V2	<i>reported only</i>	<i>reported only</i>	
V3	X	<i>reported only</i>	
V4	X	X	X
V5	X	X	X
V6	X	X	

2016-2017 Verification Overview

- Same data elements as for 2015-2016
- Tracking group V3 eliminated
- Some modifications and clarifications to acceptable documentation
- In limited circumstances, an applicant's verification Tracking Group could be changed to V5

Dear Colleague Letter GEN-15-11
Federal Register: June 26, 2015
Suggested verification text: November 18, 2015



Excluded from 2016-2017 Selection

If the applicant would have been selected based on standard verification criteria and...

- Tax return data were retrieved from the IRS and not changed
- Responses to household size and number in college questions are logical

The application will not be selected for verification

19



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 reported on the ISIR



20



2016-2017 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

This process will remain in place for 2017-2018

21



2016-2017 Tracking Group Changes

- 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 selection, 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 only liable for any portions of those disbursements that must be returned by the school as a result of the student's withdrawal

Electronic Announcement: October 31, 2016

22

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND™
An OFFICE of the U.S. DEPARTMENT of EDUCATION

2016-2017 Verification

Income Information for Non-IRS Tax Filers

- Tax filers who filed an income tax return with a taxing authority in a US 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

23

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND™
An OFFICE of the U.S. DEPARTMENT of EDUCATION

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 US 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

24

Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND™
An OFFICE of the U.S. DEPARTMENT of EDUCATION

26

2016-2017 Verification

- If a copy of the tax return was not retained by the filer, 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

26

2016-2017 Verification

- Child support paid
 - Separation agreements and divorce decrees are no longer considered acceptable documentation

27

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 *of a copy of the DD-214*





2016-2017 Verification

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



Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION | PROUD SPONSOR of the AMERICAN MIND™



Not Required to File

If an institution questions a claim that the tax filer is not required to file or otherwise did not file, must require applicant to submit an IRS Verification of Non-filing Letter dated June 15 or later

Does not necessarily resolve conflicting information



Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION | PROUD SPONSOR of the AMERICAN MIND™



IRS Tax Return Transcript Matrix

Electronic Announcement: March 23, 2016

*Amended version –
Electronic Announcement: May 4, 2016*



Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION | PROUD SPONSOR of the AMERICAN MIND™



2016-2017 Documentation Update

- Alternative documentation may now be accepted *for 2016-2017 only* when tax filer requested but is unable to obtain an IRS Tax Return Transcript using the IRS *paper or online* 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 inability to establish an IRS online account

Electronic Announcement: October 18, 2016

31

2016-2017 Documentation Update

Alternative documentation includes:

- Signed copy of 2015 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 recipient
 - For mailing only if accuracy is doubted

32

2017-2018:
***Are you ready,
are you ready for this?***



33

V1 + V4 = V5

2017-2018 Verification Overview

- SNAP benefits, child support paid, and Tracking Group V6-related untaxed income are no longer required verification items
- Tracking group V6 eliminated
- *IRS Verification of Non-filing Letter required for all tax non-filers and for applicants with tax filing extensions*
- Documentation used for 2016-2017 verification may also be used for 2017-2018 provided it meets current requirements

Verification of Non-Filing Letter

- Required for *all* students and parents who did not file a 2015 Federal tax return
 - Includes those not required to file
 - Includes those who requested extensions of time to file
 - Schools can opt to re-verify an application once a tax return is filed
 - Must be dated on or after October 1, 2016



Undocumented Parents/Spouses

A parent or spouse who does not have an SSN, Individual Taxpayer Identification Number (ITIN), or Employer Identification Number (EIN) may submit...

- A signed and dated statement:
 - Certifying that the individual(s) does not have an SSN, ITIN or EIN
 - Listing the sources and amounts of earnings, other income, and resources that supported the individual(s) for the appropriate year
- If applicable, a copy of IRS Form W-2 or equivalent document for each source of employment income

Program Integrity Q&A Website (DOC-Q29)

37 Federal Student Aid PROUD SPONSOR of the AMERICAN MIND™
An OFFICE of the U.S. DEPARTMENT of EDUCATION

2017-2018 Verification

Dear Colleague Letter GEN-16-07

Federal Register: April 1, 2016

Suggested verification text: July 29, 2016

38 Federal Student Aid PROUD SPONSOR of the AMERICAN MIND™
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Conflicting Information

- Increased possibility of conflicting information due to the inclusion of 2015 income and tax information on the 2016-2017 and 2017-2018 FAFSAs
 - Other data, such as household and asset information, will be *current/projected*
- ED will identify 2017-2018 applications where conflicting information may exist that, if resolved, would result in a significant change in EFC

Dear Colleague Letter GEN-16-14

39 Federal Student Aid PROUD SPONSOR of the AMERICAN MIND™
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Comment Codes 395-399

- Comment codes 395-398 indicate possible conflicting information, but resolution is not required
- *Resolution is required for comment code 399*
 - If comment code 399 does not appear on the 2017-2018 ISIR, schools are not required to resolve differences in *income or tax information* between the two ISIRs
 - *Any other conflicting information must still be resolved*

40 Federal Student Aid PROUD SPONSOR of the AMERICAN MIND™
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Comment Code 399

- If CPS identifies an ISIR as having conflicting information, you will see...
 - C Flag
 - ISIR comment code 399

"Your Financial Aid Administrator may contact you to resolve any issues related to differences in the 2015 income information you reported on your 2016-2017 FAFSA and 2017-2018 FAFSA."

41 Federal Student Aid PROUD SPONSOR of the AMERICAN MIND™
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Resolving Conflicting Information

- School must compare 2015 income and tax-related items from both years' ISIRs to determine conflict
 - Compare ISIRs that were/will be used to award Title IV aid
- If in either year the school had verified the income and tax information, or the IRS Data Retrieval Tool was used and no data was changed, school can assume these values are correct and submit changes to the *other* year...*unless the school is aware an amended tax return was filed.*

42 Federal Student Aid PROUD SPONSOR of the AMERICAN MIND™
An OFFICE of the U.S. DEPARTMENT of EDUCATION



Comment Code 399

- Comment code 399 does *not* have to be resolved if...
 - School never *received* a 2016-2017 ISIR
 - School received a 2016-2017 ISIR but *did not and will not disburse* Title IV aid in *either year*
 - Aid was disbursed in 2016-2017, but the *student is no longer enrolled and is not expected to return* in 2017-2018

43 Federal Student Aid PROUD SPONSOR of the AMERICAN MIND™
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Resolving Conflicting Information

- 2017-2018 ISIR
 - If required correction is for the 2017-2018 year, school must use EFC from corrected ISIR to award and disburse
- 2016-2017 ISIR
 - If required correction is for the 2016-2017 year, school must ensure that all awards and disbursements for 2016-2017 reflect the corrected ISIR, whether the EFC is lower or higher
 - *Corrections not required after September 9, 2017*

44 Federal Student Aid PROUD SPONSOR of the AMERICAN MIND™
An OFFICE of the U.S. DEPARTMENT of EDUCATION

Unable to Resolve

- Until conflicting information is resolved, no additional Title IV aid may be disbursed in either year
- If the conflicting information is unable to be resolved, the school must consider the student in an overaward status for any need-based 2016-2017 aid disbursed
 - Earned Federal Work-Study funds need not be returned, but students may not *continue* to earn FWS wages

45 Federal Student Aid PROUD SPONSOR of the AMERICAN MIND™
An OFFICE of the U.S. DEPARTMENT of EDUCATION



Overawards and Overpayments

- Title IV grants and Perkins Loans
 - Adjust subsequent disbursements
 - If not resolved by adjusting subsequent disbursements, student must repay portion disbursed for which no longer eligible
 - *School is not liable*

- Direct Subsidized Loans
 - Will be repaid under terms of the promissory note, but school must record its determination

Resources:
Yes, I'm ready for you

Verification References

- *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

- *Dear Colleague Letter GEN-16-07:*
FAFSA Information to be Verified, 2017-2018

- *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 Identity Protection Specialized Unit: 800.908.4490*



Thank you!

Zack Goodwin
zachary.goodwin@ed.gov
617.289.0051



We Appreciate Your Feedback

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

<https://www.surveymonkey.com/r/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.

Department of Education Contacts

Region I Training Officers (New England)

Pam Gilligan
pam.gilligan@ed.gov
617.289.0022

Zack Goodwin
zachary.goodwin@ed.gov
617.289.0051

Anita Olivencia
anita.olivencia@ed.gov
617.289.0130



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 & Permanent</i>
	<i>Disability Team</i>

52 **Federal Student Aid** | PROUD SPONSOR of the AMERICAN MIND™
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

Questions?



53 **Federal Student Aid** | PROUD SPONSOR of the AMERICAN MIND™
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION