



NASFAA

AUTHORIZED EVENTS

2021-22



OVERVIEW OF VERIFICATION

Slide Handout

New Aid Officer Training – October 12, 2021



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NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

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October 2021



NASFAA Authorized Event Overview of Verification

New Aid Officer Training – October 12, 2021

National Association of Student
Financial Aid Administrators

Overview of
2022-23 Verification
A NASFAA Authorized Event*

Presented by
David Futrell, NASFAA
New Aid Officer Training
October 12, 2021

NASFAA

*For training purposes only; not for credential preparation. Slide 1 © 2021 NASFAA

Agenda

- Verification of FAFSA Data
- Selection
- Tracking Groups
- Documentation Requirements
- Corrections, Updates, and Adjustments
- Disbursements and Deadlines
- Policies and Procedures

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Verification of FAFSA Data

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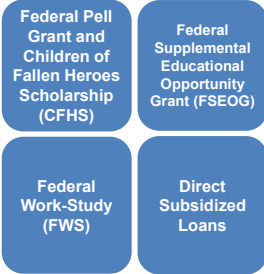


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Verification of FAFSA Data

- Regulations define which applications, data elements, and documentation
- Verification applies to recipients of subsidized Title IV aid



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Conflicting Information

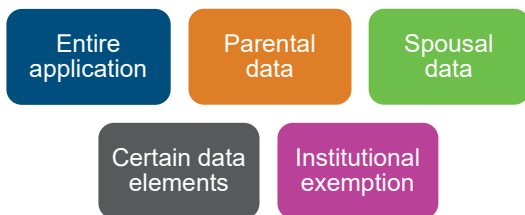
- Must be resolved for all award years, even prior ones
- Does not need to be resolved if:
 - Does not affect student's expected family contribution (EFC) or Title IV eligibility;
 - Student dies during award year; or
 - Conflicting data are received after student is no longer enrolled and does not intend to re-enroll at the school
- Includes correcting nondollar items, whether result of verification or resolution of conflicting information
- School decides what documentation it deems appropriate to resolve any conflicts



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Verification Exclusions

Verification is not required under certain circumstances



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Verification Selection

- Selection by:
 - Central Processing System (CPS), which applies to all schools
 - Individual school
- U.S. Department of Education (ED) uses a customized approach
- May be information not used in EFC calculation

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Verification Tracking Groups

V1
Standard
Verification
Group

- Tax filer income (adjusted gross income, taxes paid, untaxed IRA, pension, and annuity distributions, IRA deductions and payments, tax-exempt interest, education tax credits)
- Nontax filer income (income earned from work)
- Household size
- Number in college

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Verification Tracking Groups

V4
Custom
Verification
Group

- Identity and Statement of Educational Purpose

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Verification Tracking Groups

V5

Aggregate
Verification
Group

- Tax filer income from V1
- Nontax filer income (income earned from work)
- Household size
- Number in college
- Identity and Statement of Educational Purpose

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Required Data Items for CPS-Selected Applicants

Federal Register
(requirements)

DEPARTMENT OF EDUCATION
Free Application for Federal Student Aid (FAFSA®) Information To Be Verified for the 2022-2023 Award Year
AGENCY: Office of Postsecondary Education, Department of Education.
ACTION: Notice.

SUMMARY: For each award year, the Secretary publishes in the *Federal Register* a notice announcing the FAFSA information that an institution and an applicant may be required to verify, as well as the acceptable documentation for verifying FAFSA information. This is the notice for the 2022-2023 award year. Assistance Listing Numbers 84.007, 84.033, 84.063, and 84.268.

*Dear Colleague Letter GEN-21-06
(additional information and optional suggested text)*

PUBLICATION DATE: September 01, 2021
DOI: 18-024-21-04
SUBJECT: 2022-2023 Award Year FAFSA® Information to be Verified and Acceptable Documentation
BACKGROUND: This notice provides information that supplements the 2022-2023 award year verification information provided in the *Federal Register* notice published on September 1, 2021.


Dear Colleague:

On September 1, 2021, we published a *Federal Register* notice (Vol. 86, No. 167 at 49002-49008) announcing the 2022-2023 Free Application for Federal Student Aid (FAFSA) verification items for applicants selected by the Department, as well as the acceptable documentation for those items. As specified in the *Federal Register* notice, the 2022-2023 Verification Tracking Groups are the same as those for the 2021-2022 award year. However, for applicants placed in Verification Tracking Groups V4 and V5, verification of the applicant's high school completion status will not be required as high school completion was removed from the list of items to be verified for the 2022-2023 award year. In


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General Documentation Requirements

- May file FAFSA using estimated income
- Must complete verification using actual income according to the filed tax return
- Specified year is the prior-prior year (PPY)
 - For 2022-23, the specified year is 2020



2020



2022-23

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IRS Data Retrieval Tool

- Tax return type
- Tax filing status
- Adjusted gross income (AGI)
- Income earned from work (single, not joint filers)
- U.S. taxes paid
- Untaxed IRA, pension, and annuity distributions
- IRA deductions and payments
- Tax-exempt interest
- Education tax credits
- Whether Schedule 1 was filed
- Whether amended return filed

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IRS DRT Cannot Be Used When...

- ✗ Tax return not yet filed
- ✗ Puerto Rican or foreign (non-U.S.) tax return filed
- ✗ Taxes filed electronically within last 2-4 weeks
- ✗ Taxes filed by mail within last 6-8 weeks
- ✗ Parents are unmarried and living together
- ✗ Change in marital status after end of tax year and before filing FAFSA
- ✗ Conflict between marital and tax filing status
- ✗ Married independent student and spouse filed separate tax returns
- ✗ Married parents filed separate tax returns
- ✗ Married and filed taxes as head of household
- ✗ First 3 digits of Social Security Number (SSN) are "666"
- ✗ Neither married parent has a valid SSN
- ✗ Both parents entered all zeros for SSN

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| IRS Request Flag | IRS Data Field Flag* | Data Element Considered Verified? |
|-------------------|----------------------|--|
| Blank, 00, 01, 05 | Blank or 0 | No; need Tax Return Transcript or signed tax return |
| 02 | Any value | Yes; no additional documentation |
| 03 or 04 | 1 | Yes; no additional documentation |
| 06 | 1 | Yes, but only if correct person is on FAFSA/ISIR |
| 07 | 1 | Yes, unless 1040X indicates data element was amended |

* IRS Data Field Flags "2" through "4" mean transferred data changed, so additional documentation is needed to complete verification.

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Tax Return Transcript

Can be requested:





- IRS Get Transcript Online
- IRS Get Transcript by Mail
- 1.800.908.9946
- Mail or fax IRS Form 4506-T or 4506T-EZ (*unavailable at this time*)
- Income Verification Express Service



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Tax Return Transcript Alternatives

Acceptable Alternatives

-  Record of Account Transcript
-  Return Transcript for Taxpayer (RTFTP)
-  Tax Return Database View (TRDBV) Transcript
-  Any IRS Tax Transcript with all required data

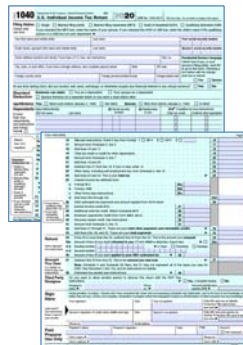


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Signed Copies of Tax Returns

School can accept signed copy of tax return filed with IRS or relevant tax authority with applicable schedules

- For IRS 1040, 1040-SR, or 1040-NR, must include first 2 pages of 1040 and Schedules 1, 2, and 3 only
- Can be e-file format or handwritten copy



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Signed Copies of Tax Returns

| Student's or Spouse's Tax Return | Parent's Tax Return |
|----------------------------------|---------------------------------|
| Tax-filer's signature | At least one parent's signature |
| Tax preparer's information | Tax preparer's information |

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AGI—Tax Filers: Additional Documentation Required

| | | |
|---------------------------------------|--|--|
| Tax return filing extensions | Amended tax returns | Government cannot locate tax account information |
| Special circumstances published by ED | Separating income on joint tax returns | |

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Verification Worksheets

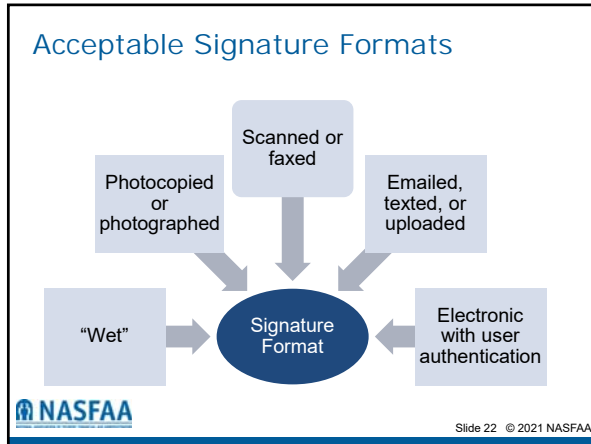
- ED provides suggested text annually
- School may:
 - Use ED's suggested text or create its own
 - Create a comprehensive worksheet or customize it according to selected data
- School must use ED's identity and Statement of Educational Purpose text exactly as in the *Federal Register*

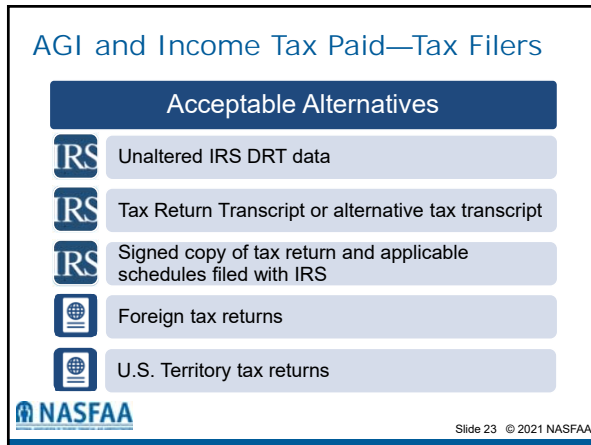
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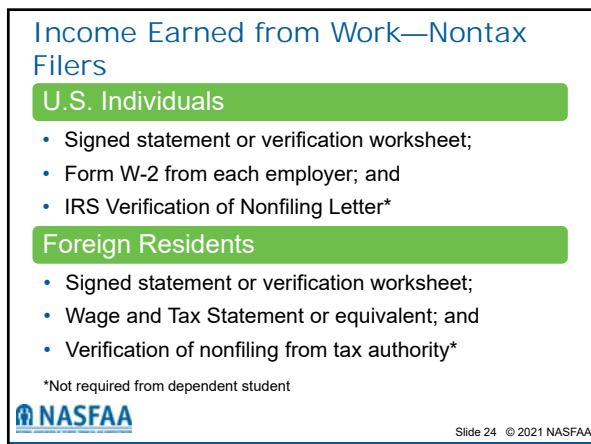


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Verification of Nonfiling

- IRS Verification of Nonfiling Letter dated after October 1, 2021 is required from:
 - Dependent parent who did not and was not required to file a tax return
 - Independent student (or spouse, if applicable) who did not and was not required to file
- Not required from dependent student except conflicting information or tax extension
- Groups V1 and V5, even if income is zero



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Verification of Nonfiling

- If unable to obtain verification or confirmation of nonfiling, and school has no reason to question good-faith effort to get one, school may accept signed statement certifying the individual:
 - Attempted to but was unable to obtain one; **and**
 - Has not filed and is not required to file a tax return for the tax year.
- Statement must include sources and amounts from each source of income earned from work during tax year
- School alone determines whether individual made a good-faith effort to obtain one



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Untaxed Income and Benefits—Tax Filers

- Verify specific types of untaxed income:
 - Untaxed portions of IRA, pension, and annuity distributions
 - IRA deductions and payments
 - Tax-exempt interest income
 - Education tax credits (American Opportunity and Lifetime Learning)
- Signature not required when data is validated via IRS DRT or tax transcript



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IRA, Pension, and Annuity Rollovers



- Rollovers are excluded from EFC
 - IRS DRT:
 - If distribution is received, tax filer is asked to enter rollover amount
 - IRS Request Flag = "03" and IRS Data Field Flag = "2"
 - Not using IRS DRT:
 - Tax filer subtracts rollover amount before reporting untaxed income
- Verify rollover amount with signed statement or tax transcript/return with "rollover" next to corresponding line



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Household Size and Number in College

Signed verification worksheet or statement listing:

- Names and ages of all household members
- Relationship of each member to student
- Name of postsecondary institution in which household member is enrolled as a regular student at least half time in Title IV-eligible program and institution



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Identity and Statement of Educational Purpose



Identity and Statement of Educational Purpose
(To Be Signed at the Institution)

The student must appear in person at _____ in _____ to verify his or her identity by presenting an unexpired valid government issued photo identification (ID), such as, but not limited to, a driver's license, other state-issued ID, or passport. The institution will maintain a copy of the student's photo ID that is associated by the institution with the data it has received and reviewed, and the name of the official at the institution authorized to receive and review the student's ID.

In addition, the student must sign, in the presence of the institutional official, the Statement of Educational Purpose provided below.

Identity and Statement of Educational Purpose
(To Be Signed in the Presence of a Notary)

If the student is unable to appear in person at _____ in _____ to verify his or her identity, the student must provide to this institution:

(A) A copy of the unexpired valid government issued photo identification (ID) that is acknowledged in the notary statement below, or that is presented to a notary, such as, but not limited to, a driver's license, other state-issued ID, or passport, and

(B) The original Statement of Educational Purpose provided below, which must be notarized. If the notary statement appears on a separate page than the Statement of Educational Purpose, there must be a clear indication that the Statement of Educational Purpose was the document notarized.

Statement of Educational Purpose

I certify that _____ am the individual signing
(Print Student's Name)

This Statement of Educational Purpose and that the Federal student financial assistance I may receive will only be used for educational purposes and to pay the cost of attending _____ for 2022-2023.
(Name of Postsecondary Educational Institution)

(Student's Signature) _____ (Date) _____
(Student's ID Number) _____



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Optional Institutionally Selected Data

| Assets | Untaxed Income |
|---|--|
| <ul style="list-style-type: none"> • Cash, savings, and checking • Real estate and investments • Other forms of untaxed income | <ul style="list-style-type: none"> • Payments to tax-deferred pension and savings plans • Child support received • Housing, food, and other living allowances paid to members of the military, clergy, and others • Veterans noneducation benefits • Other untaxed income not reported elsewhere on FAFSA • Money received or paid on student's behalf |



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Optional Institutionally Selected Data

- Cannot include resources specifically excluded from need analysis, such as:
 - Federal veteran's educational benefits
 - Military housing/housing allowance
 - State foster care or adoption assistance payments
 - Means-tested welfare benefits
 - Combat pay
 - Foreign income exclusions
 - In-kind support
- Not even using professional judgment (PJ)



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Changes to Applicant Data

| | | |
|---|---|---|
| | | |
| Correction Changes to data that were incorrect when FAFSA was filed | Update Changes to data that were correct when FAFSA was filed but later changed | Adjustment Change made by aid administrator using professional judgment |



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PJ Adjustments

- Optional
- Discretion granted to financial aid administrators under section 479A(a) of Higher Education Act of 1965 (HEA), as amended
- Verification of specified-year data and resolution of conflicting information required before PJ
 - Exceptions apply



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PJ Adjustments

Verification not required before PJ:

- For data that will be removed entirely using PJ
- When not already selected for verification by CPS or school
- When performing a dependency override



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Disbursements

- School may make interim disbursements before verification is completed under certain conditions
- If not making interim disbursements, and student is selected for verification or changed tracking groups:
 - No further Title IV disbursements/FWS earnings can be paid until verification is completed
 - Do not return previously disbursed funds while waiting to complete verification
- If verification is never completed certain aid must be returned by student, per 10/31/16 Electronic Announcement

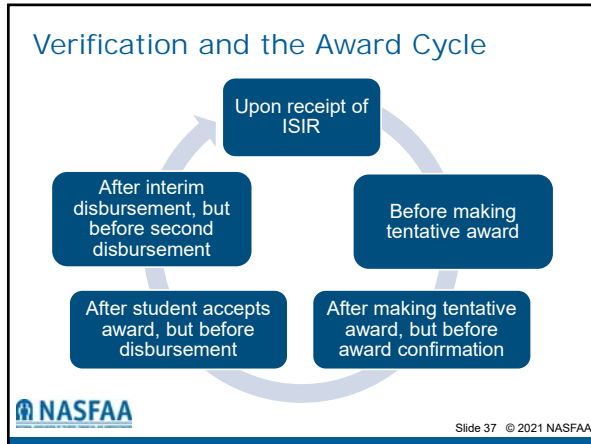


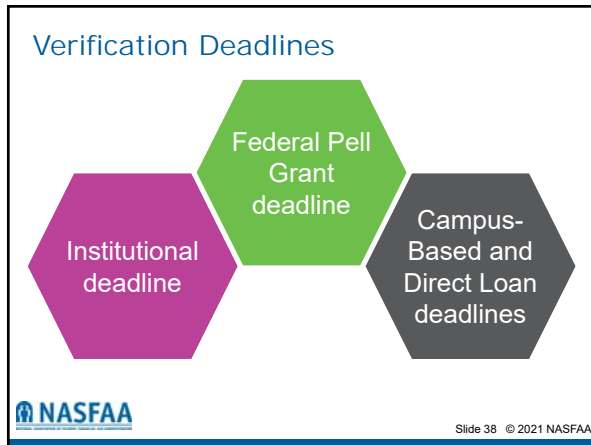
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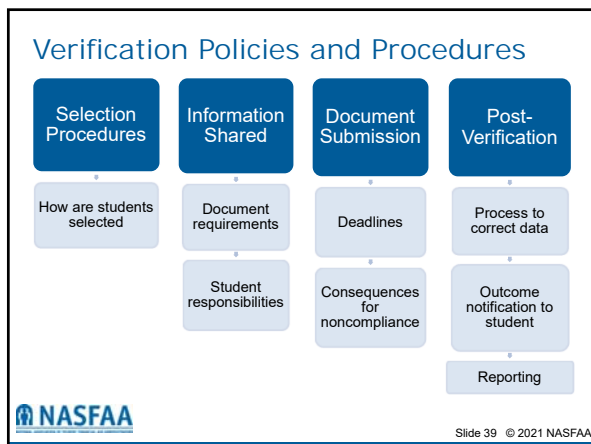


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1. Does your institution select applications for verification in addition to those selected by the CPS? What triggers your selection?
2. Does your institution verify data elements beyond the minimum federal requirements? What are they?
3. Based on your own experience, do you think ED is selecting the most error-prone applications for verification?

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Agenda

- Verification of FAFSA Data
- Selection
- Tracking Groups
- Documentation Requirements
- Corrections, Updates, and Adjustments
- Disbursements and Deadlines
- Policies and Procedures

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Get the credit YOU deserve!

NASFAA U offers a nationally-recognized, consistent, and rigorous program of education in administering the Title IV student financial aid programs. Both new and seasoned financial aid professionals will benefit from a **NASFAA U** education, helping you to become more proficient, more knowledgeable, and more valuable to your organization—all while working towards earning a **NASFAA Credential** or **NASFAA U Certificate**.

ONLINE COURSE TOPICS INCLUDE:

Fundamentals of
Student Financial Aid
Verification
Return of Title IV Funds
Satisfactory Academic
Progress
Student Eligibility

Campus-Based Programs
Cost of Attendance
Federal Pell Grants & Iraq
and Afghanistan Service Grants
Consumer Information
Direct Loans
Need Analysis

Packaging and Aid Notification
Professional Judgment
Cash Management
Administrative Capability
Application Processing
Fundamentals of
Enrollment Management

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provides professional
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aid administrators; advocates
for public policies that increase
student access and success;
serves as a forum on student
financial aid issues; and is
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throughout all activities.**

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