

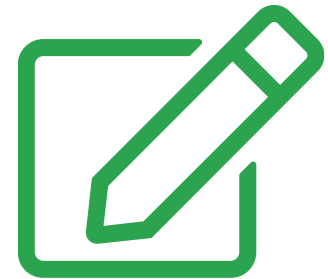
VERIFICATION 2021-22 AND 2022-23

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U.S. Department of Education

October 5, 2021

AGENDA

1. Hot Topics
2. 2021-2022 Verification
3. 2022-2023 Verification
4. V4/V5 Verification Reminders
5. Conflicting Information



HOT TOPICS





FUTURE ACT



- Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act; Passed December 19, 2019
- Amends Section 6103 of the Internal Revenue Code to allow direct data sharing between the Internal Revenue Service (IRS) and Federal Student Aid (FSA)
- FSA and IRS are collaborating to explore use of the amendments to Section 6103 of the Internal Revenue Code

COVID-19 – VERIFICATION TIMEFRAME

December 11, 2020 Federal Register (HEROES) Notice and January 15, 2021 Electronic Announcement

- Verification waivers and flexibilities are applicable through the end of the payment period that *begins after* the date on which the Federally-declared national emergency related to COVID-19 is rescinded
- Verification waivers and flexibilities apply to any award year for which an institution may be completing verification
- Verification waivers and flexibilities are not award-year specific

COVID-19 – PROFESSIONAL JUDGMENT

March 5, 2020, April 3, 2020, July 9, 2020, January 15, 2021 Electronic Announcements, and DCL GEN-21-02

- FAAs have existing authority to use professional judgement
- FSA encourages FAAs to use professional judgment where students/families have been affected by COVID-19
- Professional judgment authority exists in statute and not limited to COVID-19 circumstances
- No COVID-19 expiration date

VERIFICATION WAIVERS FOR 2021-2022

- Published July 13, 2021 (DCL GEN-21-05)
- Reflects changes for 2021-22 Verification requirements
 - Waiver begins July 13, 2021, and applies for the remainder of the 2021-2022 FAFSA processing and verification cycle
 - Verification not required for V1
 - Verification required for V4 and V5 is only for Identity/Statement of Educational Purpose and High School Completion status

2021-2022 VERIFICATION



2021-2022 VERIFICATION



SAME DATA ITEMS



NO CHANGES TO THE
VERIFICATION TRACKING
GROUPS

2021-2022 VERIFICATION TRACKING GROUPS

- V1 – Standard Verification Group
- *V2 – Reserved*
- *V3 – Reserved*
- V4 – Custom Verification Group
- V5 – Aggregate Verification Group
- *V6 – Reserved*

2021-2022 VERIFICATION ITEMS

- 2019 income information to be verified (V1 and V5) – Tax Filer
 - Adjusted gross income (AGI)
 - U.S. income tax paid
 - Untaxed portions of IRA distributions and pensions
 - IRA deductions and payments
 - Tax-exempt interest income
 - Education credits
- 2019 income information to be verified (V1 and V5) – Nontax Filer
 - Income Earned from Work

2021-2022 VERIFICATION ITEMS

- Household size (V1 and V5)
- Number in college (V1 and V5)
- High school completion status (V4 and V5)
- Identity (V4 and V5)
- Sign Statement of Educational Purpose (V4 and V5)

2021-2022 VERIFICATION OF NONFILING

Verification of Nonfiling (VNF) unavailable

- Individual may submit signed statement in lieu of VNF if:
 - Individual cannot obtain VNF from IRS, and
 - Institution has no reason to question student's or family's good-faith effort to obtain required documentation
- Signed statement must include:
 - Assertion that individual attempted but unable to get VNF
 - Non-tax filers must confirm nonfiling status, and list 2019 sources and amounts of income earned from work
 - Extension filers must confirm nonfiling status to date and list 2019 sources and amounts of income
 - Self-employed extension filers must list 2019 AGI and U.S. income tax paid

2021-2022 VERIFICATION OF NONFILING

Unable to obtain Verification of Nonfiling (VNF)

- Some individuals do not have:
 - Social Security Number (SSN),
 - Individual Taxpayer Identification Number (ITIN), or
 - Employer Identification Number (EIN)
- These individuals must submit a signed and dated statement:
 - Certifying that individual does not have SSN, ITIN, or EIN; and
 - Listing sources and amounts of earnings, other income, and resources that supported individual for tax year 2019

2021-2022 VERIFICATION – FILING EXTENSION

- Individuals granted extension by IRS must submit:
 - Copy of IRS approval of extension beyond automatic six-month extension for tax year 2019
 - Verification of Non-filing Letter (VNF) from IRS dated on or after October 1, 2020
 - Or signed statement if VNF cannot be obtained
 - Copy of IRS Form W-2 or equivalent document for each source of 2019 employment income; and
 - If self-employed, signed statement certifying AGI amount and U.S. income tax paid for tax year 2019
- Institutions may require individual to submit tax information after filing:
 - Use IRS Data Retrieval Tool; or
 - Submit IRS Tax Transcript, or signed copy of income tax return and applicable schedules

2021-2022 VERIFICATION – AUTOMATIC ZERO EFC

Dependent students

- Tracking group V1 or V5
 - Parents' AGI if tax filers, or
 - Parents' income earned from work if nontax filers
- Tracking group V4 or V5
 - High school completion status
 - Identity
 - Sign Statement of Educational Purpose



2021-2022 VERIFICATION – AUTOMATIC ZERO EFC

Independent students with dependents other than spouse

- Tracking group V1 or V5
 - Student and spouse's AGI if tax filers, or
 - Student and spouse's income earned from work if nontax filers;
 - Household size
- Tracking group V4 or V5
 - High school completion status
 - Identity
 - Sign Statement of Educational Purpose

2021-2022 VERIFICATION – ROLLOVERS

- IRS Data Retrieval Tool (DRT) and tax transcript do not identify rollovers
- Tax filers must submit documentation of retirement account rollovers
 - Signed statement with rollover amount
 - “Rollover” notation by tax filer on tax transcript
 - Tax transcript must be signed and dated by filer
- Written statement acceptable for DRT users if only retirement information changed on application
 - Applicant must submit tax transcript if other tax information changed

2021-2022 VERIFICATION – AMENDED RETURNS

- Individuals filing amended tax return (IRS Form 1040X):
 - Signed copy of Form 1040X, and
 - IRS DRT information on ISIR record with all tax information from original income tax return, *or*
 - Tax transcript that includes all income and tax required to be verified, *or*
 - Signed copy of tax return and applicable schedules originally filed with IRS

2021-2022 VERIFICATION – AMENDED RETURNS

- IRS amending information on tax return:
 - Documentation from IRS listing changes, and
 - IRS DRT information on ISIR record with all tax information from original income tax return, *or*
 - Tax transcript that includes all income and tax required to be verified, *or*
 - Signed copy of tax return and applicable schedules originally filed with IRS

2021-2022 TAX RETURN MATRIX

- Reflects changes for 2019 Federal Tax Return/Transcripts and 2021-22 FAFSA® line references
- Federal Tax Form line numbers changed to show numerical order instead of maintaining original 1040 tax line
- IRS Tax Return Transcripts allow for the presentation of information from both old (pre-2018) and new (2018 and after) Form 1040, therefore some data fields may appear duplicated where there is no data for one field, but data for the other

2022-2023 VERIFICATION



2022-2023 VERIFICATION



NO CHANGES TO THE
VERIFICATION TRACKING GROUPS



NOT SAME DATA ITEMS

Federal Register Notice – September 1, 2021, and DCL GEN-21-06

2022-2023 VERIFICATION TRACKING GROUPS

- V1 – Standard Verification Group
- *V2 – Reserved*
- *V3 – Reserved*
- V4 – Custom Verification Group
- V5 – Aggregate Verification Group
- *V6 – Reserved*

2022-2023 VERIFICATION ITEMS

- Federal Register Notice – September 1, 2021, and DCL GEN-21-06
 - Household size (V1 and V5)
 - Number in college (V1 and V5)
 - Identity (V4 and V5)
 - Sign Statement of Educational Purpose (V4 and V5)



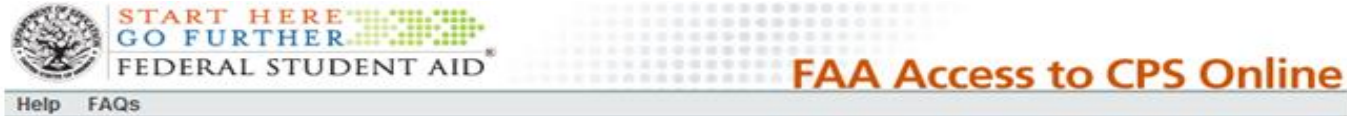
V4/V5 Tracking Results

The V4 and V5 tracking process in FAA Access to CPS online, that began in the 2014-2015 processing year, continues

Schools need to select the proper award year for which they are providing results

<https://faaaccess.ed.gov>

V4/V5 Tracking Results



FAA Access to CPS Online

[NEED HELP?](#)

Welcome to the FAA Main Menu

Select an option from the following menu. It will be necessary to provide the TG# for your Destination Point and your Federal School Code:

- [Student Inquiry](#)
View a student's Student Aid Report (SAR) information, including the Expected Family Contribution (EFC), NSLDS information, and SAR Comments. Compare two ISIR transactions for the same student using **ISIR Compare**. Submit a signature flag for an application in a signature hold status using the **Standalone FAA Signature** feature.
- [Application Entry](#)
Enter a student's FAFSA/Renewal Application or Correction data and submit it to the CPS for processing.
 - [FAFSA/Renewal Application](#)
 - [Corrections](#)
- [Restore a Saved Application](#)
Restore a partially completed and saved FAFSA/Renewal Application or Correction and submit it to the CPS for processing.
 - [FAFSA/Renewal Application](#)
 - [Corrections](#)
- [Identity Verification Results](#)
Select the results of Identity and High School Diploma/GED verification efforts.
- [ISIR Request](#)
Request ISIR data.
- [ISIR Analysis Tool](#)
Analyze FAFSA information reported on the ISIR. Data is used to determine what impact changes to student-reported information had on EFC and Pell eligibility.
- [Return of Title IV Funds on the Web](#)
Calculate and manage the return of Title IV funds. Data is collected, and the Return of Title IV Funds is calculated according to ED's Student Assistance General Provisions.
- [High School FAFSA Completion \(Pilot Participants Only\)](#) Request and view High School FAFSA Completion data. Access to this new feature is limited to participating state agencies, local educational agencies and secondary schools enrolled in the High School FAFSA Completion Pilot Initiative.

[NEED HELP?](#)

[EXIT](#)

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:** Within 60 days following the institution's first request for documentation
 - Changes to previously submitted verification results must be updated within 30 days



V4/V5 TRACKING RESULTS

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 (no longer valid in 2022-23)
5. No response from applicant or unable to locate
6. Issues with both identity and high school completion (no longer valid in 2022-2023)

CONFLICTING INFORMATION

WHAT IS CONFLICTING INFORMATION?



DEFINITION - 34 C.F.R. § 668.16(F)

(f) Develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs...

If an institution has reason to believe that an applicant's FAFSA information is inaccurate, it must verify the accuracy of that information

COMMON SOURCES

- FAFSA data
- ISIR comments and rejects
- Documents for verification or C-flag resolution
- Tax returns or tax return transcripts
- Information from different school offices
- Correspondence from students and parents
- Verbal statements made by students and/or parents

COMMON SOURCES

- Other financial aid applications: institutional, CSS Profile, etc.
- State and federal agencies
- Outside scholarship organizations and donors
- Information from other schools
- Tips from outside sources

COMMON DISCREPANCIES

- Household data
- Social Security Administration information
- Citizenship information
- High school completion
- Tax filing requirements (see IRS Publication 17)
- Financial data
- NSLDS history

COMMON DISCREPANCIES

- Cost of Attendance elements
- Satisfactory Academic Progress
- Enrollment status
- Grade level status
- Date of withdrawal or last date of academic activity
- Outside resources

WHAT IS NOT CONFLICTING INFORMATION?

- Dependency status differences between the Education Department and Internal Revenue Service
- Low income or no income
- Privacy-protected information
 - Mental health professionals, chaplains, physicians, attorneys

WHAT IS NOT CONFLICTING INFORMATION?

- Expired immigration documents with successful Secondary Confirmation match
- ISIR comment codes 361-368
 - Identify possible conflicts between tax filing and marital statuses
 - Schools are encouraged to review ISIR for errors

SCHOOL RESPONSIBILITIES

- Internal system to identify conflicting information
 - Regardless of school office or department
 - Regardless of verification selection or completion
 - Must monitor all subsequent ISIR transactions (while student is still enrolled at the institution)
 - Basic tax law information and EFC methodology
- Procedures for collecting documents for resolution
- Resolution must occur prior to exercising Professional Judgment
- Resolving errors or inconsistencies, not fraud

REFERRAL OF FRAUD CASES

OIG Address and Phone Numbers		
<i>Regional Offices</i>	<i>Telephone No.</i>	<i>National Hotline</i>
Boston, MA	617-289-0174	Inspector General's Hotline Office of Inspector General U.S. Department of Education 400 Maryland Avenue, SW Washington, DC 20202-1500 1-800-MIS-USED (1-800-647-8733) Hours: M, W 9–11 a.m. T, Th 1–3 p.m. To submit a complaint online at any time, go to https://www2.ed.gov/about/offices/list/oig/hotline.html and click on the appropriate link.
New York, NY	646-428-3861	
Philadelphia, PA	215-656-8693	
Pittsburgh, PA	412-395-4528	
Atlanta, GA	404-974-9430	
Pembroke Pines, FL	954-450-7346	
Chicago, IL	312-730-1630	
Dallas, TX	214-661-9530	
Ann Arbor, MI	734-330-2058	
Denver, CO	303-844-0058	
Nashville, TN	615-736-2205	
Kansas City, MO	816-268-0500	
Long Beach, CA	562-980-4141	
Phoenix, AZ	602-507-6174	
San Juan, PR	787-773-2740	
Washington, DC	202-245-6918	



BASIC TAX KNOWLEDGE

Financial aid administrators are not expected to be tax experts, but are expected at a minimum to know

- Whether an individual was required to file taxes
- What an individual's correct filing status should be

TAX FILING STATUS

Table 1-1. 2019 Filing Requirements for Most Taxpayers

IF your filing status is...	AND at the end of 2019 you were...*	THEN file a return if your gross income was at least...**
Single	under 65	\$12,200
	65 or older	\$13,850
Married filing jointly***	under 65 (both spouses)	\$24,400
	65 or older (one spouse)	\$25,700
	65 or older (both spouses)	\$27,000
Married filing separately	any age	\$5
Head of household	under 65	\$18,350
	65 or older	\$20,000
Qualifying widow(er)	under 65	\$24,400
	65 or older	\$25,700

TAX FILING STATUS

Single dependents—Were you **either** age 65 or older or blind?

- ☐ **No.** You must file a return if **any** of the following apply.
- Your unearned income was more than \$1,100.
 - Your earned income was more than \$12,200.
 - Your gross income was more than the **larger** of:
 - \$1,100, or
 - Your earned income (up to \$11,850) plus \$350.

TAX FILING STATUS

Table 1-3. Other Situations When You Must File a 2019 Return

3.	You had net earnings from self-employment of at least \$400.
4.	You had wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.

TAX FILING STATUS

Head of Household

You may be able to file as head of household if you meet all the following requirements.

1. You are unmarried or “considered unmarried” on the last day of the year. See [Marital Status](#), earlier, and [Considered Unmarried](#), later.
2. You paid more than half the cost of keeping up a home for the year.
3. A qualifying person lived with you in the home for more than half the year (except for temporary absences, such as school). However, if the qualifying person is your dependent parent, he or she does not have to live with you. See [Special rule for parent](#), later, under *Qualifying Person*.

DOCUMENTATION

If tax filing status was incorrect, to resolve conflicting information the school must obtain

- Tax return transcript, if initially did not file
- Amended tax return or tax transcript (1040X), if taxes were filed incorrectly
- Revised income information

DISBURSEMENT

- No disbursement for any Title IV aid until conflict resolved
- If already disbursed, aid must generally be repaid if the student was later determined to be ineligible
 - **Except** when the student is no longer in attendance, all disbursements were already made, and student is not expected to return
 - Includes deceased students

C FLAGS 359 & 360

- NSLDS Unusual Enrollment History Flags
 - Purpose is to identify students that enroll in schools in order to obtain Pell Grant or Direct Loan and then never attend and do not earn credit
- In order to resolve, a school must determine if academic credit was earned in each award year at all institutions where the student received Pell or Direct Loans during the requisite 4-year period
- Resolution may be required to obtain additional documentation if the student cannot provide information supporting that they earned credit at all the institutions in question.

FAFSA: Q&A

- **G-Q16: Must conflicting information be resolved before an institution considers doing a professional judgment adjustment for either or both years?**

G-A16: Yes, as is the case for a student who has been selected for verification, the institution must resolve any possible conflicting information and submit any required ISIR changes to the CPS before it makes a professional judgement determination. [September 6, 2016]

<https://fsapartners.ed.gov/knowledge-center/faqs/fafsa-and-drt-frequently-asked-questions>

RESOURCES



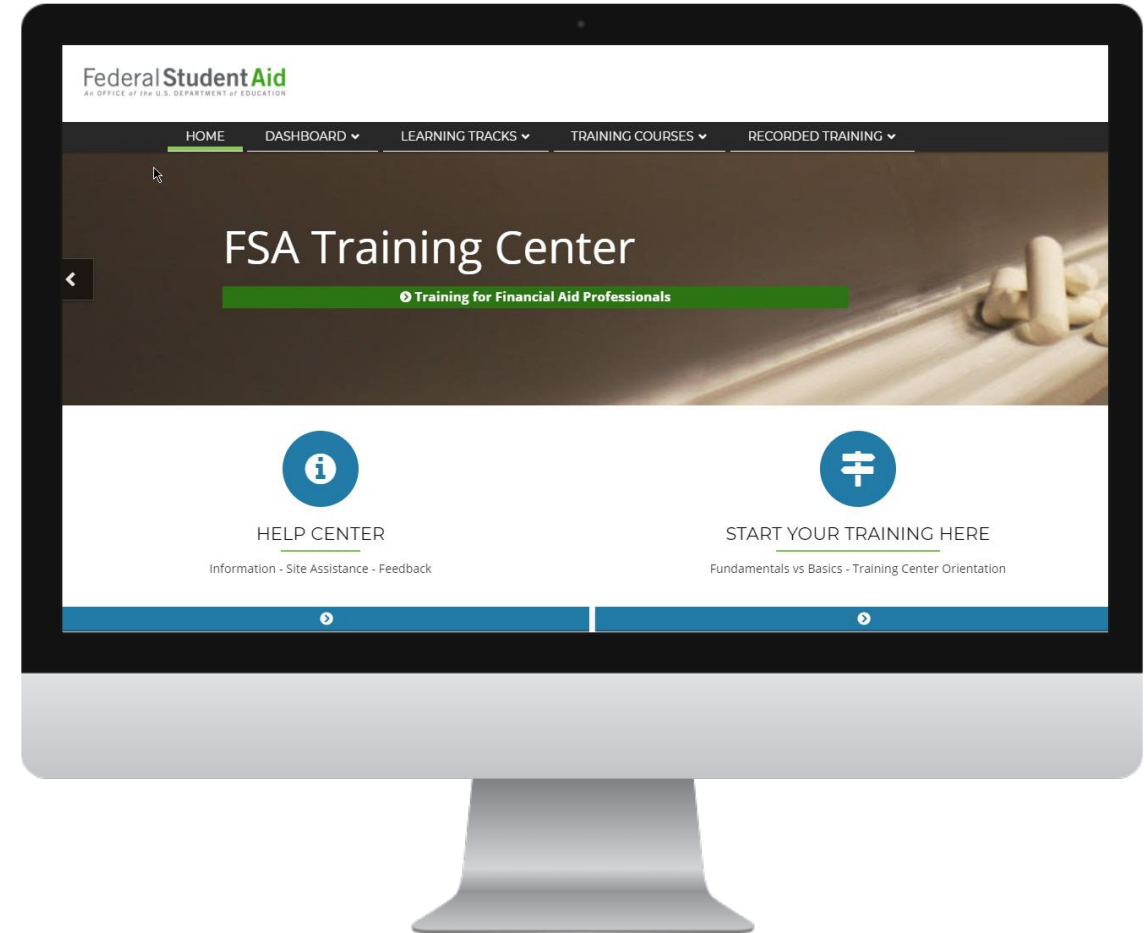
RESOURCES - KNOWLEDGE CENTER

- FSA Handbook
 - Application and Verification Guide
 - Volume 1: Student Eligibility
 - Volume 2, Chapter 3: School Eligibility and Operations
- FSA Assessments
 - Verification, Activity 1: Resolving Conflicting Data
- ISIR Guide and SAR Comment Code and Text Guide

FSA TRAINING CENTER

fsatraining.ed.gov

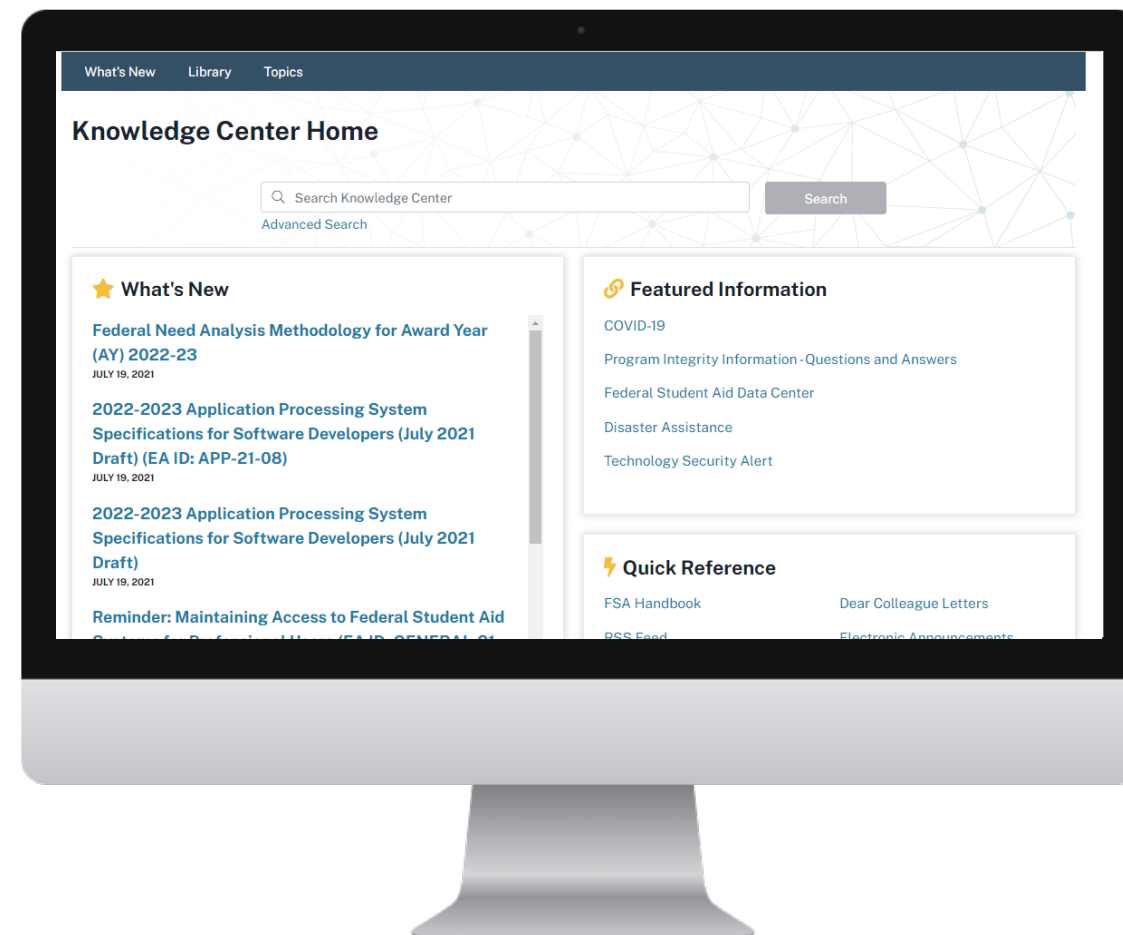
Check out learning tracks, software training, recorded policy videos here, and register for *FSA Fundamentals Training* series or *FSA Basics for New Staff* course.



KNOWLEDGE CENTER

fsapartners.ed.gov/knowledge-center

IFAP is now the Knowledge Center! Subscribe for daily or weekly email updates.



GETTING HELP

fsapartners.ed.gov/help-center/

For policy questions, use *Contact Customer Support Form* in Help Center on FSA Partner Connect. Choose “Ask A Fed/Policy” in Topic dropdown list.

Help Center > Contact Customer Support

Contact Customer Support

Please complete the Customer Support form if you have a question or would like to provide feedback. If you need further assistance, please contact the School Relations Center during its operating hours.

Contact Customer Support

All fields marked with an asterisk (*) are required.

* First Name

* Last Name

* Email Address

* Topic

-Select-

-Select-

Account Access

FSA Ask-A-Fed / Policy

FSA Handbook

Financial Aid Delivery

General

Knowledge Center

Partner Connect Feedback

Partner Dashboard

School Relations Center

Phone	Phone Support Hours
1-800-848-0978	Monday - Friday: 8:00 A.M. to 8:00 P.M. Eastern Time

TRAINING FEEDBACK

- All attendees receive email from FSA with link to online evaluation
 - Helps ensure quality training
 - Informs FSA of areas for improvement
 - Serves as effective tool for “listening” to our school partners

QUESTIONS

