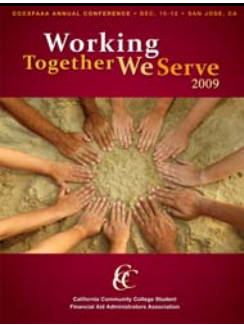


Verification

CCCSFAAA
Annual Conference

Presented by:
Virginia W Hagins
US Dept of Education
Training Officer



CCCSFAAA ANNUAL CONFERENCE • DEC. 10-12 • SAN JOSE, CA


Working Together We Serve 2009

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Session Objectives

- Why we verify student data;
- Verification policies and procedures
- When verification is required and for which programs;
- What application data elements must be verified;
- Options for verifying applications
- Acceptable verification documentation
- Processing corrections through the Central Processing System (CPS)
- FSA resources


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Verification

- Process by which certain required data reported on the FAFSA is reviewed for accuracy and completeness

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School Verification Policies



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Verification Policies

- MUST have a written policy stating:
 - How applications are selected for verification
 - Documentation Deadlines for students and consequences for missed deadlines
 - Method of notifying students of award changes resulting from verification
 - Required correction procedures for students
 - Standard procedures for referring overpayments to ED

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Notice to Student

School must provide a written statement to students selected for verification that includes:

- a clear explanation of the documentation requirements
- Student's responsibilities with regard to the verification process
- School notification requirements


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Policies and Selected Students

- No matter how the student was selected for verification --
ALL verification requirements (deadlines, tolerances, etc.) apply equally to all students being verified

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Selection Process




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How Are Students Selected?

- CPS selection
 - Edit checks which identify inconsistencies and potential errors
 - Random selection
- School selection
 - School criteria



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CPS Identification

- Students selected by the CPS
 - Verification codes on ISIR section
 - Y = Student is selected
 - N = Student is not selected
 - * = Student is selected on a subsequent transaction
 - » Student has not been selected on any previous transaction
 - Asterisk (*) will appear next to the EFC

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School Selections

- May select additional applications beyond those required
- School decides items to verify
 - Same items as CPS selected forms, or
 - Different items not required to be verified
 - Other untaxed income (cash support, etc.)
 - Additional assets or components of income
 - Debts

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School Selections

Best Practice: Choose applicants with the highest number in the verification tracking flag field on the ISIR

- 4 digit number up to 9999

CPS Pushed ISIR Flag	
Rejects Met:	
Verification Tracking Flag	1730
Dependency Override	
ETI	0
Correction # Applied To	
Application Receipt Date	03/29/2005

- The higher the number the greater the potential risk

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- A school MUST verify ANY application information it believes is incorrect
 - Data may be different from ED required data verification elements
- Considered to be selected by the school for verification

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30% Verification Option

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Selected Applications

- ED encourages schools to *verify all applicants selected by CPS*

Because...verification selection factors target areas with most errors

HOWEVER...




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CPS Selected Applications

- Schools must verify all applications the CPS selects *up to* 30 % of the school's **total federal aid applicants** in an award year
 - School may choose to verify more than 30%
 - If CPS selects less than 30% of total applicants, NOT required to verify more to reach 30%
 - Not a quota


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30% Option Policy Requirements

- Policy must be written
- Policy must define "applicant"
- Must effectively identify those "applicants" and therefore, be able to determine 30% of total "applicants" *throughout the year*
 - ❖ Includes all payment periods


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Defining "Applicant"

- "Applicant" may be:
 - Anyone who applies to the school
 - Anyone who enrolls
 - Anyone enrolled and eligible to receive aid
- Students that count toward the 30% limit must meet your definition


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Applicants counted in the 30% total

Applicants selected by CPS *and* meet the definition of "applicant" in your policy


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School policy is to verify ALL applications selected by CPS

<ul style="list-style-type: none">• 100 applicants• CPS selects 45• School verifies 45* <p>% verified = 45%</p>	<ul style="list-style-type: none">• 100 applicants• CPS selects 20• School verifies 20* <p>% verified = 20%</p>
---	---


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School Policy is to Exercise 30% Option

- 100 applicants
- CPS selects 45
- School verifies only 30% of total applicants
 - (100 x 30% = 30)
 - School only verified 30 of the 45 selected by CPS

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Hitting 30% Target



School Defined applicant as one who *enrolled*


PLUS

- 100 applied *first semester*
- 90 **enrolled**
- Verify 30% of 90 = 27

- 50 applied *second semester*
- 40 **enrolled**
- Verify 30% of 40 = 12

Total to verify for year = 39
 $90 + 40 = 130 \times 30\% = 39$

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Verification Exclusions




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Verification Exclusions

Selected applications may be exempt from some or all of the verification requirements due to the following:

- Incarceration
- Recent immigration
- Spouse or parent unavailable
 - Only applies to spouse or parent data




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Verification Exclusions Cont.

- Death of student
 - Only exemption that excuses school from resolving conflicting information
- Applicant verified by another school
- Certain Pacific Island residents
 - Dependent’s parents must also meet criteria to qualify for exclusion
- Not a Title IV recipient
 - For reasons other than not completing verification


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Verification Exclusions Cont

- If the student will ONLY receive any of the following TIV aid, verification is not required:
 - Unsubsidized Federal Stafford loans
 - PLUS loans (parent or graduate)
 - TEACH Grant
 - Stafford Loans (sub and unsub) received for study at an eligible foreign school


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Verification Items



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What Do I Verify?

- Required to Verify 5 Major Data Elements
 - Adjusted Gross Income
 - U.S. income tax paid
 - Certain untaxed income and benefits
 - Number in household
 - Number enrolled in college

“Confirming that specific FAFSA answers are correct”

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Additional Verification Items

- Schools may always choose to verify any other application items in addition to the required items
 - Those selected by CPS or the school
- Determine reasonable documentation requirements for additional items
- Ensure consistent Institutional policy applied

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Verification Documentation



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What Documents Do I Need?

- Most common documents include:
 - For taxable income (and some untaxed income)
 - Base year tax return
 - For Untaxed Income, Household size and Number in College
 - ED Verification worksheet
- Alternative documents may include:
 - Official agency documentation
 - Institutional certification
 - Signed statement

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Verification Worksheets

- Department developed
- Not required – may develop own
- Independent and Dependent forms
- Submitted to the school, not ED
- Master copies on IFAP

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General Document Requirements


- Documents can be originals
- Documents can be copies
 - Photocopies, fax, digital printouts
- Signatures on a copy are as valid as original signatures

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AGI and U.S Income Tax Paid


- Usually verified through U.S. Income tax returns
- Must have at least one filer signature or Preparer name and SSN, EIN or PTIN
 - Exception – form mailed directly to the school from IRS
- Check for anyone with financial data on FAFSA
- Type of return listed on FAFSA should match
- AGI should always match FAFSA data
 - Unless adjusted for joint return

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Special Situations & Alternatives

- Electronic Filing
- Non-Filers
- Filing Extensions



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Special Situations & Alternatives

- Fiscal Year Tax Returns
- Nonresident Filers
- Foreign Income
- Tax Return not available




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Tax Return Basic Knowledge

- Information required to know:
 - Minimum income requirements for filing a tax return
 - Correct tax filing status for an individual
 - A person cannot be claimed as an exemption on more than one tax return


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Tax Return Data Conflict


- Some examples that must be resolved:
 - Married filing separately; but both claimed "Head of Household"
 - Student claimed self as exemption, but so did parent
 - A student claims not required to file but earned \$30,000 from work

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Issues NOT Conflicts

- Tax payer claimed multiple/conflicting credits
- Information included in Box 14 of W-2
- Household size differs from exemptions on tax return
- Dependent under IRS rules vs. ED definition of dependent
- Assumptions made by the CPS
- FAFSA filed using estimated income



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Untaxed Income and Benefits

- Three specific types to verify:
 - Child Support
 - IRA/Keogh deductions
 - Interest on Tax-free bonds
- Child Support
 - Amount Received
 - Verification worksheet, signed statement, government agency
 - Does not have to be verified if same amount verified in previous year

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Untaxed Income and Benefits

- Deductions for IRA/Keogh Plans
 - Can be verified using tax returns
- Interest on tax free bonds
 - Can be verified using the tax return
- Additional untaxed income to verify
 - All other untaxed income on tax return
 - Excluding schedules
 - Other Items not reported on the tax return
 - Examples – living allowance, money received, Veteran non-educational benefits, etc.

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Household Size

- Information obtained:
 - Names of household members
 - Ages
 - Relationship to student
- Must be updated at time of Verification
- Documents
 - ED worksheet
 - Signed statement



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Household Size - exceptions

- Don't have to verify household size if:
 - Same as reported and verified last award year
 - Receive ISIR/SAR within 90 days of application signature
 - Dependent student—number is 3 if parents are married or 2 if one parent
 - Independent student—number is 2 if married or 1

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Number enrolled in College

- Information obtained:
 - Names of household members enrolled
 - Ages
 - Relationship to student
 - Names of schools attending
- Must be updated at time of Verification
- Documents
 - ED worksheet
 - Signed statement

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College Enrollment - Exceptions

- Don't have to verify enrollment if:
 - Enrolled is one (student)
 - Receive ISIR/SAR within 90 days of application signature
 - Members are enrolled at least half-time at your school
 - Confirmed through your school records

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Acceptable Documentation

Data Element	Verification Worksheet & tax return(s)	Other Documentation (in lieu of worksheet or tax return)
Household Size	Yes	Signed Statement
Number Enrolled	Yes	Signed Statement or School's certification
AGI & Taxes Paid	Yes	IRS Tax transcript, other signed IRS forms with tax data, Form 4868, W2, or Signed Statement
Untaxed Income & Benefits	Yes	Signed statement or official agency document

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Remember...

- Regardless of verification status
 - Must resolve all "C codes"
 - Must resolve all conflicting information
 - Separate process from verification
 - Involves any information of which the school has knowledge
 - Must resolve before disbursing any aid

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Completing Verification

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How to Complete the Process

- Compare documents with original FAFSA
 - Use of checklist in the file
 - FAA access to CPS – verification tool
- Determine if:
 - Information is correct
 - May award and disburse aid (34 CFR 668.58)
 - Errors/inconsistencies
 - Necessary corrections made prior to disbursing


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Interim Disbursements

- Must be no reason to suspect that FAFSA information is incorrect
 - For Pell, ACG, SMART, FSEOG and Perkins: May only disburse for first payment period
 - For FWS, student may work for a maximum of 60 consecutive days from start of enrollment
 - For Direct Loan and FFEL: May only certify/originate subsidized loans (but not disburse)
- School is liable for the interim funds if ineligible due to incomplete or incorrect data


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Verification Deadline Dates

- Verification must be completed by the earlier of:
 - 120 days after last day of student enrollment
 - Secretary's deadline (Federal Register)
 - 2008/09 academic year – September 28, 2009
- School may set an earlier deadline for Stafford and campus-based applicants
- Verification is complete when your school has ALL requested documentation


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Consequences

- If the applicant fails to provide the requested verification documentation by the school or ED deadline:
 - Do not disburse any grants or Perkins funds
 - Return any grants or Perkins received for academic year
 - Do not continue FWS employment
 - Do not disburse FFEL/DL funds
 - Return undisbursed funds to lender/ED
 - Do not certify/originate FFEL/DL subsidized proceeds


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Deadline Dates & Consequences

- However—if the verified SAR/ISIR is submitted/received after the institutional deadline, but within the additional time established by the Secretary, Pell **must** be paid on the **HIGHER of the two EFCs**


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Selection After Disbursement

- Application might be selected on a subsequent ISIR after already paid
- Must verify application before making further disbursements
- If aid incorrectly disbursed after elements verified, student responsible for paying back ineligible aid
 - Not required to return Stafford funds or FWS wages earned

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Verification Status Codes

- Used when reporting Pell, ACG, National SMART, TEACH and Direct Loan payments to COD
 - V** – Verified
 - S** – Selected, but not verified
 - W** – Paid without Documentation
 - Blank** – ISIR not selected by CPS or school

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Verification Tolerance - Optional

- No recalculation or reprocessing necessary if:
 - There is no change in non-dollar items used to calculate EFC
 - AND
 - Total difference between incorrect and correct dollar values verified is \$400 or less
- Optional – may always submit corrections

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\$400 Net Tolerance Example

Original Data	Corrected Data
$\$2500 + \500 $\text{minus } \$250$ $= \$2750$	$\$2800 + \500 $\text{minus } \$281$ $= \$3019$

Net Difference = \$269 (\$3019-\$2750)

Since within \$400 tolerance, school MAY award student based on original data

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Verification Resources




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Resources for Verification

- Regulations
 - 34 CFR 668 Subpart E (668.51 to 668.61) and 668.16(f)
- FSA HANDBOOK
 - 2009/10 FSAHB AVG Chapter 4
- FSA COACH
- FSA Assessments
- Verification Tool
- ISIR Analysis Tool
- Common Compliance Issues



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FSA COACH

- FSA COACH is an on-line FREE training program from the U.S. Department of Education (ED).
 - Comprehensive introductory course for administering postsecondary federal student aid (FSA) programs
- Located on IFAP (www.ifap.ed.gov)
 - Under "Tools For Schools"
 - Verification section:
 - Under "Determining Student Eligibility" and
 - "How to Verify Student Data"

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FSA Assessments – Four Categories

START HERE GO FURTHER FEDERAL STUDENT AID Quality Assurance Program

Name: FSA Assessments

About the QA Program: In collaboration with financial aid professionals, FSA has designed management assessment modules to help schools enhance their services. The modules contain links to applicable laws and regulations. If you have questions regarding how to use this useful tool please visit our [FAQ page](#).

What's New: This chart provides examples of specific compliance issues and recommends related assessments that your school may want to consider for completion.

Students	Schools	Managing Funds	Innovation
Student Eligibility	Institutional Eligibility	Fiscal Management	Effective Practices
Satisfactory Academic Progress	Default Prevention & Management	Return of Title IV Funds	
FSA Verification	Consumer Information	FOI	
	Automation	CRS/CO	
		Federal Awards & Disbursement	
		Federal Due Diligence	
		Federal Research	
		Federal Fundamentals & Oversight	
		Federal Cancellation	

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FSA Assessments – Verification

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		Federal Cancellation	

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FSA Assessments – Verification

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Name: Verification

About the QA Program: This assessment provides you with an opportunity to assess your school's verification processes. If you are a new school, you will need to complete the assessment. If you are an existing school, you will need to complete the assessment if you have not done so in the past 12 months. If you are a returning school, you will need to complete the assessment if you have not done so in the past 12 months. If you are a returning school, you will need to complete the assessment if you have not done so in the past 12 months.

Why start with policies and procedures?
Reviewing and developing policies and procedures is a good place to begin when evaluating your financial aid operations. It is critical to assess your compliance on an ongoing basis and if your policies and procedures aren't clear, developed, are inaccurate or are not being consistently followed, completing the policies and procedures assessment will help you identify additional areas to evaluate and will assist you in making the most of your compliance efforts.

Get started on your assessment:
To start your assessment, you will need to complete the following activities from the policies and procedures Change Process Chart (click on [Verification Data Policies and Activity](#)). In addition, you may find it helpful to refer to the [Verification Checklist](#). **Completion Criteria:** Complete the [Verification Checklist](#) and [Verification Checklist](#) to provide you with a summary and procedure to update. **Get the benefits to follow:** avoid any or more of a new policy and procedure or to your current policies and procedures.

Activity Bar:
Verification Activity 1: Verify/Update CIPs, Satisfactory Academic Progress Worksheet
Verification Activity 2: Verify/Update the Return of Title IV Funds Worksheet
Verification Activity 3: Verify/Update the Return of Title IV Funds Worksheet

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Verification Tool

- The Verification Tool is an electronic worksheet process that assists schools with comparing verified data with original data on the FAFSA
 - Import original FAFSA data elements
 - School inputs verified information
 - Computes and totals differences and tolerance levels
- FAA Access to CPS Online Web Site
www.fafsa.ed.gov/FOTWWebApp/faa/faa.jsp

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Verification Tool

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ISIR Analysis Tool

- The ISIR Analysis Tool can help a school improve verification procedures and consumer information by:
 - Focusing Federal verification efforts
 - If using 30% option, targeting the right 30%
 - Help schools select own applicants for verification
 - Improving consumer information
 - May reduce common errors

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Accessing ISIR Analysis Tool

www.fafsa.ed.gov/FOTWebApp/faa/faa.jsp

- Access is granted to the user by the SAIG Destination Point Administrator (DPA) as part of FAA Access to CPS online.
- You will need your own ED PIN, your Destination Code, and your six-digit Federal School Code to access the ISIR Analysis Tool.
- FAA Access to CPS Online Web Site
 - Demo Site

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ISIR Analysis Tool

www.fafsa.ed.gov/FOTWebApp/faa/faa.jsp

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Accessing the Demo Site


- Open Internet Explorer – select “FAFSA Demo Site” from the favorites menu, or
- Type <http://fafsademotest.ed.gov> in the address bar
- Enter the user name (**eddemo**) and password (**fafsatetest**) found in your booklet
- **Follow the instructions found at the bottom of the page for accessing the ISIR Analysis Tool**

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Common Compliance Issues

- Missing documentation (tax return, verification worksheets, etc.)
- Missing signatures (student, parent, preparer)
- ISIR not reprocessed
- Conflicting documentation not resolved
 - Consequences
 - Ineligible disbursements
 - Over/underawards
 - Reconstruction of records

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Contact

Virginia W Hagins
Virginia.w.hagins@ed.gov
415-486-5621

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