New Rules for Verification

CCCSFAAA Annual Conference

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Session Objectives

• What’s changing
• Conflicting Information
• Training

Verification

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

Why revise the verification regulations?

- Last comprehensive look in 1985
- 25 years of experience
- Need analysis changes
- IRS data retrieval
- Operational improvements

Verification

General changes

- Removes references to individual programs
- Defines "subsidized student financial assistance programs" and "unsubsidized student financial assistance programs"

Verification

- Subsidized—
  - Eligibility uses EFC
  - Verification applies
  - Pell, FSEOG, FWS, Perkins, Subsidized Loan

- Unsubsidized—
  - Eligibility does not use EFC
  - Verification does not apply
  - TEACH Grant, Unsubsidized Loan, PLUS Loan
Verification

- Uses “FAFSA information” instead of “application”
- Defines “specified year” as base year or year prior to base year
  - Allows for option of using income data from a different year

Selection Process

- Current
  - CPS
  - School
  - 30%
- Effective 2012-2013
  - CPS
  - School
  - All selected by CPS

Verification Selection

- Eliminates 30% limit
- Department targeting error-prone items to select applications to verify
- Institutions must verify all applicants CPS selects
- Annual Federal Register notice will list data elements that may be selected
- Institutions must continue to verify information they believe is inaccurate
- Institutions keep flexibility to select additional information or applicants for verification
**Verification**

Changes in FAFSA information

- Removed $400 tolerance
- Require all corrections of $25 or more to be submitted

**Data Items**

Current

- Adjusted Gross Income
- U.S. income tax paid
- Certain untaxed income and benefits
- Number in household
- Number enrolled in college

Effective 2012-2013

- As stated in annual Fed Register
- Documentation will be defined in Fed Register
- Option to use IRS data retrieval

**Data Items**

- Annual Federal Register notice
  - Items to verify
  - Documentation
- Initially, will include the current five data elements
Documentation

- Specified as acceptable in annual Federal Register notice
- Retained current documentation requirements with technical changes
- Added option to retrieve electronic data from IRS
- For applicants with tax filing extension
  - May require completed tax return when filed
  - Must reverify AGI and taxes paid, when/if the tax return is submitted

Documentation

- Tax return not signed by the tax filer
  - Must be signed or stamped by the tax preparer and
  - Contain the preparer's SSN, EIN or PTIN
  - Must include name & address

Exclusions

- Removed
  - Incarceration
  - Recent Immigrant
  - Pacific Island resident

- Clarified
  - Death of applicant
  - Spouse/Parents unavailable
  - Not an aid recipient (reason other than incomplete verification)
  - Applicant verified by other school
  - Only eligible for unsub aid
**Updating**

- Current
  - Non-dollar items
  - $400 tolerance
  - Household size/# in college / verification
  - Dependency status
  - Do not update Marital Status

- Effective 2012-2013
  - Non-dollar items
  - Single dollar item of $25
  - Household size/# in college IF selected
  - Dependency status
  - MAY update Marital Status

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**Updating**

- Applicant required to update all changes in dependency status throughout the award year, **except** changes resulting from a change in the applicant's marital status
- Applicant's responsibility, not institution's
- FAA may require applicant to update marital status to address inequity or to reflect more accurately the applicant's ability to pay

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**Interim Disbursements**

- Technical and conforming changes
- May make a disbursement after completing verification but prior to receiving a corrected ISIR if the changes would not change the amount of aid
- To avoid liability, must ensure all corrections are submitted to ED
- Require institution to reimburse program account if disbursement made without receiving corrected SAR or ISIR
Verification

Verification After Enrollment

Effective 2012-2013
- No longer limits student to lesser Pell award if verification completed after enrollment
- Student would receive Pell payment based upon correct EFC

Verification and PJ

- Current
  - All applicants selected for verification must complete verification before any PJ adjustments to FAFSA or cost of attendance are made
- Effective 2012-2013
  - Codifies current policy
  - Statement must be included in school's policies and procedures

Verification (cont’d)

People asked about...
- Timing of the Federal Register notice
- IRS Data Retrieval Process
- Impact on QA schools
Training

• Winter Training
  – RTFs
  – Regions
  – February-April

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