Verification 2020-2021

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CASFAA Annual Conference
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https://cvent.me/zRPn1V

Dear Colleague Letter GEN 19-02

- Provides information that supplements the 2020–2021 award year verification information provided in the Federal Register notice published on May 24, 2019
- 2020–2021 Verification Tracking Groups are unchanged from the 2019–2020 award year
- There are changes to the acceptable documentation requirement for 2020–2021

https://ifap.ed.gov/dpoletters/GEN1902.htm

For training and discussion purposes only
2020-2021 Verification Tracking Groups

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

V1 Group: Tax Filers

- Adjusted Gross Income
- U.S. Income Tax Paid
- Untaxed Portions of IRA Distributions
- Untaxed Portions of Pensions
- IRA Deductions and Payments
- Tax Exempt Interest Income
- Education Credits

Documentation:
- IRS DRT;
- IRS tax transcript(s);
- Signed copy of paper tax return;
- Alternative documentation where allowed or required (e.g. amended returns, foreign returns, etc.)

V1 Group: Tax Non-Filers

Income earned from work

1. Signed statement certifying the following:
   - Individual has not filed and is not required to file a 2018 tax return;
   - Sources of income earned from work and amounts of income from each source for tax year 2018, and
2. Copy of IRS Form W-2 (or Wage and Income Transcript) for each source of employment income received for tax year 2018, and
3. Verification of non-filing from the IRS (not required for dependent students)
   - If IRS verification of non-filing cannot be obtained, a signed statement per the instructions of January 9, 2019 Electronic Announcement
   - Some required information may already be reflected in item #1

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V1 Group: All Applicants

Number in Household & Number in College

Documentation:

- Household size – signed statement (name, age, relationship)
  - Not required for certain logical assumptions:
    - Dependent student household size reported is 2 and parent is unmarried or 3 if the parents are married or unmarried and living together
    - Independent student household reported is one and applicant is unmarried or two if the applicant is married
- Number in College – signed statement (name of household member attending at least half-time and eligible institution name)
  - Not required if reported number is one (student)

V4: Custom Verification Group

- High School Completion Status
- Identity/Statement of Educational Purpose

V5: Aggregate Verification Group

- Number of Household Members
- Number in College
- High School Completion Status
- Identity/Statement of Educational Purpose

AND

- All items indicated-Tax Filer (V1)
- All items indicated-Non-Tax Filer (V1)
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New IRS Tax Forms for 2018 Tax Year

2018 IRS Form 1040 and schedules to verify income and tax information:

<table>
<thead>
<tr>
<th>FAFSA Information</th>
<th>Acceptable Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted Gross Income</td>
<td>2018 IRS Form 1040 Line 7</td>
</tr>
<tr>
<td>U.S. Income Tax Paid</td>
<td>2018 IRS Form 1040 Line 13 minus Line 48 of Schedule 2 (Form 1040)</td>
</tr>
<tr>
<td>IRA Deductions and Payments</td>
<td>2018 IRS Schedule 1 (Form 1040) Line 28 plus Line 32</td>
</tr>
<tr>
<td>Tax Exempt Interest Income</td>
<td>2018 IRS Form 1040 Line 2a</td>
</tr>
<tr>
<td>Education Credits</td>
<td>2018 IRS Schedule 3 (Form 1040) Line 50</td>
</tr>
</tbody>
</table>

Amended Tax Returns

- Individuals who filed an amended tax return must submit the following:
  - If identified by IRS Request Flag 07, all original income and tax information is considered verified
  - If not identified by IRS Request Flag 07, must obtain IRS Tax Return Transcript, or any other IRS tax transcript(s) that include all of the income and tax information required, or a signed paper copy of the original tax return

AND

- A signed copy of IRS Form 1040X filed with the IRS
- If the amendment was not due to the filing of a 1040X (e.g., the IRS corrected the tax information directly), IRS documentation is still required

Tax Filing Extenders

- There are specific documentation requirements for individuals required to file a Federal tax return and who have been granted an extension of time to file by the IRS beyond the automatic six-month period.

- Refer to January 9, 2019 Electronic Announcement
**Tax Filing Extenders**

• A signed statement certifying that the individual:
  • Attempted to obtain non-filing verification from the IRS or other tax authorities and was unable to; and
  • Has not filed a Federal income tax return

• A list of the sources of any income, and the amount of income from each
  • If self-employed, the signed statement must also include the AGI and the amount of U.S. income tax paid

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**Non-IRS Tax Filers**

• Tax filers who filed an income tax return with a taxing authority in a US territory or commonwealth, or with a foreign central government, may submit:
  • A copy of a transcript of their tax information, if available free of charge
  • A signed copy of the applicable income tax return that was filed with the taxing authority

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**Tax Filing Extenders**

• Copy of IRS Form 4868, “Application for Automatic Extension of Time to File U.S. Individual Income Tax Return”

• Copy of the IRS’s approval of an extension beyond the automatic six-month period

• Copy of IRS Form W-2 for each source of employment income received or an equivalent document
Identity Theft

- 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;
  - An IRS Tax Return Database View (TRDBV) transcript
    - Tax filers who cannot obtain a TRDBV transcript may instead submit official IRS document(s) if they include all income and tax information required to be verified, or a signed copy of the paper tax return

Undocumented Non-Filers

- 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)

Non-IRS Tax Filers

Tax filers who filed an income tax return with a taxing authority in a US territory (Guam, American Samoa, the US Virgin Islands) or commonwealth (Puerto Rico and the Northern Mariana Islands) or with a foreign central government, may submit a copy of a transcript of their tax information if available free of charge, or a signed copy of the applicable income tax return that was filed with the taxing authority.
Non-IRS Non-filers

- If another tax authority can provide documentation similar to the IRS verification of non-filing, it should be provided.
- If such documentation does not exist, or if the individual is unable to obtain the documentation, schools may accept a signed and dated statement including:
  - Confirmation the tax authority does not provide such documentation or that the individual was unable to obtain it
  - Confirmation the individual has not filed and is not required to file a tax return, with a listing of the sources of income
  - A copy of equivalent documents to the IRS Form W-2, for each source of income received by the individual

Program Integrity Q&A Website (DOC-Q30)

High School Completion

- High school diploma; OR
- Final official high school transcript showing date diploma awarded; OR
- "Secondary school leaving certificate" for students who completed secondary education in foreign country and are unable to get a copy of the high school diploma/transcript

High School Completion

- Copy of the student's General Educational Development (GED) certificate or an official GED transcript that indicates the student passed the exam
- Transcripts of state-authorized examinations (e.g., HiSET, TASC) are acceptable documentation of high school completion only if...
  - The official transcript specifically indicates that a state has determined that the test results are considered by the State to meet its requirements of high school equivalency; OR
  - The official transcript includes language that the final score is a passing score

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### High School Completion

- **Homeschooling**
  - A secondary school completion credential for home school provided for under State law;
  
  OR
  
  - Transcript, or the equivalent, signed by the parent or guardian, that lists the secondary school courses completed by the applicant and documents the successful completion of a secondary school education

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### High School Completion

- Academic transcript of a student who has successfully completed at least a two-year program that is acceptable for full credit toward a bachelor's degree
  - Associate’s degree; or
  - 60 semester hours/72 quarter hours

  - Student excelled academically in high school and met all criteria to be admitted into a two-year degree program or higher

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### High School Completion

- If high school completion is successfully verified and documented in a prior award year, it does not need to be verified again in future years
- Form DD-214 (Certificate of Release or Discharge from Active Duty) may serve as alternative documentation of high school completion if it indicates the applicant has a high school diploma or equivalent
- An institution may not accept as alternative documentation an applicant's self-certification

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High School Completion

In rare cases where it is impossible for a refugee, asylee or victim of human trafficking to obtain documentation of secondary school completion in a foreign country, an institution may accept self-certification.

Program Integrity Q & A website: FHD-Q/A2

Identity/Statement of Educational Purpose

- Students appearing in person must provide to a designated and authorized school official:
  - A valid unexpired US government-issued photo ID
  - A signed statement of educational purpose, using language provided by ED
- Schools must maintain:
  - The date documentation was received
  - The name of the institutionally-authorized individual that obtained the documentation

Identity/Statement of Educational Purpose

- Students who cannot appear in person may provide to the school a copy of the unexpired ID, and the original copy of the Statement of Educational Purpose that has been notarized in person.
- The Statement of Educational Purpose submitted must be the original notarized document. After review, the school may convert it to an electronic record.
Identity/Statement of Educational Purpose

- An unexpired valid government-issued photo identification is:
  - One issued by the US government, any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, a federally recognized American Indian or Alaska Native tribe, American Samoa, Guam, the US Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau

Military and SNAP identification is not acceptable

2020-2021 Suggested Text

- July 31, 2019 Electronic Announcement
  - Now only contains one appendix to assist with crafting school verification documents to gather verification data
  - Appendix A – Suggested Text
    - Not required to use ED’s suggested text and formats
    - ONE EXCEPTION – must use the exact language provided in the “Statement of Educational Purpose” (Groups V4 & V5)

“Recent” Changes

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Changes to IRS Tax Transcript

- New IRS Tax Transcripts Redacted Data:
  - Effective 9/23/18, IRS tax transcripts display a reduced number of digits/characters for SSN, EIN, account/phone #, last name, address
  - *The revised IRS tax transcript is acceptable for verification purposes*
  - Filers currently can create “customer file numbers” when requesting transcripts via 4506T/T-EZ
    - Available next year for Get Transcripts Online or Online by Mail
  - Effective June 28, 2019, the IRS will no longer fax tax transcripts to tax filers or third-parties

Changes to IRS Tax Transcript

- Changes to Third-Party Mailings
  - Effective July 1, 2019, option for requesting 3rd-party receipt of tax data on Form 4506, Form 4506-T and Form 4506T-EZ will no longer be available and transcripts only mailed to taxpayer
  - Schools can receive transcripts directly by participating in IRS’ Income Verification Express Services [IVES] by registering for e-Services on IRS.gov

Verification Reminders

For training and discussion purposes only
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.

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
5. No response from applicant or unable to locate
6. Issues with both identity and high school completion

**Automatic Zero EFC**

- For Automatic Zero EFC-eligible dependent applicants in Tracking Groups V1 or V5:
  - Parent AGI, if tax filers
  - Parent income earned from work, if non-filers
  - High school completion and identity/educational purpose (V5)

- For Automatic Zero EFC-eligible independent applicants in Tracking Groups V1 or V5:
  - Applicant and spouse AGI, if tax filers
  - Applicant and spouse income earned from work, if non-filers
  - Household size to determine if dependents other than a spouse
  - High school completion and identity/educational purpose (V5)
Training Feedback

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

- All registrants for this session will receive an email with a link to an electronic evaluation that we ask you to complete
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
- To register, please go to: https://cvent.me/zRPn1V

Ask A Fed goes online!

FSA has implemented a new resource to assist Financial Aid Administrators in obtaining guidance about the FSA programs. Based on the popularity and effectiveness of the Ask A Fed desk at the annual FSA Training Conference, we have instituted a similar process using email.

Please send your inquiries about Title IV regulations to: AskAFed@ed.gov.

The Ask A Fed email box is staffed every business day by a team of FSA Training Officers ready to assist schools with their questions.