



Verification

Pioneering new trails with our favorite subject!

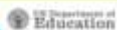
Trevor Summers
U.S. Department of Education
TASFAA Fall Conference
October 2011



Today's Agenda

- Resources
- Verification Regulations
- Federal Register Notice
- Dear Colleague Letter/Federal Register
- What this means for you
- Questions?

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Resources

For information, consult:

- IFAP
- Notice of Proposed Rulemaking (NPRM), published 6/18/2010
 - Describes all changes to current regulations
- Final Rule, published 10/29/2010
 - Responds to comments and describes changes to NPRM
 - Not a comprehensive review of all reg changes

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Verification Regulations

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Verification

- Was originally proposed for July 1, 2011
- Effective date delayed until July 1, 2012
– 2012-13 award year
- Institutions may need time to make changes to their institutional processing systems and business practices

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Verification

- Question: When will you start receiving ISIRs for 2012-13?
- Question: When will you start your document tracking for 2012-13?
- When will you start your verification process for 2012-13?


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Verification: General Changes


- Emphasizes updating requirements through change to subpart heading
- Removes references to individual programs
- Defines “subsidized student financial assistance programs” and “unsubsidized student financial assistance programs”

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Verification: General Changes

- Subsidized—
 - Eligibility uses EFC
 - Verification applies
 - Pell Grant, FSEOG, FWS, Perkins, Direct Subsidized Loan
- Unsubsidized—
 - Eligibility does not use EFC
 - Verification does not apply
 - TEACH Grant, Iraq & Afghanistan Service Grant, Direct Unsubsidized Loan, Direct PLUS Loan


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Verification: General Changes



Important



- You still must resolve conflicting information if present
- This has not changed



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Verification: General Changes

- 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
 - No plans to exercise this option at this time

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Verification: General Changes

- Must complete verification prior to exercising professional judgment
 - Only if selected for verification by ED or you
- Codifies long-standing policy in regulations

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Verification: Selection

- Eliminates 30% limit
- Department targeting error-prone items to select applications to verify
- Institutions must verify all applicants we select



Verification: Selection

- Institutions must continue to resolve conflicting information they believe is inaccurate
- Institutions keep flexibility to select additional information or applications for verification





Verification: Exclusions

- Removes certain exclusions
- Clarifies provisions applicable to—
 - Applicants
 - Parents of dependent applicants
 - Spouses of independent applicants
- Lists specific situations when parent's or spouse's information is not subject to verification





Verification: 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



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Verification: Updating

- FAA may require applicant to update marital status to address inequity or to reflect more accurately the applicant's ability to pay
- Documentation not required if the information has not changed during subsequent verification of household size and number in college

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Verification: Items to Verify


- Annual Federal Register notice
 - Items to verify
 - Documentation
- 2011-2012 will include the current five data elements

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Verification: Documentation

- For applicants with tax filing extension
 - May require completed tax return when filed
 - Must re-verify AGI and taxes paid, when/if the tax return is submitted

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Verification: Documentation

- Tax return not signed by the tax filer
 - Must be signed, typed, printed, or stamped by the tax preparer and
 - Contain the preparer’s SSN, EIN or PTIN





Verification: Interim Disbursements

- Technical and conforming changes
- May make a disbursement after completing verification but prior to receiving a corrected valid SAR or valid ISIR if the changes would not change the amount of aid





Verification: Interim Disbursements

- To avoid liability, must ensure necessary corrections are submitted to ED
- Valid SAR or valid ISIR required before disbursement can be made for all Title IV programs



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Verification: Deadlines

- Require institutions to follow cash management procedures for Direct Loans
- Removed the requirement to pay Pell Grant on the higher EFC

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Verification: Fund Recovery

- Requires institutions to reimburse program account if disbursement made without receiving corrected valid SAR or ISIR
- Requires recovery of overpayments that occur from interim disbursements for students employed under the FWS Program

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Verifications: Corrections


- Removed \$400 tolerance
- Require all corrections over \$25 to be submitted
- Require all corrections of nondollar items, e.g., family size and number in college

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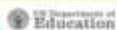
Federal Register Notice


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Federal Register Notice


- Both DCL and FR published on 07/13/2011
- DCL GEN-11-13
- Describes 2012-2013 verification items
- Outlines acceptable documentation
- Lists other verification resources

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Verification Items for 2012-13 For All Applicants Selected

- Number in household
- Number in college
- Food stamps/SNAP (if reported)
- Child support paid (if reported)



Verification Items for 2012-13 For All Tax Filers Selected For Verification

- All items on previous slide
- AGI
- US Income tax paid
- Untaxed Income (if reported)
 - untaxed IRA distributions, untaxed pensions, education credits, IRA deductions, tax exempt interest



Verification Items for 2012-13 For Non Tax Filers Selected For Verification


- Number in household
- Number in college
- Food stamps/SNAP (if reported)
- Child support paid (if reported)
- Income earned from work



Important Reminder

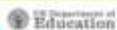
- These verification items are just for 2012-13.
- You must watch IFAP for the appropriate Federal Register for future years
- We could have different items for 2013-14 and beyond






Acceptable Documentation


- Data retrieved from the IRS via FOTW match and not subsequently changed
- Under certain conditions, only an IRS Tax Return Transcript is acceptable.
 - *Say what?*






Acceptable Documentation

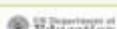
- That's right, under certain conditions, only an IRS Tax Return Transcript is acceptable documentation for verification purposes.





Acceptable Documentation

- Only an IRS Tax Return Transcript is acceptable when the applicant (or parent) did not use the IRS Data Retrieval Process - either at initial FAFSA filing or though the FOTW correction process.





Acceptable Documentation

- Only an IRS Tax Return Transcript is acceptable when information included on the FAFSA using the IRS Data Retrieval Process was subsequently changed





Acceptable Documentation

- Only an IRS Tax Return Transcript is acceptable when a married independent applicant and spouse filed separate tax returns.





Acceptable Documentation

- Only an IRS Tax Return Transcript is acceptable when the parents of a dependent student filed separate tax returns.





Acceptable Documentation

- Only an IRS Tax Return Transcript is acceptable when an applicant or applicant's parent had a change in marital status after the end of the tax year on December 31, 2011.





Acceptable Documentation

- Only an IRS Tax Return Transcript is acceptable when the applicant, or parent or spouse, as applicable, filed an amended tax return.





Acceptable Documentation

- IRS Tax Return Transcripts don't have to be signed by the tax filer
- See attachment to DCL GEN-11-13 for how your students/parents can request an IRS Tax Return Transcript





Are You Serious?

Really?
Really?
Really?





An excerpt from DCL GEN 11-13

- In limited circumstances, if an institution determines that obtaining an IRS Tax Return Transcript is not possible, the institution may accept a signed copy of a 2011 income tax return, but it must document the reason for allowing an applicant to do so.





What This Means To You

- This is different but not entirely new
- Study Federal Register
- Retrain staff
- Revise forms
- Revise business practices



Supervisor of Training Officers Requests Feedback from FAAs

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Questions?