

VERIFICATION 2021-22

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January 27, 2021

Federal Student Aid
An OFFICE of the U.S. DEPARTMENT of EDUCATION

AGENDA

1. History of Verification
2. COVID-19
3. 2020-21 Verification
4. 2021-22 Verification
5. Verification Rates



HISTORY OF VERIFICATION

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- Process used to confirm that selected applicants' data is accurate
- Program Integrity regulations became effective for the 2012-13 award year
- Verification tracking groups added beginning 2013-14
- New data elements and verification tracking groups have been added and deleted since 2013-14

COVID-19



COVID-19 – VERIFICATION

April 3, 2020, May 15, 2020, July 9, 2020, January 15, 2021 Electronic Announcements, and December 11, 2020 Federal Register (HEROES) Notice

- Waives signature requirements where no responsible parent can be found
- Flexibilities in verification of non-filing and obtaining duplicate IRS Form W-2
- Flexibilities for V4 and V5 documentation
 - Suspension of in-person submission and notary requirements; documents may be submitted electronically
 - Use documentation of HS completion already obtained
 - If HS completion documentation unavailable, may accept a signed, dated statement from applicant attesting to high school completion

COVID-19 – VERIFICATION

December 11, 2020 Federal Register (HEROES) Notice

- Permits institutions to accept any verification documentation required to validate student's Title IV eligibility, *including Statement of Educational Purpose for V4 and V5*, that has been:
 - Signed and photographed, and
 - Sent by email or text message attachment

COVID-19 – VERIFICATION TIMEFRAME

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

- Verification waivers and flexibilities applicable through end of payment period that *begins after* date on which Federally-declared national emergency related to COVID-19 is rescinded
- Verification waivers and flexibilities apply to any award year for which 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, and January 15, 2021 Electronic Announcements

- 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

2020-21 VERIFICATION



2020-21 VERIFICATION GUIDANCE

Program Integrity Q&A – Verification

- Guidance issued November 19, 2019
 - Applicants selected for Verification by Department
 - DS-Q3: May institution require tax transcript, unless applicant cannot obtain tax transcript?
 - DS-A3: Institution may request tax transcript in lieu of signed tax return copy, but it may *not* require it unless it has concerns about validity of submitted tax return
 - Institution may then require tax transcript or other documentation specified in annual Federal Register Notice
 - Institution must document reason why income tax return not acceptable

REPORTING RESULTS FOR GROUPS V4 AND V5

- Information about reporting high school completion and identity verification results V4 and V5 found in FSA Handbook and FAA Access to CPS Online
- Language discrepancy between the Chapter 4 of the Application and Verification Guide (AVG) in 2020-21 FSA Handbook, and FAA Access to CPS Online
 - 2020-21 Application and Verification Guide, Chapter 4:
 - 2 – *Verification completed using notary, no issues found*
 - FAA Access to CPS Online:
 - 2 – *Verification of both identity and high school completion status were satisfactorily completed remotely by use of a notary, and no issues were found*
- Both code descriptions have same meaning: verification was completed using notary

2020-21 VERIFICATION RESOURCES

- [Federal Register Notice - FAFSA Information to be Verified for the 2020-2021 Award Year](#), May 24, 2019
- [Dear Colleague Letter GEN-19-02](#), June 7, 2019
- [Electronic Announcement - 2020-2021 FAFSA Verification Suggested Text Package](#), July 31, 2019
- [Electronic Announcement - 2020-2021 FAFSA Verification-IRS Tax Return Transcript Matrix](#), November 26, 2019
- [2020-2021 EDE Technical Reference \(Final\)](#), July 15, 2019
- [2020-2021 ISIR Guide](#), August 8, 2019
- [2020-2021 Application and Verification Guide, FSAH](#)

2021-22 VERIFICATION



2021-22 VERIFICATION – OVERVIEW

- No changes to verification tracking groups
- No changes to verification data items
- 2021-22 Information to be Verified and Acceptable Documentation
 - *Federal Register* Notice published September 3, 2020
- 2021-22 FAFSA Verification Suggested Text
 - Electronic Announcement published September 25, 2020
- 2021-22 FAFSA Verification-Internal Revenue Service (IRS) Tax Return Transcript Matrix
 - Electronic Announcement published November 20, 2020

2021-22 VERIFICATION TRACKING GROUPS

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

2021-22 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

2021-22 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)

2021-22 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

2021-22 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

2021-22 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

2021-22 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

2021-22 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

2021-22 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

2021-22 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

2021-22 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

2021-22 VERIFICATION RESOURCES

- [Federal Register Notice - FAFSA Information to be Verified for the 2021-2022 Award Year](#), September 3, 2020
- [Electronic Announcement - 2021-2022 Verification Suggested Text Package](#), September 25, 2020
- [Electronic Announcement - 2021-2022 FAFSA Verification-IRS Tax Return Transcript Matrix](#), November 20, 2022
- [2021-2022 EDE Technical Reference \(July 2020 Update\)](#), July 29, 2020
- [2021-2022 ISIR Guide](#), July 14, 2020
- 2021-2022 Application and Verification Guide (not yet published)

VERIFICATION RATES



VERIFICATION RATES

FSA's goals for verification

- Reduce burden of verification on institutions, and on students and families
- Responsibly control for improper payments
- Use Machine Learning Model (MLM) to select FAFSA[®] filers for verification
 - MLM chooses applicants based on risk score
 - MLM “retrained” every year based on analysis
- Overall selection rate is 18% since October 1, 2020
- Select about 450,000 fewer FAFSA[®] filers for 2021-22 compared to 2020-21

RESOURCES



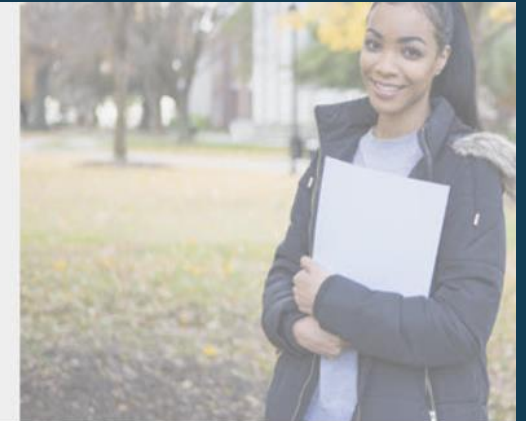
FEDERAL STUDENT AID E-TRAINING

<https://fsatraining.ed.gov>

FAA Tool kit

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On Screen Tours

RESOURCES – FAA TOOLKIT

<https://fsatraining.ed.gov/course/view.php?id=277>

Information for Financial Aid Professional (IFAP)

The Federal Student Aid (FSA) Handbook

Application Processing Guides

Operational Guides

Technical References

The Higher Education Act (HEA)

Code of Federal Regulations (CFR)

In a Nutshell: Negotiated Rulemaking

Federal Registers

Dear Colleague Letters (DCL)

Electronic Announcements

Program Integrity Q&As

Other Published Guidance from ED

FAA Access to CPS Online

Common Origination and Disbursement (COD) System

National Student Loan Data System (NSLDS)

Other Web-based Systems and Software

Web-based Resources

Contact Information for ED and Other Federal Resources

FSA Assessments

Tools for Building Policies and Procedures

Direct Loan Tools

Preparing for Audits and Program Reviews

Must be logged in to fsatraining.ed.gov use FAA Tool Kit

ASK A FED

- AskAFed email box is staffed by FSA training professionals every business day during normal business hours
- AskAFed can help with policy guidance inquiries related to Title IV administration
- Contact us at AskAFed@ed.gov



TRAINING FEEDBACK

- To ensure quality training, we ask all participants to please fill out an online session evaluation
- At the conclusion of the conference, all attendees will receive an email with a link to an electronic evaluation that we ask you to complete
- This feedback tool informs FSA of areas for improvement in our training presentations and offers an effective process for “listening” to our school partners

QUESTIONS?

