

Verification



Implementation of the New Verification and Updating Regulations

- ▶ Effective date

July 1, 2012

- ▶ These changes can not be applied to the 2011-2012 academic terms

Impact this will have on institutional verification

- Selection of students
- Data to be verified
- 100% verification
- Documentation requirements

Updating Policies and Procedures

- ▶ Schools must verify all FAFSA's that are selected by the CPS

If the school exercised the 30% option, they must:

- Adjust the automated or manual processes to identify all CPS selected students and set up verification tracking process for these students
- Assess the increased workload of the verification processing staff and whether additional staffing is needed and/or other staff should be reassigned to assist with verification processing

Updated Policies and Procedures

- ▶ Complete verification before exercising Professional Judgment authority to adjust the student's expected family contribution (EFC) or cost of attendance (COA)

Verification Exclusions

► Added exclusions

- For all students: If the student is only eligible for unsubsidized student financial assistance
- For all dependent students: If the student cannot locate the parents because their contact information is unknown and cannot be obtained by the student
- For all independent students: If the student cannot locate the spouse because his/her contact information is unknown and cannot be obtained by the student

Verification Exclusions

► Exclusions eliminated are

For all students, the student is:

- Incarcerated at the time of verification
- An immigrant who arrived in the U.S. during either calendar year of the award year
- A citizen of the Republic of the Marshall Islands, the Federated States of, or Micronesia, or the Republic of Palau
- A legal resident of the Commonwealth of the Northern Mariana Islands, Guam or American Samoa

Verification Exclusions

▶ Exclusions (cont.)

- For all dependent students (exclusion applies only to the parent's information)
 - ▶ Parent's address is unknown and cannot be obtained by the student
 - ▶ Parent's are deceased or physically incapacitated
- For all independent students (exclusion applies only to the spouse's information)
 - ▶ Spouse's address is unknown and cannot be obtained by the student
 - ▶ Is deceased or physically incapacitated

Dependency Status

- ▶ Updating dependency status based on change in student's marital status
 - The school has the option to update a student's dependency status based on a change in the student's marital status if the school determines the update is necessary to address an inequity or to reflect more accurately the student's ability to pay

Dependency Status

If the school chooses to exercise this option:

- Determine whether the school chooses to establish a cut off date after which it will not consider any update of dependency status due to a change in the student's marital status
- Update policies and procedures
- Revise updating form letters and correspondence sent to students and information in publications and on website
- Train staff

2013-2014 Selection

Information to be verified on CPS selected FAFSAs and required documentation

- The criteria for what is acceptable documentation and what must be verified:
 - ▶ Regulation allows the Department of Ed to choose required verification items prior to the start of each award year
 - ▶ Each selected student's requested information will be based on their unique circumstances
- * In effect for the 2013-2014 term and not the 2012-2013

2012-2013 Verification Items

Required Verification Items from 2011 tax return

- ▶ Adjusted gross income
- ▶ U.S. income tax paid
- ▶ Untaxed IRA distributions
- ▶ Untaxed Pensions
- ▶ Education credits
- ▶ IRA deductions
- ▶ Tax Exempt Interest

Acceptable Documentation

- ▶ Information obtained through the IRS data retrieval on FOTW
- ▶ A tax transcript obtained from the IRS
 - Online- processed within 24-48 hours
 - Requested by phone- processed within 24-48 hours
 - Paper request- processed within 10 days
 - Signature is not required on tax transcript

IRS EXTENSION

- ▶ You must verify with documentation of IRS extension and W-2 forms or a statement from self-employed individual
- ▶ School may require an individual granted a tax filing extension to provide a copy of their completed and signed tax return when filed
- ▶ If school receives a copy of the return it must verify the AGI and taxes paid
- ▶ If school does not receive a copy, they may return all funds disbursed.

Required Verification Items not on tax return

- ▶ Number in household
- ▶ Number in college
- ▶ Food stamps- Supplemental Nutrition Assistance Program (SNAP)
- ▶ Child support paid

Verification tolerance and corrections

- ▶ The \$400 tolerance option and the options for submitting corrections to the CPS for reprocessing are eliminated.
- ▶ For all subsidized student financial assistance programs (eligibility is based on the student's EFC), the school must submit to the CPS any changes to:
 - ▶ A nondollar item
 - ▶ A single dollar item of \$25 or more

Interim disbursements

- ▶ Schools have the option to make an interim disbursement before the receipt of the student's valid ISIR or SAR only if the corrections do not change the amount student would receive under a Title IV program
- ▶ Clarifies the school's liability and responsibility for recovering a Title IV overpayment resulting from an interim disbursement

Verification Deadlines

- ▶ If corrections increase the amount of a student's Federal Pell Grant and the valid ISIR/SAR is received after the student is no longer enrolled, but before annual Federal Register deadline, the school must pay the student higher award amount
- ▶ The 45 day period during which a school may hold undisbursed Direct Subsidized Loan proceeds for a student completing verification is eliminated; the school must follow excess cash rules for returning the held loan funds

Updated Policies and Procedures

- Revise, as needed verification worksheets
- Update policies and procedures
- Revise Verification form letters/correspondence sent to students and information in publications and on the website
- Train Staff