VERIFICATION 2021-22 AND 2022-23

Benedict A. Dorsey | Training Officer

U.S. Department of Education

November 9, 2021

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

AGENDA

1. Hot Topics

2. 2021-2022 Verification

3. 2022-2023 Verification

4. V4/V5 Verification Reminders

5. Resources

HOT TOPICS

FUTURE ACT

- Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act; Passed December 19, 2019

- Amends Section 6103 of the Internal Revenue Code to allow direct data sharing between the Internal Revenue Service (IRS) and Federal Student Aid (FSA)

- FSA and IRS are collaborating to explore use of the amendments to Section 6103 of the Internal Revenue Code

COVID-19 – VERIFICATION TIMEFRAME

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

- Verification waivers and flexibilities are applicable through the end of the payment period that *begins after* the date on which the Federally-declared national emergency related to COVID-19 is rescinded

- Verification waivers and flexibilities apply to any award year for which an 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, January 15, 2021 Electronic Announcements, and DCL GEN-21-02

- 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

VERIFICATION WAIVERS FOR 2021-2022

- Published July 13, 2021 (DCL GEN-21-05)
- Reflects changes for 2021-22 Verification requirements
  - Waiver begins July 13, 2021, and applies for the remainder of the 2021-2022 FAFSA processing and verification cycle
  - Verification not required for V1
  - Verification required for V4 and V5 is only for Identity/Statement of Educational Purpose and High School Completion status

2021-2022 VERIFICATION

2021-2022 VERIFICATION

SAME DATA ITEMS

NO CHANGES TO THE VERIFICATION TRACKING GROUPS

2021-2022 VERIFICATION TRACKING GROUPS

- V1 – Standard Verification Group

- *V2 – Reserved*

- *V3 – Reserved*

- V4 – Custom Verification Group

- V5 – Aggregate Verification Group

- *V6 – Reserved*

2021-2022 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

2021-2022 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)

2021-2022 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:
  - Assertation 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

2021-2022 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

14

2021-2022 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

2021-2022 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

2021-2022 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

2021-2022 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

2021-2022 VERIFICATION – AMENDED RETURNS

- Individuals filing amended tax return (IRS Form 1040X):

  - Signed copy of Form 1040X, <u>and</u>

  - 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

2021-2022 VERIFICATION – AMENDED RETURNS

- IRS amending information on tax return:

    - Documentation from IRS listing changes, <u>and</u>

    - 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

2021-2022 TAX RETURN MATRIX

- Reflects changes for 2019 Federal Tax Return/Transcripts and 2021-22 FAFSA® line references

  - Federal Tax Form line numbers changed to show numerical order instead of maintaining original 1040 tax line

  - IRS Tax Return Transcripts allow for the presentation of information from both old (pre-2018) and new (2018 and after) Form 1040, therefore some data fields may appear duplicated where there is no data for one field, but data for the other

2022-2023 VERIFICATION

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

2022-2023 VERIFICATION

NO CHANGES TO THE
VERIFICATION TRACKING GROUPS

NOT SAME DATA ITEMS

Federal Register Notice – September 1, 2021, and DCL GEN-21-06

23

2022-2023 VERIFICATION TRACKING GROUPS

- V1 – Standard Verification Group

- *V2 – Reserved*

- *V3 – Reserved*

- V4 – Custom Verification Group

- V5 – Aggregate Verification Group

- *V6 – Reserved*

2022-2023 VERIFICATION ITEMS

- Federal Register Notice – September 1, 2021, and DCL GEN-21-06

  - Household size (V1 and V5)

  - Number in college (V1 and V5)

  - Identity (V4 and V5)

  - Sign Statement of Educational Purpose (V4 and V5)

V4/V5 VERIFICATION REMINDERS

V4/V5 Tracking Results

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

V4/V5 Tracking Results

V4/V5 TRACKING 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 (no longer valid in 2022-23)

5. No response from applicant or unable to locate

6. Issues with both identity and high school completion (no longer valid in 2022-2023)
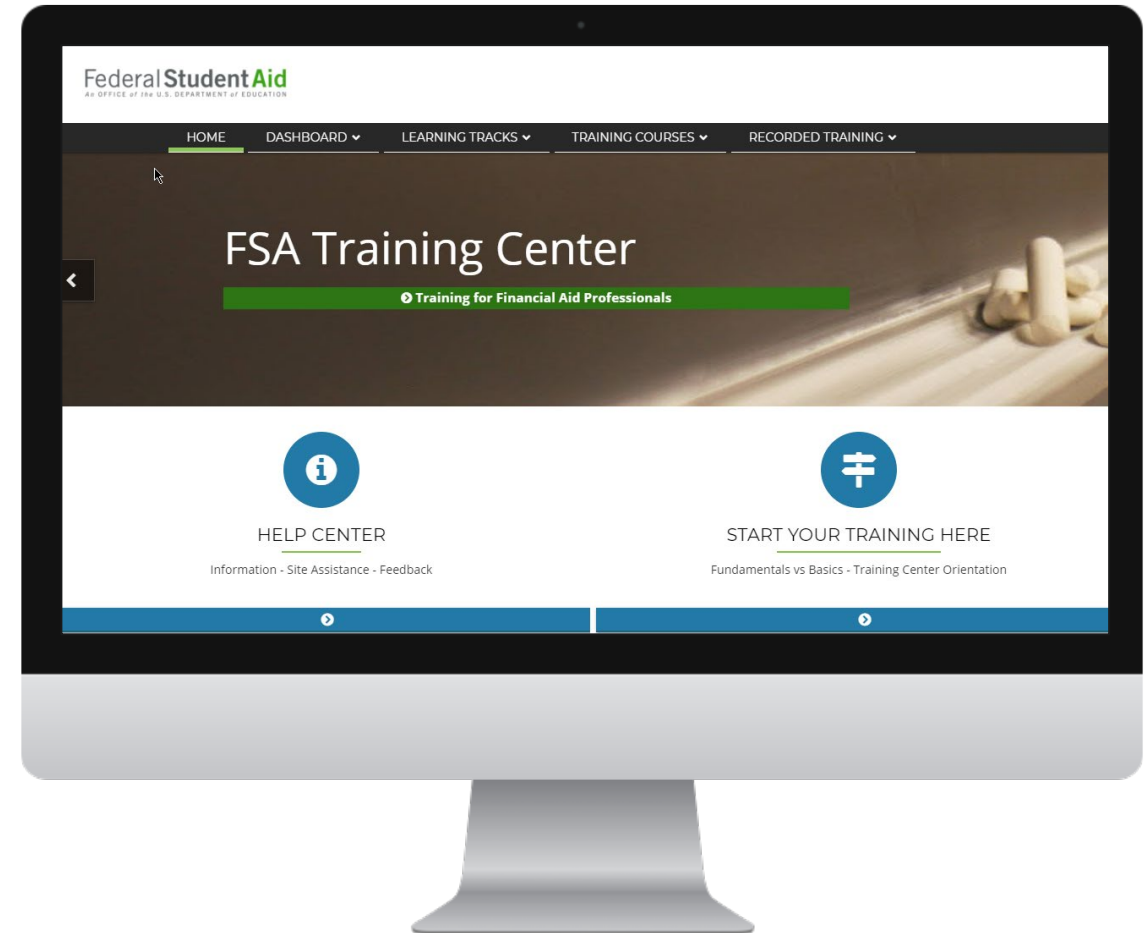
RESOURCES

RESOURCES - KNOWLEDGE CENTER

- FSA Handbook
  - Application and Verification Guide
  - Volume 1: Student Eligibility
  - Volume 2, Chapter 3: School Eligibility and Operations
- FSA Assessments
  - Verification, Activity 1: Resolving Conflicting Data
- ISIR Guide and SAR Comment Code and Text Guide
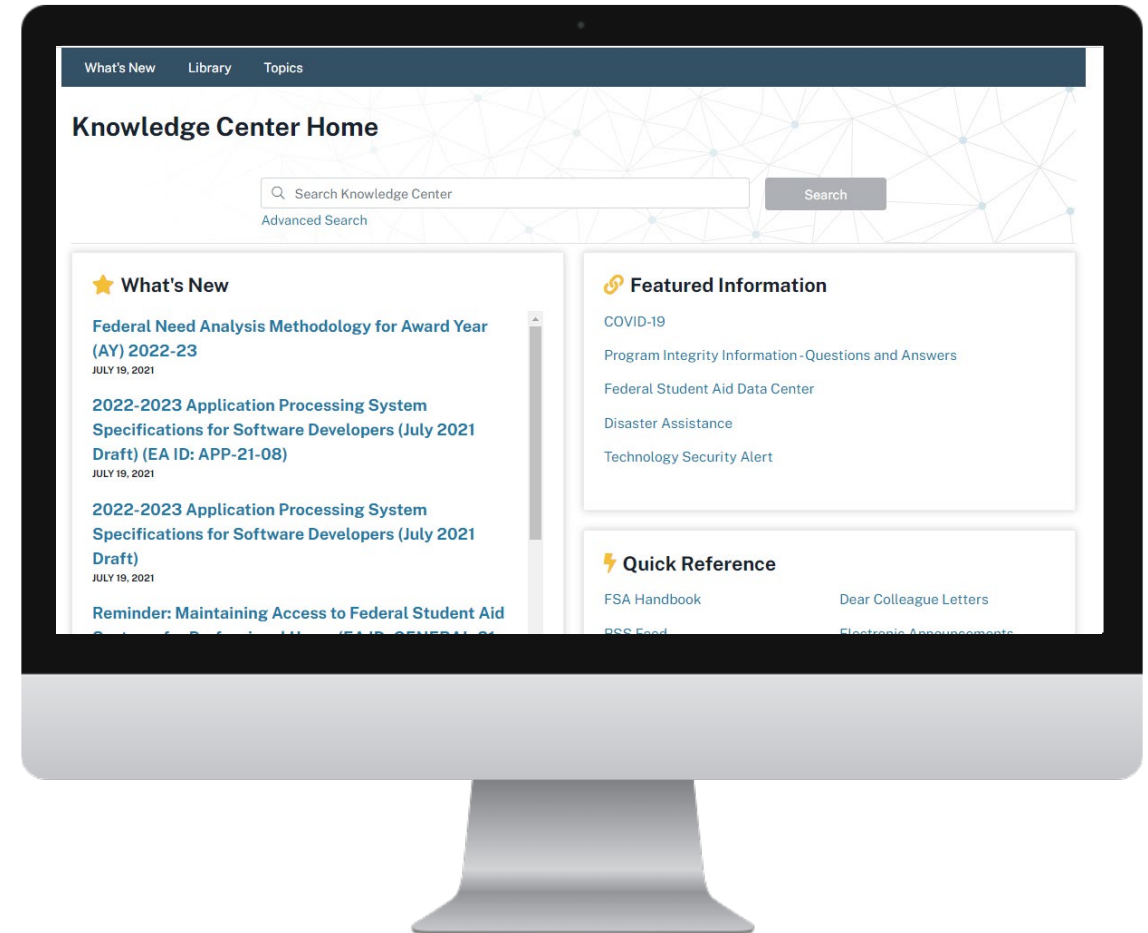
FSA TRAINING CENTER

fsatraining.ed.gov

Check out learning tracks, software training, recorded policy videos here, and register for *FSA Fundamentals Training* series or *FSA Basics for New Staff* course.

KNOWLEDGE CENTER

fsapartners.ed.gov/knowledge-center

IFAP is now the Knowledge Center! Subscribe for daily or weekly email updates.

GETTING HELP

fsapartners.ed.gov/help-center/

For policy questions, use *Contact Customer Support Form* in Help Center on FSA Partner Connect. Choose "Ask A Fed/Policy" in Topic dropdown list.

TRAINING FEEDBACK

- All attendees receive email from FSA with link to online evaluation

  - Helps ensure quality training

  - Informs FSA of areas for improvement

  - Serves as effective tool for "listening" to our school partners

QUESTIONS