



Verification 20/21

(Still not 100% clear)

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Verification Groups

- CPS assigned tracking groups V1 – V6. Your office will see which tracking group is assigned on the ISIR.
- Only V1, V4 and V5 are active.
- V2, V3, & V6 are currently in a reserved state – in case a tracking group is needed at a later date.
 - Your office can determine to verify more than what is required but at minimum you have to verify these tracking group data points. For instance if selected for V1 or V4, your office could have a policy to verify as though a V5 (combines V1 and V4).

Verification Groups Cont.

- Your office may rather than verifying all students at a V5 tracking group, that you want to focus your verification energies.
- With certain data elements or other non verification tracking group elements, your office can create a policy to request documents as part of verification.
 - *institutions with continuing concerns are reminded of their option to require applicants, including those selected by the Department, to verify additional FAFSA information that the institution chooses*
<https://ifap.ed.gov/dpcletters/GEN1607.html>
 - *For Example: Tax Deferred Pension payments, Wages, Investments, etc.*
- Any discrepant dollar amount \$25+ must be corrected (any other dollar data element with a discrepancy must also be changed after that point).
- If during the point of your verification process you discover any sort of conflicting information you must get clarity and make appropriate FAFSA updates or corrections as necessary.

Reasons for Verification Exemption

- Student:
 - No longer eligible for FSA funds (not meeting SAP or exceeds 150% of program requirements).
 - Student dies.
 - Student is only eligible for unsubsidized financial aid.
 - A student may not bypass verification by only requesting unsubsidized aid.
- Spouse or Parent(s)
 - Have died.
 - Are mentally incapacitated.
 - Residing in a country other than the USA and cannot be contacted by normal means.
 - Cannot be located because the student does not and cannot get contact information.

FAFSA Verification Elements Found on the 1040

FAFSA Information	Acceptable Documentation
Adjusted Gross Income	2018 IRS 1040 Line 7
U.S. Income Tax Paid	2018 IRS 1040 Line 13 minus Line 46 of Schedule 2*
Untaxed Portions of IRA/Pension	Line 4a minus 4b (exclude rollovers)
IRA Deductions and Payments	2018 Schedule 1 – Line 28 plus Line 32
Tax Exempt Interest Income	2018 1040 Line 2a
Education Credits	2018 1040 Schedule 3 Line 50

*Excess Advance Premium Tax Credits – found on Schedule 2

If the Schedule 2 has no relevant line items to a tax payer they will not have one associated with the filing. You can verify that Schedule 2 is not relevant by checking to see if the box on Form 1040, line 11 is checked. If it is not checked, then there will be no Schedule 2 and you can assume that the Excess Advance Premium Tax Credit Repayment is \$0.

2018 Tax Returns

- What Has Really Changed?
 - Smaller simplified form, but now you need to request Schedules as part of verification if they don't use the DRT or submit the IRS Tax Return Transcript. (Schedules C, D, E, and F are still part of the filing process)
 - There is no more 1040A or 1040EZ. Only the 1040 and 1040 NR (Non-Resident) or 1040NR-EZ.
- Who has to file?
 - The earnings threshold has gone up.
 - Single \$12,000 +
 - Head of Household \$18,00 +
 - Married filing joint \$24,000 +
 - Married filing separately \$5 +

Discussions Occurring in our Office

- Taxable Scholarship/Grant Income reported to the IRS as income.
 - Collect the 1040 (with SCH on the dotted line next to line 1) and W2. Often times if the student doesn't have these things or that amount is very large you might want to get the 1098-T, your student may be reporting box 5 by mistake. The 1098-T is used in Education Tax Credits.
- Earnings from Need Based Employment – especially with transfer students.
- Head of Household Filing – with parents filing HOH when they should file married joint or married separately.
- Child Support Paid – Blended families, claiming child support paid for children that they also claim live in the household.
- Capturing Rollovers that were pulled in but families missed the question on the FAFSA – reported then as untaxed income.

Resources

- VASFAA Webinars (Anything with Robert Weirnerman is helpful)
- NASFAA Webinar – (On Demand) Most Popular AskRegs Questions on Untaxed Income
- NASFAA Webinar (live on 11/13/2019) – Verification 2020-21 Extended Edition
- NASFAA U – Verification Course (starts 10/21/2019 and again 1/13/2020)
- Publication Gen-19-02, 2020-20201 Award Year, Information to be Verified and Acceptable Documentation
- IFAP – Verification Training (20/21) - <https://fsatraining.ed.gov>