Verification is the process by which the college reviews and documents the accuracy of the information provided by selected student applicants and their families on the federal aid application. In order to verify the information, the FAA collects tax records, signed statements, and other documents and compares this information with the data submitted on the FAFSA. The Department of Education designed verification as a way to reduce error rates in the data reported by the student on his or her FAFSA so that eligible students receive the correct amount of financial assistance.

This chapter outlines the minimum federal requirements for the verification of information on student applications for Title IV funds as contained in 34 CFR 668, Subpart E (Verification and Updating of Student Aid Application Information) and has been updated to reflect the revised regulations published October 29, 2010 that took effect July 1, 2012. Further updates to these regulations reflecting ED guidance subsequent to July 1, 2012 and the specific requirements for “customized” verification in the 2015-16 academic year are also incorporated into this chapter.

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Selection for Verification

Applications are selected for verification either by the federal edit system or the college. If a student’s application is selected for review by the federal edit system, the school is required to verify selected items on the student’s application and collect certain required information and documents before awarding and disbursing federal student aid funds. Every FAFSA selected for verification by the CPS must be verified. The option for a school to verify only a certain percentage of the applicants selected for verification by the CPS has been eliminated.

Each award year, the FAFSA items that are subject to verification, along with the required documentation, are published in the Federal Register. The specific data items that are to be verified will change from year to year. ED’s long-term goal is for a customized approach to verification whereby the items to verify for a given application will be selected from a menu and indicated on the student’s ISIR. For the 2015-16 award year, students selected for verification will be placed in one of five verification tracking groups. The items to be verified and the required documentation to be collected are determined by the particular tracking group in which the student has been placed. These are described in detail beginning on p. 4–6 of this chapter.

If a school has reason to believe that any student’s FAFSA information is inaccurate [34 CFR 668.54(a)(2)] or if any information has been found to be discrepant [34 CFR 668.16(f)], the school must verify the accuracy of that information whether or not it is one of the required verification items, and whether or not the CPS selected that application for verification.

All FAFSA information selected for verification whether by the CPS or the school must be verified (and any corrections reprocessed through the CPS) before the school may exercise professional judgment to adjust the cost of attendance (COA) or any data items required to calculate the EFC.

Note: Schools participating in the U.S. Department of Education’s Quality Assurance (QA) Program are not required to use the Department’s verification criteria, but instead may use their own criteria for the verification of applicant information. Under the revised regulations, schools participating in the QA program will continue to be exempt from certain verification requirements. Note that CUNY does not currently participate in the federal QA program.

Discretionary Verification

Individual campuses have the regulatory authority to verify any student’s information and ask for any additional documentation needed to insure the integrity of the federal programs and to aid them in the smooth operation of their offices.

If the school selects a previously unselected application for verification, it can choose which items it wants to verify, omitting some or all of the items required by ED, and including items other than those ordinarily required. All other verification requirements, including deadlines and interim disbursement rules, apply equally to all students being verified, whether they have been selected by the CPS or by the school.
Exclusions From Verification

Sometimes a selected application may be exempt from some or all of the verification requirements if certain unusual circumstances exist. The basis for an exclusion must be documented. Other information not excluded must still be verified according to all other requirements.

Except in the case of the student’s death, none of the following verification exclusions excuses the school from the requirement to resolve conflicting information. As stated previously, if there is reason to believe the application information is inaccurate or if the institution has conflicting information, the application must be verified in order to determine the correct information and resolve any discrepancies.

Unsubsidized Student Financial Assistance Programs

A student who has been selected for verification but is eligible only for unsubsidized Title IV assistance (that is, an unsubsidized Stafford Loan, a PLUS Loan or TEACH Grant) may be excused from completing verification. The school should note in the student’s record if excused from completing verification because of this exclusion.

A student who might be eligible for any subsidized aid program (that is, any federal aid program where financial need is one of the eligibility criteria) may not use this exclusion to avoid verification by borrowing only an unsubsidized loan. In such cases, the school must require the student to complete the verification process.

Although the interest subsidy on Federal Direct Loans was eliminated for graduate students, they should still be required to complete verification if it is determined they have eligibility for any need-based programs such as Federal Perkins Loan or Federal Work-Study.

Death of the Student

If a student dies during the award year, or before the deadline date for completing verification, the school does not need to complete verification, even if an interim or initial disbursement has been made. However, the college may not disburse further Title IV aid to the student’s account at the institution or to the student’s beneficiaries, except for any already earned Federal Work-Study funds. Funds disbursed prior to death are not considered overpayments. After a student’s death, a Stafford Loan cannot be originated or certified, nor the proceeds delivered to the student’s beneficiaries.

Spouse Unavailable

Unless it has reason to believe that the reported FAFSA information is incorrect, a school is not required to verify the information of the spouse of an independent student if any of the following conditions apply:

- the spouse is deceased or mentally incapacitated. [Note: physical incapacitation is not considered a valid exclusion condition.]
- the spouse is residing in a country other than the United States and can’t be contacted by normal means.
- the spouse cannot be located because his or her contact information is unknown, and the student cannot obtain it.

This exclusion applies only to spouse’s data and does not affect any other part of the required verification. The basis for this exclusion should be documented in the student’s file.
Parents Unavailable
Unless it has reason to believe that the reported FAFSA information is incorrect, a school is not required to verify the FAFSA information of a dependent student’s parents (or obtain appropriate signature(s) for verification purposes) if any of the following conditions apply:

- student’s parents are mentally incapacitated. [Notes: physical incapacitation and death of the parents are not considered valid exclusion conditions. If the parents die after the FAFSA is filed, the student’s dependency status changes from dependent to independent and the application information must be updated and verified under the new status.]
- parents are residing in a country other than the United States and cannot be contacted by normal means.
- parents cannot be located because their contact information is unknown, and the student cannot obtain it.

The basis for this exclusion should be documented in the student’s file. If only one of the dependent student’s parents meets one of these conditions, the student and the remaining responsible parent are still subject to all verification requirements.

No Funds Disbursed
If the student won’t be receiving FSA funds (for reasons other than the student’s failure to complete verification), then verification is not required. This category includes students ineligible for aid from the FSA programs and those who withdraw without receiving aid.

Verification Completed At Another School
A student who has completed verification at another school for the current award year, and has transferred to your school, may be excluded from verification. For the student to qualify for this exclusion, the FAFSA data must be the same as it was at the previous school and the FAA must obtain the following items from the school that completed the verification:

- a statement that the student’s application data were verified, and
- the transaction number of the verified ISIR.

Records Lost or Destroyed
Periodically, ED waives certain requirements, including verification requirements, for victims of natural disasters (such as floods or hurricanes) and notifies the financial aid community via The Federal Register and/or a Dear Colleague Letter. In such cases, the FAA must document in the student’s file that the records were not available due to damage caused by a natural disaster and use the verification status code of “S” when reporting the disbursement on COD.

Post-Enrollment
If the student is first selected for verification after ceasing to be enrolled at the school for the award year and all disbursements (including any late disbursements) have already been made, he or she may be excluded from verification.
Data Items To Be Verified
For 2014-15 applicants selected for verification will be placed into one of five verification tracking groups. The minimum number of items that must be verified for a selected applicant will vary depending upon which tracking group he or she has been assigned to. The school may choose to verify application items other than those required on a student’s ISIR, and may choose which students must provide additional documentation and what that documentation might be, in accordance with consistently applied institutional policies. The school is also required to verify any information it has reason to believe is incorrect on any application, whether or not the application was selected for verification and regardless of which tracking group the applicant has been assigned to.

Verification Tracking Groups
The following are the five verification tracking groups into which a selected applicant may be placed and the minimum number of data items that must be verified for each tracking group.

Tracking Flag V1: Standard Verification Group
- Household size
- Number enrolled in college
- Household receipt of SNAP (food stamp) benefits
- Child support paid by applicant, spouse, parents or both
- For tax filers:
  - Adjusted Gross Income (AGI)
  - Income tax paid
  - Untaxed IRA distributions
  - Untaxed pensions
  - Education credits
  - IRA deductions and payments
  - Tax-exempt interest
- For non-filers, income earned from work

Tracking Flag V2: [Not in use for 2014-15]

Tracking Flag V3: Child Support Paid Verification Group
- Child support paid by applicant, spouse, parents or both

Tracking Flag V4: Custom Verification Group
- Household receipt of SNAP (food stamp) benefits
- Child support paid by applicant, spouse, parents or both
- High school completion status
- Identity/Statement of Educational Purpose
Tracking Flag V5: Aggregate Verification Group

- Household size
- Number enrolled in college
- Household receipt of SNAP (food stamp) benefits
- Child support paid by applicant, spouse, parents or both
- High school completion status
- Identity/Statement of Educational Purpose

For tax filers:
- Adjusted Gross Income (AGI)
- Income tax paid
- Untaxed IRA distributions
- Untaxed pensions
- Education credits
- IRA deductions and payments
- Tax-exempt interest

For non-filers, income earned from work.

Tracking Flag V6: Household Resources Verification Group

- Household size
- Number enrolled in college
- Household receipt of SNAP (food stamp) benefits
- Child support paid by applicant, spouse, parents or both

For tax filers:
- Adjusted Gross Income (AGI)
- Income tax paid
- Untaxed IRA distributions
- Untaxed pensions
- Education credits
- IRA deductions and payments
- Tax-exempt interest

For non-filers, income earned from work

Other Untaxed Income:
- Payments to tax deferred pension and retirement savings plans (FAFSA questions 45a and 94a)
- Child support received (FAFSA questions 45c and 94c)
- Housing, food and other living allowances paid to members of the military, clergy, and others (FAFSA questions 45g and 94g)
- Veterans’ noneducation benefits (FAFSA questions 45h and 94h)
- Other untaxed income (FAFSA questions 45i and 94i)
- Money received or paid on the applicant’s behalf (FAFSA question 45j)
- Resources or benefits not appearing on the FAFSA, such as in-kind support from a relative or benefits from a government agency.
Household Size *(V1, V5 or V6 Tracking Groups)*

A statement signed by the student (and at least one of the student’s parents, for dependent students), listing the names of the household members, their relationship to the student and their age fulfills the documentation requirement to verify this data item. A verification worksheet can be used to collect the statement and required signature(s).

Household size need not be verified if:

- for a dependent student, the household size reported for parents who are married, or who are unmarried and living together as 3, or for divorced, separated or widowed parents as 2.
- the household size for a married independent student is 2 or for a separated, divorced or widowed student is 1.
- the household size information was verified on an earlier transaction and hasn’t changed.

The following persons may be included in the household size of a dependent student:

- The student and his/her legal parents, even if the student is not living with them. Both legal parents (either biological or adoptive) must be included in the household if they are living together, even if their status is unmarried. This is true for divorced parents who may still be living together and legal parents in common-law or same-sex relationships. A parent who has died or is not living in the household because of separation or divorce should be excluded from the household size. An individual in a partnership with a legal parent who is not the student’s legal (biological or adoptive) parent should also be excluded from the student’s household.

- The student’s children and siblings, regardless of where they live, if they will receive more than half support from the student’s parent(s) from July 1, 2014 through June 30, 2015. This includes siblings of the student and unborn children of either the student or parent who will receive more than 50% support from the student’s parent(s) from birth to the end of the award year. It also includes siblings who would be considered dependent based on the FAFSA dependency questions (even if they are not living at home or students who have applied for aid). To include children in the household size, the “support” test is used (rather than residency) because a parent may support a child who does not live with him or her, especially in cases of divorce or separation.

- Other persons who lived with and received more than half support from the student’s parent(s) at the time of application and will continue to do so for the entire award year. ¹ Note: foster children are not included in the household size and the money the family receives for their care is not included as income on the FAFSA. The IRS defines a foster child as any child placed with a family by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction. Therefore, a foster child, under the IRS definition, would not qualify for nor should appear as an income tax exemption.

¹ The parents’ dependent children need not be living in the parents’ residence, whereas other persons receiving more than 50% of their support from the parents must reside in the household during the course of the academic year to be included in the parents’ household size.
If the parents are divorced and the parent whose income is included has remarried, or if the parent was a widow or widower who has remarried, family members would include the parent whose information is reported on the FAFSA, the stepparent, the dependents of the parent and the stepparent who are living with the parent and the student.

The following persons are included in the household size of an independent student:

- The student and his/her spouse, unless the spouse has died or is not living in the household because of separation or divorce.
- The student’s children, regardless of where they live, if they will receive more than half of their support from the student July 1, 2014 through June 30, 2015. This includes the student’s yet unborn child(ren) who will receive more than half support from the student from birth to the end of the award year.
- Other persons who lived with and received more than half support from the student at the time of application and will continue to do so for the entire award year. Note: foster children are not included in the household size and the money the family receives for their care is not included as income on the FAFSA. The IRS defines a foster child as any child placed with a family by an authorized placement agency or by judgment, decree, or other order of any court of competent jurisdiction. Therefore, a foster child, under the IRS definition, would not qualify nor should appear as an income tax exemption.

**Number Enrolled In College (V1, V5 or V6 Tracking Groups)**

A statement signed by the student (and, for dependent students, at least one of the student’s parents) giving the enrollment information for each family member attending a postsecondary institution fulfills the documentation requirement to verify this data item. A verification worksheet can be used to collect the statement and required signature(s). If there is reason to doubt the college enrollment information reported, the student can be asked to obtain documentation from the other students and schools listed.

The number in college need not be verified if either of the following conditions apply:

- the number of family members enrolled in college is only 1.
- the enrollment information was verified on an earlier transaction and hasn’t changed.

The student should always be included in the # in college, but parents are not included. Other members of the household are counted if they are or will be enrolled at least half time in a degree or certificate program at a Title IV eligible institution during the 2015-2016 award year. Parents may only be included if the school, using professional judgment, documents a situation on a case by case basis where a parent attending college should be counted. Household members who are students at a U.S. military academy should not be included in the # in college because most of their primary educational expenses are paid for.

If the school has reason to believe that the information provided on the verification worksheet about the number of family members enrolled in college may be inaccurate, the school must obtain a statement from each school listed confirming the enrollment of the household member in question (unless such a statement is not available because the family member has not yet registered, or that the family member plans to register at the same institution as the applicant).
Receipt of Food Stamp (SNAP) Benefits (V1, V4, V5 or V6 Tracking Groups)
If the ISIR shows that someone in the parents’ or student’s household received SNAP benefits in 2013 or 2014, the student must provide a signed statement indicating receipt of the benefit. A verification worksheet can be used to collect the statement and required signature(s). Remember that the person (or persons) who received the food stamps must qualify as a member of the FAFSA household and be listed in the household grid on the verification worksheet.

Alternately, the institution may require documentation from the agency that issued the SNAP benefits such as an account summary or a website printout that clearly verifies SNAP benefits received and that the document was obtained through official means from the agency.

In cases where it is found that receipt of SNAP benefits were not originally reported on the FAFSA because the question was not presented to the student on FAFSA on the Web, it is not necessary to reprocess a correction to the SNAP field unless changing the answer to this question to “Yes” now makes the student eligible for the auto zero EFC calculation or the simplified needs test.

Child Support Paid (V1, V3, V4, V5 or V6 Tracking Groups)
A statement signed by the student, spouse or parent who paid the child support certifying (a) the amount of child support paid; (b) the name of the person to whom the child support was paid; and (c) the name and ages of the children for whom the child support was paid will be sufficient, in most cases, documents this data item. A verification worksheet can be used to collect the statement and required signature(s).

If the school believes any information provided in the signed statement is inaccurate, the student must submit additional documentation such as (a) a copy of a court document (separation agreement or divorce decree) showing the amount of child support to be provided; (b) a statement from the person receiving the child support showing the amount provided; or (c) copies of the child support checks or money order receipts.

Note that the child support statement submitted for verification should not name as payees anyone who is listed in the household grid of the verification worksheet or included in the FAFSA household size.

If the student reports on verification documents that he, his spouse, or his parent paid child support but did not report that on his FAFSA, you must resolve the conflict. However, if he was eligible for an automatic zero EFC, the child support paid question would not have been presented on FAFSA on the Web; as long as he is still eligible for an auto zero EFC, there is no need to correct the child support field on the application.

High School Completion (V4 or V5 Tracking Groups)
Students selected for this item must provide one of the following documents to demonstrate their high school completion status at the beginning of the 2014-15 academic year:

- A copy of the high school diploma
- A copy of a final, official high school transcript that shows the date when the diploma was awarded
- A copy of a General Educational Development (GED) certificate or GED transcript
An academic transcript that indicates the student successfully completed at least a two-year program that is acceptable for full credit toward a bachelor’s degree

A copy of a secondary school completion credential for homeschool (other than a high school diploma or its recognized equivalent) if state law requires homeschooled students to obtain that credential

A transcript or the equivalent, signed by the parent or guardian of a homeschooled student, listing the secondary school courses the student completed and documents the successful completion of a secondary school education in a homeschool setting.

If a school has already obtained during the admission process one of the documents that is acceptable for verifying high school completion, no further document is needed for this requirement. Since the high school completion documentation requirements match the high school credentials students must submit to be admitted to City University, colleges should verify the student’s high school completion status through their Admissions Offices and not require the student to re-submit this documentation to the Financial Aid Office.

Identity/Statement of Educational Purpose (V4 or V5 Tracking Groups)

Students must appear in person at the school and present a piece of valid, government-issued photo identification (ID) such as a passport or a driver’s license or other state-issued ID. An annotated copy of that ID that includes the date it was received and the name of the FAA who was authorized to receive it must be maintained in the student’s file.

Students must also sign in person a statement of educational purpose that certifies who they are and that the federal student aid they may receive will only be used for educational purposes and for the cost of attending the school for the 2014–2015 year. ED has issued the following required language for this statement:

**Statement of Educational Purpose**

I certify that I ___________________________ am the individual signing this

(Print Student’s Name)

Statement of Educational Purpose and that the federal student financial assistance I may receive will only be used for educational purposes and to pay the cost of attending ___________________________ for 2014–2015.

Name of Postsecondary Institution

A student who is unable to appear at the school must submit a copy of the government-issued ID and a signed original [wet signature] statement of educational purpose signed by a notary public confirming that the student appeared before her and presented the ID confirming his identity.
Reporting results for Verification Tracking Flags V4 and V5

Beginning with 2014–2015, results for any student for whom an ISIR with tracking flag V4 or V5—as selected by the CPS, not your school—is received and for whom you request verification documentation must be reported to ED. This information is reported on the FAA Access to CPS Online website by selecting the Identity Verification Results option from the main menu, and entering your school identifiers, the year, the student identifiers and one of the following numeric codes that most applies to the student:

1.—verification completed in person, no issues found
2.—verification completed using notary, no issues found
3.—verification attempted, issues found with identity*
4.—verification attempted, issues found with HS completion
5.—no response from applicant or unable to locate.

*If issues are found with both identity and high school completion status, use code 3

Because the FAA Access website does not store a list of these verification results for you to retrieve, it is recommended that you print and keep the confirmation page for your records. If there is a change in a result you have already submitted, you can submit the new code using the above process. In April 2014 you will be able to submit verification results by uploading a flat file instead of using this individual method.

Tax Filers (V1, V5 or V6 Tracking Groups)

Students selected for verification who retrieved and transferred their income tax return information (and that of their legal parent(s) or spouse, as applicable) using the IRS Data Retrieval Process – either when initially completing the FAFSA or through the corrections process – are considered to have met the documentation requirements for verifying the FAFSA IRS information (type of tax return filed. Filing status, AGI, taxes paid, income earned from work, exemptions and the applicable untaxed income items listed in tracking groups V1. V5 or V6) as long as the flag on the student's ISIR shows that the information was retrieved from the IRS and was not changed.

It is important to remember that successful use of the IRS Retrieval Process does not relieve a selected applicant from having to complete verification, but merely excuses them from having to submit an IRS tax transcript to the school. These students would still have to submit a signed verification worksheet and any additional documentation required to complete verification (proof of food stamps received, child support statements, etc.).

Under certain conditions, some applicants selected for verification will need to submit an IRS Tax Return Transcript for the student, his or her spouse, and his or her parents, as applicable. IRS tax transcripts submitted to the school for verification do not have to be signed by the filer, unless you have reason to doubt the authenticity.

These are the conditions under which IRS tax transcripts may be required:

- When the student (or parent) did not or could not use the IRS Data Retrieval Process – either at the initial filing of the FAFSA or through a subsequent correction
- When the information included on the FAFSA using the IRS Data Retrieval Process was subsequently changed
- When the person did not indicate on the FAFSA that a tax return has been completed
- When a marriage date is January 2014 or later
When the first three digits of an SSN are 666
When the tax return was amended
When the person filed a non-U.S. tax return.
When the tax filing status of a married independent student and spouse is either “married filing separately” or “head of household”
When the tax filing status of the married parents of a dependent student is either “married filing separately” or “head of household”
When neither married parent entered a valid SSN
When a non-married parent or both married parents entered all zeroes for the SSN.

An institution may accept as documentation any IRS tax transcript that includes all of the income and tax information required to be verified: adjusted gross income (AGI), U.S. income tax paid, untaxed IRA distributions, untaxed pensions, education credits, IRA deductions and tax exempt interest. Therefore, because the Record of Account Transcript and the Return Transcript for Taxpayer (RTFTP) includes all of the above noted information, either document may be used to meet the verification requirements. However, because the Information Returns Processing Transcript Request - Wages (IRPTR-W) only provides wage information it does not satisfy the verification requirements.

For a student not selected for verification by the CPS, a school may use a signed copy of the federal income tax return to perform institutional verification or make corrections. However, should the student be selected for verification by the CPS on a subsequent transaction, the student would have to provide tax data directly from the IRS either through submitting an IRS tax transcript to the school or by using the IRS Data Retrieval Tool through the FOTW correction process.

For some filers the tax return transcript may show a “per computer” amount for some tax data that is different from what the filer reported to the IRS. The “per computer” amount should be used because it corrects mathematical errors and is more accurate than what appears on the return or was transferred via the DRT. Beginning in 2014-15 changes to the DRT process will reduce the number of discrepancies between tax transcript data and DRT data because the DRT will begin to report “per computer” values for AGI, income tax paid, and education tax credits where they differ from the tax return data originally reported.

WARNING: When tax documents are collected from a student or his or her family, the FAA must examine the tax return items used to calculate the EFC to make sure no conflicting information exists. This means looking beyond the mandatory verification items to account for missing asset information, incomplete wage information, whether or not the filer was eligible to file an IRS EZ or short form, incorrect tax filing statuses, parents and student both claiming the student as a tax exemption, etc. The school has the obligation to resolve conflicting information between application data and the tax documents it has collected, even if the application was not selected for verification, and even if the FAA never asked the student to submit the tax documents.
Filers of Joint Tax Returns Who Are No Longer Married
When an independent student or the parents of a dependent student filed a joint return but are now separated, divorced, widowed, or remarried to someone else, the school must collect copies of the W-2 forms along with the IRS tax transcript in order to meet the regulatory documentation requirement for verification. (If the individuals are self-employed, or if no W-2 forms are available, a signed statement may be accepted instead of the W-2 form.) The portion of income and taxes paid from the joint return that can be attributed to the student or parent (and the new spouse, if applicable) will be computed and verified by the school. Interest, dividends and business income received by the student or parent are added to the earned income to arrive at the computed AGI. Generally, income from jointly held businesses, accounts or investments are divided equally.

There are two ways of computing taxes paid by a separated, divorced or widowed student or parent who filed a joint return with the former spouse. In the first method, known as proportional distribution, the FAA determines what proportion of the AGI the person in question was responsible for, and applies that percentage to the tax paid. The second method has the FAA use the IRS tax table to figure the amount of tax the parent or student would have had to pay if a separate return had been filed.

Tax Filing Extensions
If a required tax return for a student, spouse or parent has not been filed by the time of verification and a filing extension has been granted by the IRS, the school must accept as alternative documentation a copy of IRS Form 4868 filed (or a copy of the IRS’s approval of an extension beyond that provided by Form 4868) and copies of the W-2 forms for each source of employment. (A self-employed individual may submit a signed statement of his or her AGI and taxes paid in place of the required W-2s.) The school must then use this documentation to compute the AGI and taxes paid amounts that should appear on the ISIR. Once this documentation is furnished and the application review completed, the student may be awarded and disbursed federal aid on the basis of this alternative documentation. If documentation of the filing extension has been provided, the school may not delay verifying a student’s FAFSA information until the tax return is actually filed.

The school is given the option, when the final tax returns are filed, to require an IRS tax transcript from each individual who was granted a filing extension. If the school does collect the IRS tax transcript, it must re-verify the IRS tax data. If corrections to the previous data are necessary, the student’s eligibility must be reviewed and award amounts recalculated on the basis of any change in EFC.

When a Tax Return Transcript is Not Available
In limited circumstances, the school may accept a signed copy of a 2014 income tax return if it determines that obtaining an IRS tax transcript is not possible. The school must document the reason for allowing a student to do so. Currently, the Department of Education only permits three instances where a preparer copy of a tax return is acceptable:

- Tax returns from foreign countries and other specific locations
- Amended tax returns
- Victims of identity theft

If the student, parent or spouse, as applicable, filed a foreign or Puerto Rican tax return, a preparer copy of the tax return may be accepted in lieu of an IRS tax transcript. The income
information on a non-IRS form should be taken from the lines of the form that corresponds most closely to the AGI and taxes paid lines on a U.S. income tax return and converted to U.S. dollars.

Students or parents who filed an amended tax return cannot use the IRS Data Retrieval Tool, and, if they filed an amended tax return after initially using the IRS Data Retrieval Tool, they must submit the following documents to complete verification: 1) a signed copy of the original preparer’s tax return, or an IRS tax transcript (or other IRS-produced tax return record such as an RTFTP that contains the line item information required for verification) and 2) a preparer copy of the IRS Form 1040X that was filed.

**Victims of Identity Theft**

Victims of identity theft who cannot get a return transcript or use the DRT must call the IRS’s Identity Protection Specialized Unit (IPSU) toll-free number at 800-908-4490. After the IPSU authenticates the tax filer’s identity, she can ask the IRS to mail her an alternate paper tax return transcript known as the TRDBV (Transcript DataBase View) that will look different from regular transcript but that is official and can be used for verification. Unless you doubt the TRDBV’s authenticity, you don’t need to get an IRS signature or stamp or any other validation. In Dear Colleague Letter GEN-14-05 issued 3-25-14, ED rescinded the guidance previously in effect for 2013-14 and 2015-16 on what constitutes acceptable income documentation for identity theft cases.

**Non-Filers (V1, V5 or V6 Tracking Groups)**

A student, spouse or parent who had income earned from work, but did not file and was not required under IRS rules to file a federal income tax return, must submit a copy of Form W-2 or 1099 for each source of employment income received for tax year 2014. In addition, each person reporting income earned from work must sign a statement certifying that he or she has not filed, and is not required to file, an income tax return for tax year 2014. Finally, each person must list the sources of income earned from work and the amounts of income for tax year 2014 that is not reported on a Form W-2. The signed statement and the list of earned income not reported on a W-2 can be part of a verification worksheet.

It may be desirable in some cases to confirm a claim of non-filer status by collecting an IRS Verification of Nonfiling letter. Note that IRS letters dated earlier than June 15 of the year following the tax year requested will not accurately reflect the taxpayer’s nonfiling status. Therefore, to help ensure accuracy in the 2014-15 verification process, ED advises schools not to accept a Verification of Nonfiling letter for the 2014 tax year that is dated prior to June 15, 2015.

An AGI figure is not available for persons not required to file a tax return. A non-filer reports all income earned from work (whether or not it appears on a W-2 form) on the appropriate “income earned from work” lines of the FAFSA. Income earned from work should never be reported as “untaxed income” on the FAFSA, even if taxes are neither owed nor paid on this earned income. If someone whose income data was required on the FAFSA indicates non-filer status on a Verification Worksheet, but the administrator has reason to believe that this person would have been required to file a U.S. tax return, this constitutes conflicting information and must be resolved before aid can be disbursed. One frequently encountered situation occurs when the parents of a dependent student who are neither citizens
or permanent residents of the U.S. report foreign income on the FAFSA. When a non-filer reports income from work on the FAFSA that is above the IRS filing requirements, the FAFSA is rejected with reason code 20. The applicant can only resolve the reject by furnishing an appropriate tax-filing status or amending the amount of income reported. On the other hand, a FAA can override the reject without changing the responses to the data items, but should do so only after documenting both the correctness of the non-filer status and the dollar amounts of the income earned from work.

### 2014 “Who Must File” Chart (for most taxpayers)

<table>
<thead>
<tr>
<th>If your filing status is...</th>
<th>AND at the end of 2014 you were*...</th>
<th>THEN file a return if your gross income** was at least...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>under 65</td>
<td>$10,150</td>
</tr>
<tr>
<td></td>
<td>65 or older</td>
<td>$11,700</td>
</tr>
<tr>
<td>Married filing jointly***</td>
<td>under 65 (both spouses)</td>
<td>$20,300</td>
</tr>
<tr>
<td></td>
<td>65 or older (one spouse)</td>
<td>$21,500</td>
</tr>
<tr>
<td></td>
<td>65 or older (both spouses)</td>
<td>$22,700</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>any age</td>
<td>$3,950</td>
</tr>
<tr>
<td>Head of household</td>
<td>under 65</td>
<td>$13,050</td>
</tr>
<tr>
<td></td>
<td>65 or older</td>
<td>$14,600</td>
</tr>
<tr>
<td>Qualifying widow(er) with dependent child</td>
<td>under 65</td>
<td>$16,350</td>
</tr>
<tr>
<td></td>
<td>65 or older</td>
<td>$17,550</td>
</tr>
</tbody>
</table>

*If born on January 1, 1949, you are considered to be age 65 at the end of 2014.

**Gross income** means all income received in the form of money, goods, property, and services that is not exempt from tax, including any income from sources outside the U.S. or from the sale of your main home (even if you may exclude part or all of it). Do not include social security benefits unless (a) you are married, filing a separate return and you lived with your spouse at any time in 2014 or (b) ½ of your social security benefits plus your other gross income is more than $25,000 ($32,000 if married filing jointly).

***If you did not live with your spouse at the end of 2014 (or on the date your spouse died) and your gross income was at least $3,950, you must file a return regardless of age.

NOTE: If a parent (or someone else) can claim you as a dependent, you must file a tax return if you are under age 65, either single or married, and had earned income over $6,200 or unearned income over $1,000. If an individual has earnings from self-employment exceeding $400, he or she would also be required to file a tax return.

**“Zero” Income**

Occasionally, a student or the student’s family may report zero income for the base year. If a student’s sole source of family income was from public assistance or social security, the reported income on the FAFSA would be ‘zero’ because these income sources are not required to be reported on the application. There may be tax write-offs that produce a negative AGI or the student may have failed to report untaxed income.
If the individual had no income earned from work, and did not (and was not required to) file a tax return, he or she would complete the signed statements on the verification worksheet (or the equivalent) to verify non-filer status and zero earned income. Applications with ‘zero’ income are noted in the CPS edits and may be one of the factors that lead the CPS to select that application for verification. Even if not selected for verification, it may be appropriate to ask for further information regarding support. Such inquiries should focus on unreported untaxed income, in-kind support or money paid by someone else on the student’s behalf.

Any cash support for the student, other than support from a parent for a dependent student, counts as untaxed income and should be reported on the application. In-kind help from a friend or relative – such as using a room at an aunt’s house or eating meals with her family – would not be considered untaxed income or reported on the FAFSA. Professional judgment may be used to adjust income line items to reflect unreported sources of income when the tax return(s) have a zero or negative AGI or to account for the value of in-kind support (e.g., excluding the housing allowance from the COA budget).

**Other Untaxed Income**

For students selected for verification under the Household Resources Group (tracking flag V6) you can verify these items by obtaining a statement giving the sources and amounts of income and signed by the student and, if appropriate, one parent. This information can be collected using a verification worksheet. Also get a copy of any W-2 form for these sources.

If you determine that the total of the other untaxed income and all other sources of income does not appear to be sufficient to support the number of household members reported, the student and, if appropriate, his parents or spouse must explain how the family was financially supported during the 2014 calendar year. Your financial aid office decides what is sufficient financial support and what is evidence of that, and your office must document its decision in each case.

**Tax Filing Requirements for Non-Citizens Without SSNs**

Noncitizens must file a U.S. federal income tax return for wages earned while working in the U.S. regardless of whether that income comes from U.S. or non-U.S. sources, unless the only income received from a U.S. source is less than the personal exemption amount. Not having a Social Security Number (SSN) does not prevent an individual from filing a federal tax return when otherwise required by the IRS to do so. If a resident or non-resident alien is required to file a federal tax return but does not have and is not eligible for a SSN, the IRS will instead issue an Individual Taxpayer Identification Number (ITIN) so he or she may file the necessary tax return. Individuals with ITINs enter it on their tax returns wherever a SSN is required.

If any individual (with an ITIN or SSN) was required to file a federal tax return (e.g., his or her wages meet the IRS threshold for filing), but did not file one, this constitutes conflicting information which must be fully resolved before you may continue processing the student’s federal aid application.

A tax filer without an SSN whose information is reported on a FAFSA will not pass the IRS Data Retrieval Process because the ID number for the individual is reported as all zeroes on the FAFSA. IRS tax transcripts would have to be obtained for these individuals.
### Signature Requirements Chart

<table>
<thead>
<tr>
<th>Document</th>
<th>Required Signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student’s IRS Tax Return Transcript</td>
<td>Filer’s signature encouraged but not required*</td>
</tr>
<tr>
<td>Parent’s IRS Tax Return Transcript</td>
<td>Filer’s signature encouraged but not required*</td>
</tr>
<tr>
<td>Student’s IRS Record of Account Transcript</td>
<td>Filer’s signature encouraged but not required*</td>
</tr>
<tr>
<td>Parent’s IRS Record of Account Transcript</td>
<td>Filer’s signature encouraged but not required*</td>
</tr>
<tr>
<td>Student’s U.S. Tax Return (if collected)</td>
<td>Any one of the following:</td>
</tr>
<tr>
<td></td>
<td>Student</td>
</tr>
<tr>
<td></td>
<td>Student’s spouse (if married)*</td>
</tr>
<tr>
<td></td>
<td>Tax preparer, including Social Security Number (SSN) or Employer Identification Number (EIN) or Preparer Tax ID Number (PTIN);</td>
</tr>
<tr>
<td></td>
<td>Tax preparer’s stamp, including SSN, EIN or PTIN;</td>
</tr>
<tr>
<td></td>
<td>Tax preparer’s name, plus the SSN, EIN or PTIN printed or typed</td>
</tr>
<tr>
<td>Parent’s U.S. Tax Return (if collected)</td>
<td>Any one of the following:</td>
</tr>
<tr>
<td></td>
<td>Parent whose income is on the form</td>
</tr>
<tr>
<td></td>
<td>Tax preparer, including SSN, EIN or PTIN;</td>
</tr>
<tr>
<td></td>
<td>Tax preparer’s stamp, including SSN, EIN or PTIN;</td>
</tr>
<tr>
<td></td>
<td>Tax preparer’s name, plus the SSN, EIN or PTIN printed or typed</td>
</tr>
<tr>
<td></td>
<td>For joint returns, only one parent’s signature is required.</td>
</tr>
<tr>
<td>Dependent Student Verification Worksheet</td>
<td>Student and at least one parent</td>
</tr>
<tr>
<td>Independent Student Verification Worksheet</td>
<td>Student</td>
</tr>
<tr>
<td>Child Support Statement</td>
<td>Student, Spouse or Parent who pays the child support</td>
</tr>
<tr>
<td>Third Party Documentation – e.g., court documents, letters from postsecondary institutions</td>
<td>At the discretion of the school</td>
</tr>
</tbody>
</table>

Note: Faxed or photocopied signatures on verification documents are acceptable assuming that they are legible. Any required signatures must be collected at the time of verification and cannot be collected after the verification deadline for that award year.

* Required if doubt the authenticity
The Below chart from irs.gov indicates the type of transcripts available:

<table>
<thead>
<tr>
<th>Transcript Types</th>
<th>Get Transcript Online</th>
<th>Get Transcript by Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tax Return Transcript</strong> - shows most line items from your tax return (Form 1040, 1040A or 1040EZ) as it was originally filed, including any accompanying forms and schedules. This transcript doesn’t show account changes made after the return is processed. A return transcript usually meets the requirements of lending institutions offering mortgages and student loans.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Tax Account Transcript</strong> - shows basic data including return type, marital status, adjusted gross income, taxable income, credits and payments. It also shows adjustments made by you or the IRS after you filed the return. <strong>Note:</strong> If you made estimated tax payments and/or applied your overpayment from a prior year tax return to your current year tax return, you can use this transcript to confirm these payments or credits a few weeks after the beginning of the calendar year prior to filing your current year return.</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Record of Account Transcript</strong> - combines the information from both the tax account and tax return transcripts.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>Wage and Income Transcript</strong> - shows data from information returns reported to the IRS, such as W-2s, 1099s and 1098s. Current tax year information may not be complete until July.</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>Verification of Non-filing Letter</strong> - proof from the IRS that you didn’t file a return this year. Current year requests aren’t available until after June 15. This letter doesn’t address whether you, the taxpayer, are required to file a tax return for a given tax year. A taxpayer may fail to file a tax return even though he/she is required to do so.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Completing the Verification Process

When all necessary verification documents have been obtained from a student, they should be compared with the information reported on the SAR/ISIR. If verification shows that all the information provided on the SAR/SIR is correct, and there is no conflicting information, aid for which the student is eligible may be awarded and disbursed.

Verification Status Codes

For 2014-15, the valid code values are V, W, S and blank. When a Federal Pell Grant is disbursed, the student’s verification status must be reported to COD, even if he or she was not selected for verification.

Use “V” when a student record has been verified (includes students who were not selected by the CPS but chosen for verification by the school).

Report a “blank” if the student was not verified due to not being selected by the CPS or the school, or if the student was selected for verification after he or she was no longer enrolled.

A “W” is reported ONLY if an interim disbursement was made on a record selected for verification and for whom verification has not been completed. A “W” automatically limits the scheduled Pell award to 50% and, if not changed to “V” or blank by the end of the year, the percentage is reset to zero and the school is required to return any funds drawn for that student. [See Chapter 11 of this manual for more information on interim disbursements.]

The “S” code is used for students selected for but excused from verification due to lost or damaged financial records resulting from a natural disaster or if the school participates in the Quality Assurance Program and the application did not meet the school’s verification criteria.

<table>
<thead>
<tr>
<th>VERIFICATION STATUS CODES</th>
</tr>
</thead>
<tbody>
<tr>
<td>V</td>
</tr>
<tr>
<td>W</td>
</tr>
<tr>
<td>S</td>
</tr>
<tr>
<td>blank</td>
</tr>
</tbody>
</table>

Reconciliation of Conflicting Information

If, after collecting the information and documentation required for verification, it is discovered that the information submitted conflicts with the information reported on the aid application, the school must reconcile all information received and submit the corrections to the CPS for reprocessing. There is one exception to this requirement: if the student dies during the award year.

During the process of reviewing the submitted documents, it may become apparent that some FAFSA data items – both required data items and others that that were not required (or weren’t selected) for verification – are questionable or erroneous. For example, the IRS tax transcript can reveal assets that were not reported on the FAFSA, income earned from work that was not correctly reported, or unusual differences between tax exemptions and the FAFSA household size. Schools may develop their own criteria for uncovering which additional data items seem to be most error prone.
If the school has any reason to believe a FAFSA data item is in error, even if it is not a required verification item, the discrepancy must be verified as correct prior to awarding or disbursing any Pell or campus-based funds, employing a student in the FWS program, originating a Federal Direct Loan or disbursing a previously certified Direct Loan.

The requirement to resolve inaccurate and conflicting information is separate and distinct from the verification requirements and supersedes all verification rules. Federal student aid cannot be disbursed to a student for whom conflicting information has not been resolved. Further, if you discover discrepancies after disbursing federal student aid, you must reconcile the conflicting information and require the student to repay aid received in excess of his or her eligibility.

**Subsequent ISIRs**

Whenever a change to FAFSA information is submitted to the Department, the applicant’s FAFSA record is reevaluated under the verification selection model. While the change may not, in itself, result in the applicant being selected, in some instances the review of the entire record could result in the applicant being selected for verification. All subsequent transactions for a student must be reviewed, even if verification was completed on an earlier transaction. Any changes to the EFC, “C” flags, comments or NSLDS information should be reviewed and evaluated along with any updates or corrections that may have been made to the application data.

If the EFC has not changed and there are no changes in the “C” flags or NSLDS information, or if the data elements that changed were previously verified, then no action is required beyond a notation in the file.

If on a subsequent transaction a previously unverified student is selected for verification or new data elements are flagged that were not previously verified, the school must require the student to verify the information, except that the student does not have to resubmit documentation for the FAFSA information previously verified, if the verified information remains unchanged.

If the EFC has changed, or if there are changes in the “C” flags or NSLDS information, then these matters must be investigated and any conflicts resolved. A conflict is considered resolved when the administrator has determined which data are correct, has collected any required additional documentation, submitted any necessary changes to the CPS for reprocessing, and made the appropriate notation in the student’s file.

If the resolution involves confirming that a determination for a previous transaction was the correct one, it is possible that no further action need be taken, except to document the finding in the student’s file.

**Internal Controls and Quality Assurance**

The FSA Participation Agreement signed by each college president requires that a school demonstrate the capacity to properly and efficiently administer the Title IV and HEA programs. Part of a school’s demonstration of administrative capability is the presence of an adequate system of internal checks and balances. Furthermore, New York State’s Internal Control Act of 1987 requires that all state agencies, including City University of New York, have a formal internal control program that involves assessing the risks associated with its critical administrative functions. Each agency must conduct periodic reviews of its internal
control mechanisms to determine whether adequate and effective control measures have been implemented. It should be noted that over the past several years ED has conducted numerous program reviews focused on verification compliance. Verification violations make up a significant percentage of federal audit and program review findings.

To better assure compliance with these regulations, each CUNY financial aid office must review its internal controls to ensure the accuracy of its verification process. Each college should provide their personnel with extensive training on verification and file review along with periodic refresher training as needed. When a counselor or staff member first begins doing verification, his/her work should be reviewed by a more experienced professional or senior staff member until proficiency is assured. Subsequently, the work of each counselor or staff member doing verification should be periodically spot checked for accuracy and completeness. Finally, each college must establish and maintain a formal process to check its verification files on an ongoing basis to make sure that federal requirements are being met.

**Changes in Application Data**

**Corrections** For students not selected for verification, any processing errors that would affect the student’s eligibility for federal student aid or would change the EFC must be submitted to the CPS for reprocessing. If the school has reason to believe that any of a student’s FAFSA information is inaccurate, the information in question must be verified and the necessary corrections submitted for reprocessing before awarding and disbursing from the subsidized (that is, need-based) federal student assistance programs.

For students selected for verification and receiving subsidized student aid, changes that result to any non-dollar item and to any dollar item of $25 or more must be submitted to the CPS for re-processing. If a disbursement has been made to a student based on information that is later found to be incorrect, the corrected/updated information must be used to determine the correct award, and either prior or future disbursements adjusted so that the student receives the correct amount.

**Updates** Although students and schools can correct items that were incorrectly reported on the original FAFSA, only a few answers from the FAFSA can be updated to reflect changes after the FAFSA was signed. In general, information that is correct as of the date the FAFSA was filed cannot be changed; but there are 3 items – dependency status, household size, and number enrolled in postsecondary education – that under certain circumstances must be updated. If a student’s dependency status changes at any time during the award year, the application data must be updated, whether or not the application was selected for verification, except when the update was due to a change in the student’s marital status. The updated information has to be reprocessed through the CPS, even if there is no change in eligibility. The school, at its own discretion, may update dependency status due to a change in the student’s marital status if the school determines that the update is necessary to address an inequity or more accurately reflect the student’s ability to pay. If the school chooses to update the student’s marital status, all updated information must be consistent with the status change, including household size, number enrolled in college and spousal income.

For students selected for verification, household size and number enrolled in college must be updated to be correct at the time of verification unless the change is the result of a change in the student’s marital status. This information also has to be reprocessed through the CPS before awarding and disbursing aid even if there is no change in eligibility. The school, at its
own discretion, may update household size and number in college due to a change in the student’s marital status if the school determines that the update is necessary to address an inequity or more accurately reflect the student’s ability to pay. [See Chapter 1 of this manual for more information on updating student marital status.]

If the parent of a dependent student remarries after completing the FAFSA but before completing verification, the household size must be updated to include the new stepparent. However, the income and assets of the new stepparent would not be counted in the calculation, though the administrator may use professional judgment to do so.

**Valid ISIR Required** A valid ISIR is defined as an output document with an official EFC that is based on application information that is correct and complete on the date the application or correction was signed. If a student’s FAFSA information changes as a result of verification, all corrections or updates to any non-financial item or to any single dollar item of $25 or more must be submitted to the CPS for reprocessing. The valid ISIR reflecting these corrections and containing a final and correct EFC must be received by the school and used as the basis for determining the student’s eligibility for all need-based federal assistance programs. The school must also recalculate the student’s eligibility for Federal Pell Grant and adjust his or her awards package on the basis of the corrected EFC on the valid ISIR.

*Note: In prior award years, schools were not always required to obtain a “valid” ISIR in order to make disbursements of federal student aid funds. If the school determined through its own calculations that a student’s award amounts or EFC did not change, it did not have to submit the changes through the CPS. However, the revised verification regulations stipulate that the school must receive a valid ISIR and use it as the basis for awarding and disbursing federal student aid. By definition, a valid ISIR can only be created after the corrected information has been processed through the CPS.*

To make changes to a student’s record, the school must have signed documentation from the student and parent (if dependent). This could include a signed corrections statement on a SAR (or equivalent statement on a corrections worksheet), tax transcript (or other tax documents) from student or parent, or other signed documentation as appropriate to the nature of the corrections being submitted.

**Adjustments** These occur when a financial aid administrator changes application data in the exercise of his or her professional judgment. If an application has been selected for verification, the school must perform verification on all the required FAFSA data items, collect the necessary worksheets and documentation, submit any changes to the CPS and wait for the corrected ISIR before using PJ to perform an income or expense adjustment. The school must then submit the PJ adjustments to the CPS on a new transaction. Changes to a student’s information as a result of verification, and PJ adjustments to that information, may not be submitted on the same transaction. The school may not submit PJ changes to the CPS until it has received an ISIR confirming the processing of any corrections resulting from verification.

All adjustments made from an administrator’s exercise of professional judgment must be submitted to the federal processor using the appropriate processing flag designating the change as a PJ adjustment, and not as a simple data correction.
Note: if a student applicant has not been selected for verification, the school is not required to complete verification before performing a PJ adjustment, unless the school has a policy to select for institutional verification all students who request PJ adjustments. If a PJ causes a previously unselected record to be selected for verification, the verification would be performed from the ISIR transaction on which the PJ was based.

**Tolerance Option**

Any changes to an individual dollar item on an applicant’s FAFSA that is $25 or more must be submitted for reprocessing. For example, if the difference reported for the AGI = $24 and taxes paid = $5, the institution would not be required to submit changes for reprocessing. However, if the difference for the AGI = $25 and taxes paid = $5, the institution would be required to update all changes, not just the change that exceeded the tolerance. Note that all corrections to non-dollar items must be submitted to the CPS for reprocessing.

**Selected For Verification After Disbursement**

If as a result of a correction or update, an application which was not originally selected for verification becomes selected, and the student has already been awarded and disbursed aid based on the previous unselected output document, the student must complete verification before any additional disbursements are made.

If the student does not complete verification, no further aid may be disbursed and the student must repay any Pell, FSEOG, or Perkins disbursed under the unverified application. The student would not be required to repay any FWS wages earned or any Stafford loan funds disbursed. If the completion of verification reveals a change of information, the data must be reprocessed through the CPS and, if there is a change in eligibility, prior and future disbursements adjusted so that the student receives the correct amount.

If the student is selected for verification after ceasing to be enrolled for the award period (with no plans to re-enroll) and all aid for the enrollment period has been disbursed (including any late disbursements), the student may be excused from completing verification and would owe no repayment on any federal aid disbursed on the unselected ISIR.

**Verification Extension Deadline**

If a SAR or ISIR with an official EFC has been processed while the student is enrolled and eligible for payment, and that student aid record has been selected for verification, the student is given a 120 day grace period after his or her last day of enrollment (but no later than September 26, 2016) to complete the verification process.

*Note: an ISIR with an “official” EFC is not necessarily the same as a “valid” ISIR. An official EFC is an EFC that has been calculated by the CPS based on the FAFSA information submitted (whether that information is correct or not) and appears on the output document produced by the CPS. A “valid” ISIR is an output document with an official EFC that is based on application information that is correct and complete on the date the application or correction was signed.*

The revised regulations allow schools to submit all corrections or updates resulting from a student completing verification after they are no longer enrolled, but within the 120 day grace period, and then use the valid ISIR with the corrected EFC to award and disburse Federal Pell Grant (subject to the late disbursement rules and R2T4 requirements, if applicable).
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*Note: in prior years, students could not be awarded a late disbursement of Pell based on the corrected ISIR if the corrections resulted in an EFC that was lower than the EFC the student had on the last day of enrollment. In these cases, they would have had to have been paid on the higher of the two EFCs even if incorrect. The revised regulations now require that Pell eligibility for these students be determined from the corrected EFC on the final valid ISIR.*

*See Chapter 11 of this manual for information on the R2T4 and late disbursement requirements.*

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**Failure to Submit Documentation**

A student must provide all information or documents requested by either the Department of Education or the school to satisfy verification requirements or to resolve instances of conflicting or discrepant information. If a student fails to provide the required documentation by the established deadline, or the school fails to obtain a final valid ISIR, he or she:

- Forfeits Federal Pell Grant for the award year;
- May not receive disbursements of additional Federal Pell, FSEOG or Federal Perkins Loan funds;
- May not continue in an FWS job;
- May not have a Federal Direct Loan originated or receive further disbursements of loan funds; and
- Must repay any disbursements of Federal Pell Grant, FSEOG or Federal Perkins Loan already received.

If the school has received any proceeds for a Direct Subsidized Loan on behalf of the student, the school must return all or a portion of the funds to the program under the excess cash tolerance regulation [34 CFR 668.166(b)]. If the student received any interim disbursement of FSA funds before the student completed verification, the school is responsible for returning the money to the programs.