

had not gotten a divorce yet. That would be one. But I guess that's the only one I could think of; and my second question is with regard to verification: If they do change, and I think you said that's still under construction as far as whether they will be selected for verification – if they change that information, you're just alerting us that they changed that information. You're not flagging them for verification, is that accurate?

[BROWN:] Right. There are no current plans to change the whole verification selection process.

[AUDIENCE:] Okay. Thank you.

[CLARK:] Just to follow up on your question here: If someone filed a foreign tax return as well as a US tax return, they could go out and retrieve that and then know they're supposed to add the foreign income to it, we should not stop them from doing that. We want that information so that's another example. And another example is if they are married and filing separately, which is this little 5% of the population, we currently don't have enough data to know whether that's in conflict. So they could go out and retrieve it and it could be wrong, so this is part of why we're walking cautiously right now.

[AUDIENCE:] Well you bring up an interesting point on the married filing separately, because it's my understanding on those tax returns, they are supposed to supply the Social Security number of the other spouse, correct?

[CLARK:] Right.

[AUDIENCE:] So do you know if there is a plan in the future to track that, to be able to combine those two to say. Because that's a – for instance right now, if we get a married filing separately tax return but we don't get the other tax return from the other spouse, we're supposed to look at that as conflicting information and say we need your other tax return. Do you know if down the road if that will produce a flag saying you need another tax return?

[BROWN:] Well, and it could. One of the things that we do want to get back is that tax filing status. And so again that can be an edit that we could build in. Let people go out that were married filing separately, do the data retrieval but, again, be able to see that there was another tax filing number on there and then again send some flag associated with that.

[CLARK:] Or in the future offer an opportunity for both the individuals to go out and get it and then add it together themselves or we could go out and know it and add it together, but this is just our first round you know, and so, but we are aware of that and those are the kinds of things we hope to solve for in the future.

[AUDIENCE:] Thank you.



[AUDIENCE:] Good evening. I would like to ask a question in regard to: If we're going to do the retrieval from the IRS, there are items on the tax return that cannot be populated into the FAFSA – for example, money in the bank – on the tax return that will just show the interest, but that will not be populated on the FAFSA. If it doesn't get populated in the FAFSA, what is to stop the student writing whatever he wants if that's under question of verification or looking at the tax return?

[BROWN:] Currently the IRS is only willing to return to us data that is actually needed to complete the FAFSA. So, you know, there is all kinds of information that we report on our tax return but it is not required to complete the FAFSA, and that is the only information that they are willing to return to us.

[AUDIENCE:] If FAFSA asks for money in the bank or how much money you have currently, that's not going to be able to come from the IRS.

[CLARK:] That's true. It's like the current process. It's a self-reporting value, and there is no difference, you know.

[AUDIENCE:] But if I look at the tax return I can see if there is interest or if there is no interest. But if I do it from the IRS I am not going to be able to see that.

[CLARK:] Yes and that would be an option and that might be a reason why you might want to still collect tax returns and look at them. We're just trying to solve toward a problem that, if the data elements that we are required by law to verify are verified through this IRS process, then you wouldn't have to verify those data elements.

[AUDIENCE:] Thank you.

[BROWN:] #5.

[AUDIENCE:] Hi there. I've got 3 questions. Hopefully this won't take too long. If we're seeing that students who choose to do the transmittal process are potentially selected for verification by random selection, can a student go back in and print a copy of that tax information or a parent and use that for verification?

[BROWN:] Well that may be something that we can consider, because one of the options is to just simply print the information out. And so, again, we may, through the verification process, say that they can present that in lieu of an actual tax return.

[CLARK:] That decision has not been made (audience laughter).

[AUDIENCE:] You may have answered this already but . . .

[BROWN:] And they can only access this through FAFSA On The Web, so they can't type in some URL of this IRS site and they'll be able to see the URL when they are in



FAFSA On The Web but they will not be able to access it outside of FAFSA On The Web.

[AUDIENCE:] The 2011-2012 version – are you anticipating to have that option for students right after January 1?

[BROWN:] Now that's what we're hoping that again if the IRS can make the files available to us sooner, so you know starting after January 1 and when people file their tax returns, what they tell us that if somebody files their taxes electronically that they can have those transfers available in like 24 to 48 hours. And so what we're envisioning for 2011-2012 that if somebody comes in to FAFSA On The Web, they are completing their FAFSA, they say that they've already filed their 2010 tax return, and we could just simply say, you know if you filed your tax return within 48 hours ago or 72 hours ago, you can access this, though again they can know, did I file electronically 72 hours ago. If so, my information should be in the database and let me go use this data retrieval process. Again, there may be a different timeframe for people that file using paper, so again, but that's what we're envisioning for 2011-2012.

[CLARK:] Those are the kinds of requirements that we want to know from you all and will be working on that. We're trying to get 2010-2011 up right now, even 2010-2011 FAFSA.

[AUDIENCE:] And that's if prior-prior year doesn't show up.

[BROWN:] Well, but the thing is, I think if we could do something like that, it would possibly eliminate the need for prior-prior year, because again, you would be able to get that information in more real time.

[AUDIENCE:] Thank you.

[AUDIENCE:] Hello. I just have some clarification questions. Earlier when the gentleman asked about the indicators will come off if a change was made – Did you state that if they go back and put the exact amounts in there that was in there originally the indicators would go back on?

[BROWN:] No, they would actually have to go back through the data retrieval process to get those, to get the data repopulated and to get those indicators reapplied to the application.

[AUDIENCE:] So then the data transfer can happen on any transaction, not just the 01.

[BROWN:] Right.

[CLARK:] Right now it's just on the 01 transaction. We're looking at putting it into Corrections In The Future.



[AUDIENCE:] So for 2009-2010 in January, it's only on the 01?

[CLARK:] Right.

[AUDIENCE:] Okay. And then for the name population, if this were 2009-2010 where the initial would just go in or going forward, which I guess you'll present tomorrow, will the full name of the parents be populated on the IRS data?

[BROWN:] Whatever they enter in on FAFSA On The Web, that is what we are going to move forward and populate into the IRS side. But if they had reported a different name – so let's say you know they're official name is William, they reported that in FAFSA, but they used perhaps Bill when they did their 2008 tax return – that's what the IRS is going to be looking for – Bill. So that person would need to update that William to Bill on the IRS authentication screen.

[AUDIENCE:] Okay, thank you.

[BROWN:] I mean, I think those situations should be rare. I think most people are using – they should be using – they know, okay. But anyway, so when we do our Social Security match, we're matching on the first and last name and the date of birth, and Social Security number and that is what our Social Security match is looking for. I am not sure what the IRS match looks for but what they tell us that they will be matching on is whatever was reported on that relevant tax return.

[SPEAKER:] #5.

[AUDIENCE:] First of all, I would like to compliment you on the steps that have been taken to make this process work.

[BROWN:] Oooh, you just don't know!

[AUDIENCE:] My original question was going to be - Can the student go in after you've started to load the data even though they initially did the application and the information wasn't available, could they go back in in a kind of a verification mode and resubmit the data so that it would pull the data in. You've answered that just the way I would like to see it happen, and again I commend you.

[BROWN:] Yeah, but you know for this time again, because we do not have it in Corrections, but in the future they could go back into Corrections and they've already reported, have their application submitted, and they can go back in Corrections and then download that information. Those indicators would come on that corrected record so. But, not for this implementation, but hopefully for the one we are going to do in July.

[AUDIENCE:] Again, I commend you.

[BROWN:] Well, thanks.



[AUDIENCE:] Because you've answered my question without me asking it and I know that one of the things that concerns me is that when individuals put the information on the applications, they don't always believe that the information has to be correct. They figure out that there is a way that they can get around it, but I think by working together the way you're doing here, and presenting options to the consumer, that we are encouraging the reporting of correct information and it really goes a long way in helping us to do the job that you expect us to do, and I commend you again.

[BROWN/CLARK:] Thank you.

[BROWN:] Hopefully this will even make it easier for applicants. They don't have to go up, go out and search for those tax returns.

[CLARK:] That they don't make a copy of.

[BROWN:] Yeah, that they did make a copy of . . . you know they can just go in here, simply do this data retrieval process, have access to the information. We know, hopefully, if it comes from the IRS it is accurate and then they could move on in the app.

[AUDIENCE:] And now possibly that doing this is much better than prior-prior year.

[CLARK:] Yeah. We sort of look at this as the opportunity for the taxpayer to – we all have to look at it sort of positively like we're saving the taxpayer from having to go find their file and pull it out. They're going to actually be able to transfer this information in. They are going to put the right data elements in the right fields because they don't have to go like oh, field 36, and make sure that they match up. So that's the process that we're in here. We're helping the student make this process easier. We hope to eventually be able to make it easier for financial aid administrators in the verification process, but that's certainly not mine or Michele's decision to make. So, policy will have to weigh in on that.

[AUDIENCE:] Hi. If a student answers all the dependency questions, making them a dependent student but their parents filed a foreign income tax return or they are in a situation that would merit a dependency override, would the student be able to access their IRS data without the parents also accessing the IRS data?

[CLARK:] Yeah, it's a separate process for the student and a separate process – the student – at the point a dependent student's parent gets there, they can say I want to go to – if we present it to them because they have filed and they need the other criteria, they can opt to go get it. They can opt to go look at it and not bring it back, or they can opt to not even go there. And then when the student gets to their part where it says what is your AGI, did you complete a tax return, we'll offer them the opportunity. If they meet the criteria, they can go over and get theirs, even though their parent didn't. And if a student and a parent both go get the data but a parent changes one of those data



elements, all of the indicators will go away on the parents, but all of the indicators on the student's will stay there, because that's still his or her IRS data.

[AUDIENCE:] Hi. I have a verification question for you. We've talked about IRS data retrieval but what happens to things like investment income and business income in case the ISIR gets picked or flagged for verification? Oh, are those fields going away or are we still going to be dealing with those?

[CLARK:] What you need to understand right now is nothing has changed with verification for 2009-2010 or 2010-2011. There are no rule changes. If the student is selected, you need to get a tax return, even though it says the IRS data is there. Because we aren't driving policy's decisions about verification. Nothing's changed until you get notified of it. In the future with the simplification of the FAFSA and the things that even Arne mentioned this morning about if your assets are less than \$250,000, we may not even ask those questions. So, until negotiated rule making is over and any other changes happen to the FAFSA questions, your process of verification remains the same.

[AUDIENCE:] Okay. So now if we can get the Department of Homeland Security to talk to the Social Security Administration to communicate regarding citizenship issues that would be even better. Thank you for trying to do this process, I know it is very complex.

[CLARK:] Right. We're working with all of them.

[AUDIENCE:] You may have already answered this but what happens if a student or a parent does check – they want to do the data retrieval but there is no data out there. Will the IRS come back and say there is nothing there, then they just go in and self-report?

[CLARK:] Yes, right. The student will get all kinds of messages from the IRS at their site depending on the status, and then the student will just be brought back to the FAFSA and then they'll just finish it and have to provide their own data.

[AUDIENCE:] Okay. Will that apply also for say 2011-2012 when hopefully we can start this in January, the parent may have done the paper tax return, it is not in the database yet, so it will give them that error message, and then they either wait and keep checking? Or they go ahead and self-report.

[BROWN:] Yeah, as a part of this process, I mean if they can't authenticate, IRS within their system is going to have all types of messaging back to the taxpayer. So if they are unable to authenticate, there are messages and things that go with that. If there is no data found, there is messaging that goes along with that. So, there will be a whole set of messages and information provided from the IRS based on the information that's provided.

[CLARK:] We haven't finalized stuff for 2011-2012, so we don't know yet.



[AUDIENCE:] Right. Okay, so the application received it, and I am thinking about our state's deadline for state aid, if that came back and it wasn't in the database yet, we might want to tell them to go ahead and self-report so that they don't miss the state deadline then?

[CLARK:] Right, correct. We want to emphasize it. Nothing's changed about the financial aid application process as far as when the student should do it. This shouldn't drive that if you have state deadlines and stuff that they need to meet, yes.

[AUDIENCE:] Okay, thank you.

[AUDIENCE:] I would also like to thank you for all your hard work. I'm sure you've had a lot of late nights getting this done. I have just a couple of questions. Is there a limit to the amount of times a family can authenticate their data with the IRS?

[BROWN:] Currently there has not been any limit communicated, but I don't know. They may start to get a little bit suspicious if people – because the IRS is going to be monitoring this site and all of that, so I mean they could get a little suspicious if people kept going out trying to use the site.

[AUDIENCE:] My concern is that families sometimes don't remember the form that they filed with the IRS. So they might think they filed a 1040 but they really filed a 1040EZ, and that doesn't match – they would have to try again.

[BROWN:] And, really that does not matter so much. I mean they are going to be telling us that they filed a 1040 and what's going to happen is that's not some of the information that we're going to be passing over to the IRS. We're just passing the name, the date of birth, and Social Security number. Now, but the IRS on their side will actually return to that taxpayer the type of form that they filed. So they will be able to see on the IRS data screen the actual type of tax return that was filed.

[CLARK:] The IRS is only asking filing status – did you file married, filing jointly, or did you file separately, or did you – whatever – head of household or whatever. But, they will go find whichever type of tax return – 1040, 1040A or 1040EZ - and bring that back to the filer.

[AUDIENCE:] What will be returned if there is a professional judgment on and adjusted gross income is adjusted by a professional?

[BROWN:] Now those processes. Those things that are our processes won't have any impact on this. So you know if somebody goes out there, uses data retrieval. If subsequent to them submitting their application they need to work with you such that you do a professional judgment or whatever, you would just be going in the system and updating their information based on that professional judgment; and, again, if they had indicators because those indicators that come across from – you know, they had initially



done an IRS retrieval, then again those indicators are going to fall off, but they are working with you more directly around providing whatever is accurate or what needs to be reported based on their circumstance.

[AUDIENCE:] And just one last comment: If a family goes out and changes the information that was populated by the IRS, you may not be selecting them for verification but for me it's outside of verification. It brings up the question about conflicting information. So if the IRS information reports one AGI and the family goes in and changes it to another, to me that talks to whether or not there is conflicting information, which should require me to in some way resolve that.

[CLARK:] Well, like we mentioned before, it could be because they filed a foreign tax return. It could be because they filed an amended tax return. It might not be malicious for the reason that they changed it. It might be a very legitimate reason. They filed their taxes. IRS showed that was what they filed, but didn't update their IRS database and report back to them their amended amount, and so the student or parent knows that, and so they make a change. So it could be very innocent and legal and correct to do that. So it's not necessarily a fraudulent attempt.

[BROWN:] And you'll have the codes that we will be passing back and you can decide how you want to follow up based on the information that we provided.

[AUDIENCE:] I just want to verify 1 more time that for 2009-2010 the data retrieval can only be used on transaction 01 or can only be used once?

[BROWN:] Only on transaction 01.

[AUDIENCE:] So it's definitely tied to the number 01?

[BROWN:] Right.

[AUDIENCE:] Okay.

[CLARK:] It's when the student goes in and does their initial application or their renewal application, it will be presented to them. If they come back in to Corrections we haven't added it to the correction process, which is the 02 or higher transaction.

[AUDIENCE:] Okay, and Corrections will be available for 2010-2011?

[BROWN:] Hopefully.

[CLARK:] We're looking at that and we hope to. It's not been a definite decision.

[AUDIENCE:] Okay.

[CLARK:] But it shouldn't be difficult. 5?



[AUDIENCE:] I wanted to clarify a statement I think I heard – that if a parent retrieves data and they qualify for automatic 0 EFC, then the student would not be able to do their own IRS data retrieval.

[BROWN:] No, they wouldn't be presented it, because currently if a parent qualifies for auto 0, the students don't have to report income on the FAFSA. So there wouldn't be any need to present them with the data retrieval process.

[AUDIENCE:] My concern is I have students that are dependent for federal aid but independent for state aid, which is using that FAFSA data so they would be overstating their eligibility for state aid. Because the information wouldn't be presented for them.

[CLARK:] That's not correct.

[BROWN:] But the current process is those students wouldn't be submitting any income data anyway on the FAFSA.

[AUDIENCE:] But they are.

[BROWN:] Wait a minute. Okay, let's get you [Inaudible]. The income information? Okay. Oh, okay. What [Inaudible] is saying is that they can opt to provide their income information and so they would then be able to use the process.

[AUDIENCE:] But would they have to make that option or put something in before they would be able to go into IRS retrieval?

[BROWN:] They are asked the question 'do they want to provide their income information.' We can talk about it offline, but I think when they go through the application, even though their – if the parents were auto 0, we still ask the student, we give them the opportunity to provide their income information. It is not required but they ask if they want to provide it. And so then if they were to answer yes then they would have the opportunity to use the data retrieval.

[AUDIENCE:] Thank you.

[AUDIENCE:] Yes, ma'am. You mentioned talking about the students who would opt to go over and look and decide not to transfer the information. They would have to log back into FAFSA.

[BROWN:] Right.

[AUDIENCE:] Does the system save the information they've done up to that point.

[BROWN:] Yeah. It will save everything that they've done to that point and when they log back in, they will be returned to the point that they actually had responded to the



type of tax return file. I think we're just about out of time, so we'll just take these last 3 questions.

[AUDIENCE:] Okay. Our non-married students are notorious for filing as head of household and I know they need the qualifications. It is not recommended they do that but they are going to do it anyway. So, if we have someone that filed as head of household in 2010-2011, you will have a flag there, the 05 and 06, which is under construction. What will happen in 2009-2010 if they file as head of household but they are married – will we get some sort of flag? Will they be selected for verification or will we be notified of that information?

[BROWN:] Not for 2009-2010. We aren't getting filing status back in 2009-2010 so we don't know how they filed. That's the one question we did not get into 2009-2010 so we won't know. But the verification process for 2009-2010 is not changing at all. So if that student was going to get selected and you were going to see their tax return, nothing has changed about that. You still need to collect tax returns for everybody even though they have gone out to IRS. None of that's changed.

[AUDIENCE:] Okay, thank you.

[AUDIENCE:] You answered the question already about the indicator is going to happen only on the transaction 01 but how about the Comment Codes, will that happen only on transaction 01 or it will happen on the correct ISIRs, like the subsequent ISIRs also?

[BROWN:] No just on transaction 01 because again, they won't be able to use this in Corrections. So they'll stay there if they have not made any changes that would impact the data that was transferred over from the IRS.

[AUDIENCE:] So, I guess what I'm trying to understand is if, let's say they have corrected the information that gets transferred from the IRS, that Comment Code whatever you showed on the slide, that will show on the corrected ISIR?

[BROWN:] Yeah.

[AUDIENCE:] Okay, so it will be happening wherever the latest transaction, right?

[BROWN:] Right. As long as they don't make any changes or updates to that tax information that came over, that stuff will continue to show on any subsequent ISIRs.

[CLARK:] But it's also if they come in and make a correction and then it changes data or stuff in the Comment Code.

[BROWN:] Right and, again, if in any subsequent transaction and through Corrections they change some of the IRS data, again those indicators will come off.



[AUDIENCE:] Okay, thank you.

[AUDIENCE:] Good afternoon. I have a comment and observation: At the college that I work, we verified about 3500 files this year, which is a 55% increase for us. We noticed that there were quite a few increased incidents this year of non-custodial parents filling out the FAFSA on behalf of students rather than custodial parents for obvious economic reasons. So my suggestion would be, and I've been hearing it from a bunch of people here concerned about marital filing status, separate and all of that, is that re-strengthening the language on the FAFSA and add the word custodial to parent/stepparent so that it is plain and apparent that they should be reporting the custodial parent because at this point there is nothing to stop the non-custodial parent to go out and get this information and have that come in and is transferred through as IRS verified data, so just something to consider.

[BROWN:] All right. Well, I just wanted to go to this last slide that has my E-mail address and Marilyn's E-mail address and I'm just really happy that you guys stayed, listened to the session, had lots of questions and ideas, and I would encourage that, as we look at enhancing this for the 2010-2011 application and as we consider other things that we might want to do for 2011-2012, that you send your E-mails and send your suggestions to Marilyn or I. I mean, I think one of the things is that we really want to be able to demonstrate for the IRS that this is a benefit to our applicants to have this data retrieval process and that anything that we can do to further enhance it to simplify the process for applicants and their parents, it only strengthens the relationship and the perceptions of the two agencies. So please send your comments. I can't guarantee that I'll respond to everybody, but again we do make major changes to our systems based on the hints and ideas that we get from you guys. And so, we definitely will use that information to inform or continue to engage the IRS in this process. Thank you for attending this session. Please complete your evaluation, let us know what you think about this session, and about this process.