



# SPRING CONFERENCE

Kansas City, Missouri

*2003*

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# Verifying Applicant Information

## School & Student Responsibilities

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# Why is Program Integrity important?

- \$62 billion in grants, loans, and work-study assistance
- \$12.7 billion in Federal Pell
- 9.2 million postsecondary students and their families
- For Title IV programs to continue and to grow your actions insure...

..... that

- We provide the right amount of money;
- To the right person;
- At the right time; and
- In the right way.
- **Program Integrity is essential for the continued support of the public, Congress, and the administration for all Title IV programs.**

# The Law and its implementing Regulations

- Section 487 of the Higher Education Act of 1965 (HEA), as amended 20 U.S.C. 1094
- Subpart E - Verification of Student Aid Application Information 668.51 - 668.61

# Policies and Procedures

- An institution shall establish and use written procedures for verifying information - the procedures MUST -
  - state the timeframe the applicant has to submit the requested documentation
  - the consequences of not providing the documentation within the specified timeframe

# Policies and Procedures - cont'd

- the method of notification if the EFC changes and results in a change to Title IV aid
- the procedures to correct application data that is in error
- the procedures used by the inst to refer an overpayment as a result of verification to ED
- Written notification to the applicant by the institution must be performed in a timely fashion.

# Deadline dates & interim disbursements

- All required documentation must be submitted by the earlier of the institutionally provided deadline date or that of the Secretary
- See the August 15, 2002 Federal Register (67 FR 53345)
- If the institution believes that the application data is inaccurate
  - cannot DISBURSE, EMPLOY, or CERTIFY



# Deadline dates & interim disbursements - cont'd

- If the institution believes the application data is accurate, it
  - **may** make the initial disbursement of Pell or campus-based, for the first payment period
  - **may** allow the student to be employed in a FWS job for up to the first 60 consecutive days of the award year
  - **may** certify or originate a Stafford loan, but cannot deliver or disburse the loan proceeds
- If the institution makes an interim disbursement that causes an overaward, it is liable if not recovered from the student

# Deadline dates & consequences

- If the applicant fails to provide the requested verification documentation by the deadline
  - The institution may not disburse any additional Title IV aid or allow FWS employment
- If the documentation is provided after the institutional deadline, the institution may choose to accept the documentation and if otherwise eligible, award Title IV aid
- However - if the verified SAR/ISIR is submitted/received after the institutional deadline, but within the additional time established by the Secretary, Pell **must** be paid on the HIGHER of the two EFCs

# Deadline dates & consequences

- Also for Pell - if the student does not provide the documentation and if required, a valid SAR/ISIR within the addt'l time period (the earlier of 90 days from the LDA or 9/2/03) -
  - Pell is forfeited
  - Any previously paid Pell (for the applicable period) **MUST** be returned

# Funds recovery

- If, as a result of an interim disbursement, the student receives an overpayment, the institution shall -
  - eliminate it by adjusting TIV aid in the subsequent payment period, or
  - reimburse the program account by the earlier of 60 days after the LDA, or the last day of the award year (for Pell, Perkins, or FSEOG)

# Funds recovery - cont'd

- For Stafford loans in excess of need
  - the institution must withhold and promptly return any portion of the disbursement not yet delivered for which the student is ineligible
  - this includes amounts of subsidized loans that as a result of verification, the student is no longer eligible to receive

# Selection of applications for verification

- No school is required to verify more than 30% of its total number of applicants for Title IV aid - the “30% rule”
- What records count in the 30 %?
  - Records selected for verification on the basis of edits established by the Secretary
    - » **VERSUS**
  - Records selected for verification by the institution

# 30 % Rule

- Only records selected by the Secretary (CPS) count in the 30 %
- BUT, the institution determines the definition of “applicants” - for example, it can be
  - the total # of students who apply to the inst
  - the total # of students who are enrolled
  - the total # of students who receive aid
- For example .....

## Institutional Verification Policy

School	School's definition of total applicants	30% of applicants	# selected by CPS	Minimum # to meet ED requirement	Total # to verify
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A	5,000	1,500	2,250 (45%)	1,500	2,250
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School A's policy is to verify 100% of the applicants selected by the CPS.

B	7,500	2,250	2,250 (30%)	2,250	3,750
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School B's policy is to verify 50% of all applicants.

C	2,600	780	520 (20%)	1,500	2,600
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School C's policy is to verify 100% of the applicants.

D	11,500	3,450	1,725 (15%)	1,725	1,725
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School D's policy is to verify the minimum required by ED.

E	1,000	300	300 (30%)	300	1,000
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School E's policy is to verify 100% of the applicants.



# Verification Tracking Field

- “02-’03 : Values – from highest priority to lowest
  - A, B, 01 – 99 (with 99 being the lowest)
- ’03-’04 : Values - from highest priority to lowest
  - 00 – 99 (with 99 being the highest & 00 being the lowest)

# Discrepant Information

- If an institution has reason to believe that any information on the application used to calculate the EFC is inaccurate, it shall require the applicant to verify that information and resolve the discrepancy.
- The institution can require an applicant to verify any data elements that the institution specifies.

# Items to be verified

- AGI
- U.S. Income Tax Paid
- # of family members in the household
- # of family members in the household that who are enrolled as at least a 1/2-time student in an eligible postsecondary inst
- Untaxed Income

# Untaxed Income

- Social security benefits
- Child support
- IRA/Keogh deductions
- Interest on a tax-free bonds
- Foreign income excluded from U.S. tax
- Earned Income Credit
- Any other untaxed income sources

# Acceptable Documentation

- AGI & Tax paid
  - signed copy of Federal income tax filing
    - IRS 1040, 1040A, 1040EZ, 1040PC
    - IRS Form 8453 (filed w/IRS e-file, is not sufficient)
    - Telefile is o.k. if Tax Record is signed and submitted, confirmation #
    - Extensions - must file W-2s and IRS 4868 AND when taxes are completed, a copy MUST be submitted to you ( tracking)
  - a copy of all W-2 forms for the parents of dep student, or IRS W-2 forms for indep students
  - if tax forms are not available -
    - a copy of an IRS form which lists tax account info (or IRS 4506)
  - non-filer: a signed statement indicating that “did not file and not required to”, but lists income and sources

# Acceptable Documentation

- # of family members in the household
  - a signed statement, listing the names and age of each family member, and the relationship
- # of family members in an eligible postsecondary institution at least a 1/2 time basis
  - a signed statement, listing the names and age of each family member attending at least 1/2 time at an eligible institution, including the name of the institution and a statement indicating that each student listed will continue to be enrolled on at least a 1/2 time basis

# Exclusions from Verification

- If the student dies during the award year before the verification process is completed
- Unless the institution believes the data incorrect - the inst need not verify in the following situations
  - both the applicant and parents (for a dep student) are legal residents of No. Mariana Is., Guam, or American Samoa; or
  - both the applicant and parents (for a dep student) are legal residents of the Rep. of the Marshall Islands, the Federated States of Micronesia, or the Rep. of Palau;
  - the applicant is incarcerated at the time of verification;
  - the applicant is an immigrant having arrived in the U.S. during either calendar year of the award year

# Exclusions from Verification

- Unless the institution believes the data incorrect - the inst need not verify in the following situations
  - the applicant's (dep) parent(s) address is unknown and cannot be obtained by the applicant
  - for a dependent applicant, both parents are physically or mentally incapacitated
  - an applicant who does not receive assistance for reasons other than his or her failure to verify the information on the application
  - a transfer had previously completed verification at the previous inst, obtains a letter from the previous inst to the current inst, stating the previous inst verified the data and includes the transaction #



# Exclusions from Verification

- An institution need not require an applicant to document a spouse's info or provide a spouse's signature if the spouse -
  - is deceased
  - is mentally or physically incapacitated
  - is residing in a country other than the U.S. and cannot be contacted by normal means
  - address is unknown and cannot be obtained

# Exceptions to Verification

- If the applicant/institution submits/receives the SAR/ISIR within 90 days of signing the FAFSA, the institution need not verify
  - the # of family members in the household
  - the # of family members in postsecondary
- If the # of family members in the household or the child support is the same as was verified in the previous award year, it need not be verified in the current award year

# Updating information

- An applicant is **REQUIRED** to update -
  - the # of family members in the household
  - the # of family members attending a postsecondary inst (as of the day of the verification submission)
  - Changes due to applicant marital status change **CANNOT** be updated
- Updates can occur **ONLY** as a result of being selected for verification

# Verf - changes in app data

- Changes in data/corrections as a result of verification are required to be submitted to the Secretary if -
  - the institution recalculates and it results in a change in the EFC, and or the Pell grant award;
  - the institution does not recalculate;
- Except -
  - when there are no errors in nondollar amounts used to calc the EFC, and
  - no dollar amount in excess of \$400 as calculated by the following formula -----

# Verification Tolerance

**PLUS** Original AGI  
**MINUS** original untaxed income and benefits  
original U.S. income tax paid

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**Uncorrected total**

**PLUS** Corrected AGI  
**MINUS** corrected untaxed income and benefits  
corrected U.S. income tax paid

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**Corrected total**

**MINUS** Uncorrected total  
Corrected total

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**If the difference is \$400 or less (and there are only dollar errors), you are within tolerance and no recalculation is required**

# Federal Pell

- If, as a result of verification, the EFC changes
  - the applicant **MUST** resubmit the correction to the CPS
  - the Pell award **MUST** be on the basis of the corrected SAR/ISIR

# When verification is not required

- LEAP or SLEAP
- Unsubsidized Federal Stafford loans
- PLUS loans

# Verification Status Codes

- V – the student's record has been verified. This is applicable for records selected by either the CPS or the institution
- W – the student has been selected for verification and the school has chosen to pay the initial disbursement of Pell without documentation
- Blank – verification not performed (includes QA schools)



# Questions?

# Your Presenter

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