



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

JUN 13 2013

THE ASSISTANT SECRETARY

GEN-13-16

Subject: 2014–2015 Award Year: FAFSA Information to be Verified and Acceptable Documentation

Summary: This letter adds to the important 2014–2015 award year verification information provided in the *Federal Register* notice published on June 13, 2013.

Dear Colleague:

Consistent with the Department's regulations at 34 CFR 668.56 and 668.57, on June 13, 2013, the Department published a *Federal Register* notice announcing the 2014–2015 Free Application for Federal Student Aid (FAFSA) information that may require verification and the acceptable documentation for that information for an applicant selected by the Department.

2014–2015 FAFSA Information to be Verified

The 2014–2015 FAFSA verification items are the same as those for the 2013–2014 award year with one addition – Other Untaxed Income.

For the 2014–2015 award year, certain applicants will be required to verify the untaxed income information they provided on the FAFSA in Question 45 for the student and Question 94 for the dependent student's parents.

If the financial aid administrator determines that the amounts provided and verified from Question 45, Question 94, and from other income information (e.g., adjusted gross income, income earned from work, untaxed income not included on the FAFSA) do not appear to provide sufficient financial support for the number of household family members reported, the applicant and, if appropriate, the applicant's parents or spouse must explain how the family was financially supported during the 2013 calendar year.

Suggested Verification Text

While we will not be providing verification worksheets, we will provide suggested text for each of the required 2014–2015 verification items as we did for the 2013–2014 award year. The use of the suggested text fulfills the regulatory verification requirements; however, institutions are not required to use that text with one exception: institutions must use the exact language provided in the *Federal Register* notice for the "Statement of Educational Purpose."

We will provide the suggested text and other important information for each 2014–2015 verification item in an upcoming Electronic Announcement that will be posted to our Information for Financial Aid Professionals (IFAP) Web site at www.ifap.ed.gov.

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Acceptable Documentation

As noted, the 2014–2015 verification items are much the same as for the 2013–2014 award year. However, based on suggestions and questions from the higher education community, we have made a few modifications (and provide additional clarification and guidance) for some of the acceptable documentation requirements between 2013–2014 and 2014–2015. While the specific information of the acceptable documentation for all 2014–2015 verification items is included in the *Federal Register* notice, those items that have been significantly changed are:

- Nontax filers

If an institution questions a claim that the tax filer has not, will not, and is not required to file a 2013 Internal Revenue Service (IRS) income tax return, the institution must require the applicant to submit a “Verification of Nonfiling” from the IRS that the tax filer did not file a 2013 IRS income tax return. The request for “Verification of Nonfiling” can be obtained by the tax filer using IRS Form 4506-T and checking box 7. **IMPORTANT:** According to the IRS, a response to the request for a “Verification of Nonfiling” for the 2013 tax year will not be issued until after June 15, 2014.

- Number of Household Members

The number of household members for dependent students must now include both of a dependent student’s legal (biological or adoptive) parents if the parents live together, regardless of the marital status or gender of the parents (see Dear Colleague Letter GEN-13-12).

- Child Support Paid

In addition to the paper documents discussed in the *Federal Register* notice, an institution may accept records of electronic payments as documentation that child support payments were made.

- High School Completion Status

Previously Obtained Documentation – If, prior to an applicant being selected for verification of his or her high school completion status (Verification Tracking Groups V4 and V5), an institution has already obtained documentation that confirms the student’s high school completion status for purposes other than the Title IV verification requirements, the institution may rely on that documentation as long as it meets the criteria outlined in the *Federal Register* notice.

High School Completion Abroad – Applicants who completed secondary education in a foreign country and who are unable to obtain a copy of their high school diploma or transcript may document their high school completion status by obtaining a copy of a “secondary school leaving certificate” (or other similar document) through the appropriate

central government agency (e.g., a Ministry of Education) of the country where the secondary education was completed.

Institutions must determine whether foreign secondary school credentials are evidence of completing the equivalent of a secondary education in the United States. Institutions that do not have the expertise to make that determination themselves may use a foreign diploma evaluation service.

- **Identity/Statement of Educational Purpose**

An applicant placed in either Verification Tracking Groups V4 or V5 is required to submit a signed, original Statement of Educational Purpose to the institution. After examining the original Statement of Educational Purpose for accuracy and completeness, the institution may convert it into an electronic record. Either the original or the electronic record of the original must be maintained for at least the required Title IV record retention period.

2014–2015 Institutional Student Information Record (ISIR) Verification Tracking Flags and Verification Tracking Groups

As with 2013–2014 award year verification, data-based statistical analysis will continue to be used by the Department's Central Processing System (CPS) to select applicants with the highest probability of error on their FAFSA submissions and the impact of such error on awards. The CPS will set a Verification Tracking Flag on a selected applicant's ISIR to indicate that the FAFSA was selected by the Department for verification. The CPS will continue to set Verification Tracking Flags to place selected applicants into a Verification Tracking Group. The applicant will remain in the original 2014–2015 Verification Tracking Group for the entire 2014–2015 award year regardless of subsequent corrections to the applicant's CPS record.

For 2014–2015, applicants will no longer be assigned to Verification Tracking Group V2 (SNAP-Food Stamps). However, SNAP-Food Stamps must be verified for applicants placed in Verification Tracking Groups V1, V4, V5, and V6.

As noted above for 2014–2015, Other Untaxed Income is a new item that some applicants may be required to verify. Those applicants will be placed in a new Verification Tracking Group – V6: Household Resources Verification Group.

The individual verification items, from the June 13, 2013, *Federal Register* notice, that an applicant must verify are based upon the Verification Tracking Group to which the applicant is assigned—see the following chart.

2014–2015 Verification Tracking Groups
FAFSA Information Required to be Verified

| Verification Tracking Flag | Verification Tracking Group Name | FAFSA Information Required to be Verified |
|----------------------------|---------------------------------------|---|
| V1 | Standard Verification Group | <p>Tax Filers</p> <ul style="list-style-type: none"> • Adjusted Gross Income • U.S. Income Tax Paid • Untaxed Portions of Individual Retirement Account (IRA) Distributions • Untaxed Portions of Pensions • IRA Deductions and Payments • Tax Exempt Interest Income • Education Credits • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR <p>Nontax Filers</p> <ul style="list-style-type: none"> • Income Earned from Work • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR |
| V2 | Reserved for FSA Use Only | N/A |
| V3 | Child Support Paid Verification Group | <ul style="list-style-type: none"> • Child Support Paid by the student (or spouse), the student's parent, or both |

| Verification Tracking Flag | Verification Tracking Group Name | FAFSA Information Required to be Verified |
|----------------------------|--|--|
| V4 | Custom Verification Group | <ul style="list-style-type: none"> • High School Completion Status • Identity/Statement of Educational Purpose • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR |
| V5 | Aggregate Verification Group | <ul style="list-style-type: none"> • High School Completion Status • Identity/Statement of Educational Purpose <p>Tax Filers</p> <ul style="list-style-type: none"> • Adjusted Gross Income • U.S. Income Tax Paid • Untaxed Portions of IRA Distributions • Untaxed Portions of Pensions • IRA Deductions and Payments • Tax Exempt Interest Income • Education Credits • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR <p>Nontax Filers</p> <ul style="list-style-type: none"> • Income earned from work • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR |
| V6 | Household Resources Verification Group | <p>Tax Filers</p> <ul style="list-style-type: none"> • Adjusted Gross Income • U.S. Income Tax Paid • Untaxed Portions of IRA Distributions • Untaxed Portions of Pensions • IRA Deductions and Payments • Tax Exempt Interest Income • Other Untaxed Income on the 2014–2015 FAFSA– <ul style="list-style-type: none"> ▪ Payments to tax-deferred pension and savings (Questions 45a and 94a) |

| | | |
|--|--|--|
| | | <ul style="list-style-type: none"> ▪ Child support received (Questions 45c and 94c) ▪ Housing, food and other living allowances paid to members of the military, clergy and others (Questions 45g and 94g) ▪ Veterans noneducation benefits (Questions 45h and 94h) ▪ Other untaxed income (Questions 45i and 94i) ▪ Money received or paid on the applicant's behalf (Question 45j) • Education Credits • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP—Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR <p>Nontax Filers</p> <ul style="list-style-type: none"> • Income Earned from Work • Other Untaxed Income on the 2014–2015 FAFSA— <ul style="list-style-type: none"> ▪ Payments to tax-deferred pension and savings (Questions 45a and 94a) ▪ Child support received (Questions 45c and 94c) ▪ Housing, food and other living allowances paid to members of the military, clergy and others (Questions 45g and 94g) ▪ Veterans noneducation benefits (Questions 45h and 94h) ▪ Other untaxed income (Questions 45i and 94i) ▪ Money received or paid on the applicant's behalf (Question 45j) • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP—Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR |
|--|--|--|

Technical specifications for the ISIR record layout and the Verification Tracking Flag values (V1–V6) will be provided in subsequent electronic announcements and technical releases.

IRS Data Retrieval Tool

All applicants selected for verification, regardless of Verification Tracking Group, who retrieve and transfer their income tax return information, unchanged, using the IRS Data Retrieval Tool—either when initially completing the FAFSA using FAFSA on the Web (FOTW) or through the corrections process of FOTW—are considered to have verified the following FAFSA IRS information, as applicable:

- Adjusted Gross Income
- U.S. Income Tax Paid
- Untaxed Portions of IRA Distributions
- Untaxed Portions of Pensions
- IRA Deductions and Payments
- Tax Exempt Interest Income
- Education credits

However, if changes were made to the transferred information or if the institution has reason to believe that the information transferred is inaccurate, the applicant must provide other acceptable documentation as specified in the *Federal Register* notice.

It is important that institutions inform applicants that using the IRS Data Retrieval Tool, either when initially completing a FAFSA or by using the corrections functionality of FOTW, provides them with the fastest, easiest, and most secure solution for meeting verification requirements.

IRS Tax Return Transcript¹ Required

Under certain conditions, some applicants who were selected for verification must submit to their institution an IRS Tax Return Transcript of 2013 tax year information for the applicant, his or her spouse, and his or her parents, as applicable. These conditions are as follows:

- When the applicant or parent did not use the IRS Data Retrieval Process—either at initial FAFSA filing or through the FOTW correction process.
- When information obtained by using the IRS Data Retrieval Tool was changed before or after submission of the FAFSA or the FAFSA correction.
- When a married independent applicant and spouse filed separate tax returns.
- When the married parents of a dependent student filed separate tax returns.
- In all instances, when the dependent student's legal parents are unmarried and living together.
- When an applicant or an applicant's parents had a change in marital status after the end of the 2013 IRS tax year on December 31, 2013.
- When the applicant or parent or spouse filed an amended tax return. Under this condition, the institution must obtain the documents below to complete verification:

¹While we refer to an IRS Tax Return Transcript, any IRS tax transcript received by the tax filer or the institution directly from the IRS 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 - is acceptable (e.g., an IRS Record of Account Transcript).

- a signed copy of the original tax return that was filed with the IRS, an IRS Tax Return Transcript, or any IRS tax transcript that includes all of the income and tax information required to be verified, and
- a signed copy of the IRS Form 1040X that was filed with the IRS.

IRS Tax Return Transcripts submitted to the institution for verification need not be signed by the tax filer, unless the institution has reason to doubt the authenticity of the document.

See the attachment to this letter for information on how tax filers may request an IRS Tax Return Transcript and an IRS Record of Account Transcript free from the IRS.

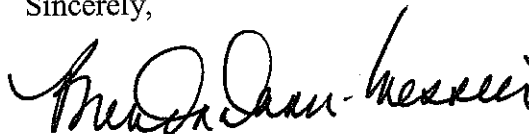
Paper Tax Returns – In very limited circumstances, an institution may accept a signed paper copy of a 2013 income tax return for verification purposes through guidance (e.g., in Dear Colleague Letters, Electronic Announcements, Application and Verification Guide, and Q&As) provided by the Department and must document the limited circumstance that allowed the applicant to submit a copy of the income tax return.

On August 21, 2012, the Department issued guidance in an Electronic Announcement on the limited circumstances when a signed copy of an income tax return or other documentation is acceptable for completing verification for individuals who (1) filed an amended IRS income tax return; (2) were victims of IRS identity theft; or (3) filed non-IRS income tax returns. This guidance continues to be in effect for the 2014–2015 award year and subsequent award years until further notice.

If necessary, the Department will provide guidance on the acceptable documentation for individuals who are unable to use the IRS Data Retrieval Tool or to obtain an IRS Tax Return Transcript due to authentication issues with the IRS following the period after the IRS processes 2013 income tax returns. Until such guidance is provided by the Department, an institution may not accept a signed paper copy of a 2013 income tax return to complete verification for applicants selected by the Department's CPS.

With your support, we are confident that the changes to the verification process for the 2014–2015 award year will continue to reduce burden on applicants, their families, and institutions while maintaining the integrity of the Title IV federal student aid programs.

Sincerely,



Brenda Dann-Messier

Delegated the Authority to Perform the Functions
and Duties of the Assistant Secretary

Attachments/Enclosures