

2017-2018

2018-2019

IRS DRT

Verification

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US Department of Education
ISFAA Conference, Indianapolis, IN
January 25, 2018

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Agenda

- Recent history
- 2017-2018 verification
- 2018-2019 verification
 - IRS DRT updates
- Verification reminders

2 Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®

Verification

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Verification History

- For the 2013-2014 award year...
 - Introduced the concept of verification groups
 - Added high school completion and identity/statement of educational purpose as verification items
- For the 2014-2015 award year...
 - Eliminated SNAP (V2) as a separate verification group
 - Added household resources group (V6), plus other untaxed income and benefits as a verification item



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Verification History

- For the 2015-2016 award year...
 - No changes to verification items and tracking groups
- For the 2016-2017 award year...
 - Eliminated Child Support Paid (V3) as a separate tracking group
 - In limited circumstances, an applicant's verification tracking group could change



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Progress!

| | 2015-2016 | 2016-2017 | 2017-2018 |
|----|----------------------|----------------------|-----------|
| V1 | X | X | X |
| V2 | <i>reported only</i> | <i>reported only</i> | |
| V3 | X | <i>reported only</i> | |
| V4 | X | X | X |
| V5 | X | X | X |
| V6 | X | X | |



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V1 + V4 = V5

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2017-2018 Verification

- Verification Tracking Group V6 was eliminated
 - Schools still have authority to select additional students and items for verification
- SNAP and Child Support Paid removed as individual verification items under V1, V4 or V5
- *Confirmation of nonfiling required for non-tax-filers*

*Dear Colleague Letter GEN-16-07
 Federal Register: April 1, 2016*

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Flexibilities: 2016-2017 Documents

Schools may use verification documents from 2016-2017 to meet 2017-2018 requirements for income and tax items.

- New documentation must be obtained for the following:
 - Household size
 - Number in college
 - Identity/Statement of Educational Purpose



Flexibilities: 2016-2018

In light of the IRS Data Retrieval Tool going offline for 2016-2017 and 2017-2018, institutions may consider a signed paper copy of the 2015 Federal tax return submitted to the IRS as acceptable documentation for verification of income and tax items.

*Dear Colleague Letter GEN-17-04
(negates Electronic Announcement: October 18, 2016)*



Flexibilities: 2016-2018

Schools are no longer required to collect IRS documentation received from the IRS or other tax authorities to confirm nonfiling.

- Nonfilers must still provide a signed statement certifying they have not filed, and are not required to file, a tax return
 - Must also list all sources of 2015 income and provide W-2 forms, if applicable
 - A signed verification worksheet with this information provided is acceptable

Dear Colleague Letter GEN-17-04



Tax Filers: Extensions

- 1. IRS Form 4868, or a copy of IRS approval to extend beyond the October 15 deadline;
- 2. W-2 (or Wage and Income Transcript) for each source of employment income; *and*
- 3. If self-employed, a signed statement certifying the Adjusted Gross Income and US income tax paid; *and*
- 4. Non-Filing Letter from the IRS
(Dear Colleague Letter GEN 17-04)

• School may request an IRS transcript/IRS DRT when taxes are filed, but must then re-verify income information

13



V4/V5: High School Completion

- If high school completion is successfully verified and documented in a prior award year, it does not need to be verified again in future years
- Form DD-214 (Certificate of Release or Discharge From Active Duty) may serve as alternative documentation of high school completion if it indicates the applicant has a high school diploma or equivalent
- An institution may not accept as alternative documentation an applicant's self-certification

14



V4/V5: High School Completion

In rare cases where it is impossible for a refugee, asylee or victim of human trafficking to obtain documentation of secondary school completion in a foreign country, an institution may accept self-certification.

Program Integrity Q & A website: High School Diplomas

15





V4/V5: High School Completion

- Copy of the student's General Educational Development (GED) certificate, an official GED transcript that indicates the student passed the exam, or a state-authorized high school equivalency certificate
- Transcripts of state-authorized examinations (e.g., HiSET, TASC, Indiana HSE) are acceptable documentation of high school completion only if...
 - The official transcript specifically indicates that a state has determined that the test results are considered by the State to meet its requirements of high school equivalency; OR
 - The official transcript includes language that the final score is a passing score



V4/V5: High School Completion

- Academic transcript of a student who has successfully completed at least a two-year program that is acceptable for full credit toward a bachelor's degree
 - Associate's degree...or no degree
 - 60 semester hours/72 quarter hours
- Student excelled academically in high school and met all criteria to be admitted into a two-year degree program or higher



Tracking Group Changes

- Applicants may be moved from previously assigned verification Tracking Groups V1 and V4 to Tracking Group V5
- Applicant is only required to verify the additional items in V5 that were not previously verified

This process will remain in place for 2018-2019



Tracking Group Changes

- If the applicant is moved to Tracking Group V5, no additional disbursements of any Title IV aid may be made until verification is satisfactorily completed
- If Title IV aid had been disbursed prior to receiving an ISIR with the new V5 selection, and verification is not completed, the *applicant* is liable for all Title IV aid disbursed except for Federal Work-Study
- The *institution* is only liable for any portions of the disbursements that must be returned as a result of the student's withdrawal

Tracking Group Changes

Electronic Announcement: October 31, 2016:
Tracking Group Changes

V4/V5 Tracking Results

The screenshot shows the 'Welcome to the FAA Main Menu' page. Under the 'FAA Access to CPS Online' heading, there is a list of links. A red arrow points to the link 'Verify/Update Information'. A blue diagonal banner with the text 'https://faaccess.ed.gov' is overlaid on the page.



V4/V5 Tracking Results

- **Whom to report:** Students for whom school received an ISIR with a verification Tracking Group of V4 or V5 AND for whom school requested verification documentation
 - Do not include students the school selected
- **When to report:** 60 days following the institution's first request for the required documentation
 - Changes to previously submitted verification results must be updated within 30 days

V4/V5 Tracking Results

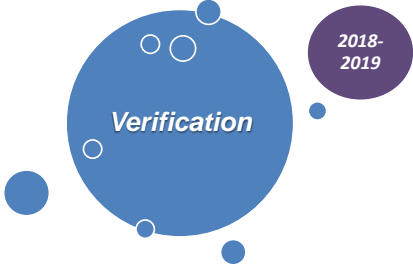
1. Verification completed in person, no issues found
2. Verification completed remotely, no issues found
3. Verification attempted, issues found with identity
4. Verification attempted, issues found with high school completion
5. No response from applicant or unable to locate
6. *Issues with both identity and high school completion*

Additional Resources

*Electronic Announcement: July 29, 2016:
Verification Suggested Text*

- Appendix A: Suggested Text
 - ED's text and formats are optional, except schools must use the exact language provided in the "Statement of Educational Purpose" (Tracking Groups V4 & V5)
- Appendix B: Table of verification items
- Appendix C: Tracking groups and FAFSA verifiable information





25

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2018-2019 Verification

- No changes to verification tracking groups
- Tax extenders must now show proof of IRS approval to file after October 15, 2017
- Confirmation of nonfiling required, but no longer for dependent students

Dear Colleague Letter GEN-16-07
Federal Register: May 5, 2017

26

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2018-2019 Verification

An unexpired valid government-issued photo identification is...

...one issued by the US government, any of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, a federally recognized American Indian or Alaska Native Tribe, American Samoa, Guam, the US Virgin Islands, the Commonwealth of the Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau

Military and SNAP identification is not acceptable

27

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Automatic Zero EFC

For Auto Zero EFC-eligible dependent applicants in Tracking Groups V1 or V5:

- Parent AGI, if tax filers
- Parent income earned from work, if non-filers
and
- High school completion and identity/educational purpose (V5)



Automatic Zero EFC

For Auto Zero EFC-eligible independent applicants in Tracking Groups V1 or V5:

- Applicant and spouse AGI, if tax filers
- Applicant and spouse income earned from work, if non-filers
- Household size to determine if dependents other than a spouse
- High school completion and identity/educational purpose (V5)

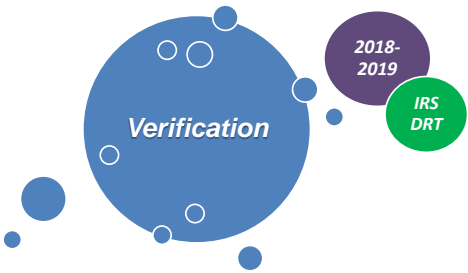


Suggested Text

*Electronic Announcement: August 16, 2017:
Verification Suggested Text*

- Appendix A: Suggested Text
 - ED's text and formats are optional, except schools must use the exact language provided in the "Statement of Educational Purpose" (Tracking Groups V4 & V5)
- Appendix B: Table of verification items
- Appendix C: Tracking groups and FAFSA verifiable information





31

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IRS DRT: 2018-2019

- The IRS Data Retrieval Tool is reinstated for 2018-2019
- To enhance the security and privacy of sensitive personal data, all DRT data is encrypted/masked from view on...
 - IRS DRT website
 - FAFSA web pages
 - Student Aid Report (SAR)
- Applicants and parents will see *“Transferred from the IRS”*

Electronic Announcement: August 7, 2017

32

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IRS DRT: 2018-2019

Institutional and state agency ISIRs will display IRS data.

- Because transferred data is not displayed, applicants and parents will be unable to change IRS DRT-transferred items on FAFSA before or after submission
- If access is secure, schools may share IRS DRT information with applicant/parents...

Electronic Announcement: January 12, 2018... and stay tuned for further guidance!

33

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IRS DRT: Rollovers

If an amount greater than \$0 is transferred from the IRS into Untaxed Portions of IRA Distributions/Untaxed Portions of Pensions field, applicant/parent must answer a new question about whether the amount includes a rollover.

- If yes, s/he will be required to provide the rollover amount in a new entry field
- The CPS will subtract the user-reported rollover amount from the IRA/Pension distribution amount transferred from the IRS, and the result will be used in the calculation of the EFC

Program Integrity Q & A website: Effective December 8, 2017



IRS DRT: Income from Work

Because IRS-transferred information will not be displayed, applicants and parents who filed a joint tax return will no longer be able to transfer their combined income earned from work into the FAFSA.

- Joint filers will now be required to enter their income earned from work manually
- Single applicants and single parents will continue to have their income earned from work transferred



IRS Data Field Flags

- New set of flags to help financial aid professionals know what, if any, specific information was changed once transferred from the IRS
- Different from the IRS Request Flags
 - An IRS Request flag of 02 still means no data was changed
- If IRS Request Flag is not 02, then only changed items need to be verified, per the IRS Data Field Flags





IRS Data Field Flags

- Blank = IRS data not transferred from IRS
(FAFSA submitted via paper or by a financial aid administrator)
- 0 = IRS data not transferred from IRS
(FAFSA not submitted via paper or by a financial aid administrator)
- 1 = IRS data transferred from IRS, not changed by user
- 2 = IRS data transferred from IRS, changed by user prior to submission
(only occurs if IRA/pension fields changed by user entering rollover amount)
- 3 = IRS data transferred from the IRS, corrected by user on this transaction
- 4 = IRS data transferred from the IRS, corrected by the user on previous transaction

37



Known Issues

*Electronic Announcement:
January 16, 2018*

38



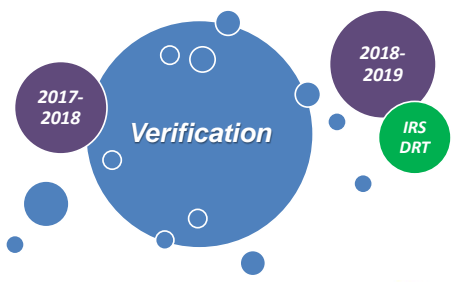
Continued Progress!

| | 2015-2016 | 2016-2017 | 2017-2018 | 2018-2019: Data Field Flags |
|----|----------------------|----------------------|-----------|--------------------------------|
| V1 | x | x | x | x |
| V2 | <i>reported only</i> | <i>reported only</i> | | |
| V3 | x | <i>reported only</i> | | |
| V4 | x | x | x | x |
| V5 | x | x | x | x |
| V6 | x | x | | |

39







40

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Non-IRS Tax Filers

Tax filers who filed an income tax return with a taxing authority in a US territory (Guam, American Samoa, the U.S. Virgin Islands) or commonwealth (Puerto Rico and the Northern Mariana Islands) or with a foreign central government, must submit a copy of a transcript of their tax information

- A signed copy of the applicable income tax return that was filed with the taxing authority is only acceptable if tax filers are unable to obtain a free copy of a tax transcript

41

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Tax Non-Filers

Residents of the Freely Associated States (Republic of the Marshall Islands, the Republic of Palau, the Federated States of Micronesia), and a US territory or commonwealth or a foreign central government who are not required to file an income tax return under that taxing authority's rules must submit:

- a copy of their Wage and Tax Statement (or equivalent documentation) for each source of employment income, and
- a signed statement identifying all of the individual's income and taxes

42

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Amended Tax Returns

Individuals who filed an amended tax return must submit...

- An IRS Tax Return Transcript, or any other IRS tax transcript(s) that include the income and tax information required to be verified, *or unchanged data from the IRS Data Retrieval Tool; and*
- A signed copy of the IRS Form 1040X that was filed with the IRS
- *IRS Request Flag of 07*

Program Integrity Q & A website: December 8, 2017

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Identity Theft

Victims of IRS tax-related identity theft must submit...

- Statement signed and dated by tax filer indicating s/he was a victim of IRS tax-related identity theft and the IRS has been made aware; *and*
- An IRS Tax Return Database View (TRDBV) transcript
 - Tax filers who cannot obtain a TRDBV transcript may instead submit official IRS document(s) if they include all income and tax information required to be verified

Program Integrity Q & A website: Effective July 7, 2015

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IRS Reminders

Electronic Announcement: February 23, 2017

Chart outlining documents that can be requested from the IRS, and what information those documents will contain, including for confirmation of nonfiling

IRS Get Transcript Online

Transcripts on-demand and online-by-mail

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Additional Resources

[Federal Student Aid Handbook](#)
Application and Verification Guide

[Program Integrity Q & A Website \(Verification\)](#)
<http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/integrity-qa.html>

[FSA Assessments: Activity 3](#)
<http://ifap.ed.gov/qahome/qaassessments/fsaverification.html>



Thank you!


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[Research and Customer Care Center](#)
800.433.7327
fsa.customer.support@ed.gov



[Reach FSA](#)
855.FSA.4FAA -- 1 number to reach 10 contact centers!

| | |
|---------------------------------|---|
| <i>Campus-Based Call Center</i> | <i>eZ-Audit</i> |
| <i>COD</i> | <i>School Eligibility Service Group</i> |
| <i>CPS/SAIG</i> | <i>Foreign Schools Participation Division</i> |
| <i>NSLDS</i> | <i>Research and Customer Care Center</i> |
| <i>G5</i> | <i>Nelnet Total & Permanent Disability Team</i> |



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Additional feedback about training can be directed to Mark Gerhard at Mark.Gerhard@ed.gov.



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Questions?





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