

**Verification**

2017-2018

2018-2019

2019-2020

IRS DRT

Zack Goodwin, Training Officer  
US Department of Education  
WASFAA Conference, La Crosse, WI  
April 12, 2018

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**Agenda**

- Recent history
- 2017-2018 verification
- 2018-2019 verification
  - IRS DRT updates
- 2019-2020 verification
- Verification reminders

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**Verification**

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### Progress!

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
V1	X	X	X	X	X
V2	X	reported only	reported only	reported only	
V3	X	X	X	reported only	
V4	X	X	X	X	X
V5	X	X	X	X	X
V6		X	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



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**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)*



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### 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

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### 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. *Confirmation of nonfiling from the IRS*

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

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### 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

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### 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: FHD-Q2/A2*

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### 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) 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

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### 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

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### 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 and 2019-2020*

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### 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

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### Tracking Group Changes

*Electronic Announcement: October 31, 2016:  
Tracking Group Changes*

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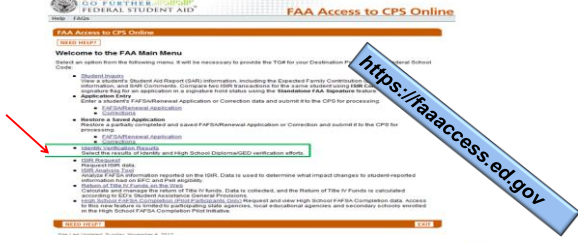
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## V4/V5 Tracking Results




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## 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

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## 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*

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### 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

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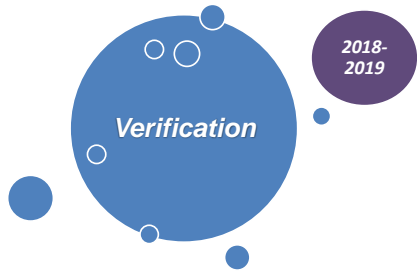
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### 2018-2019 Verification



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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*

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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*



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### Automatic Zero EFC

*For Automatic 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)



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### Automatic Zero EFC

*For Automatic 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)



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**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

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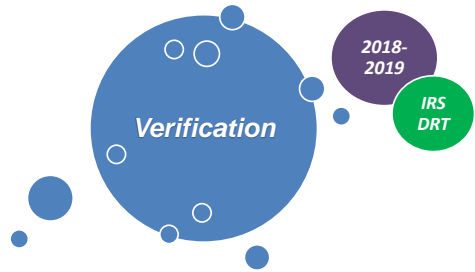
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**IRS DRT: 2018-2019**

- 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*



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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 make corrections to IRS DRT transferred items on FAFSA form before or after submission
- If access is secure, schools may share IRS DRT information with applicant/parents....

*...Stay tuned for further guidance!*

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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 amount of the rollover 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

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**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

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### 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 (usually)

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### 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

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### Continued Progress!

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019: Data Field Flags
V1	x	x	x	x	x	x
V2	x	reported only	reported only	reported only		
V3	x	x	x	reported only		
V4	x	x	x	x	x	x
V5	x	x	x	x	x	x
V6		x	x	x		

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**Tax Filing Status Issue**

*An issue on FAFSA.gov was causing a tax filing status, such as 'married filing jointly,' to appear on the ISIR for applicants who did not file a tax return. This issue has been corrected and affected ISIRs will be reprocessed.*

*Electronic Announcement: October 26, 2017*



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**IRS Request Flag Issues**

- An initial ISIR transaction may show an IRS Request Flag of 07 (amended return), but on a future transaction, this changes to 02 (no information changed)
- Schools should continue to treat this as an 07 scenario, and collect amended tax return information



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**IRS Request Flag Issues** *(corrected January 2018)*

- IRS Request Flag equals 02 although Tax Filing Status Data Field Flag equals 2
  - For the remainder of 2018-2019, may accept IRS Request Flag of 02 when the only Data Field Flag equal to 2 is the Tax Return Filing Status field
- IRS request flag of 06 (cannot use DRT) is not updating correctly and is preventing use of the DRT
  - May work around by accessing an earlier transaction without the 06 Flag, and making needed corrections

*Electronic Announcement: January 16, 2018*



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**Verification**  
2019-2020

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### Continued Progress!

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019: Data Field Flags	2019-2020: Data Field Flags
V1	x	x	x	x	x	x	x
V2	x	reported only	reported only	reported only			
V3	x	x	x	reported only			
V4	x	x	x	x	x	x	x
V5	x	x	x	x	x	x	x
V6		x	x	x			

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### 2019-2020 Verification

*No changes to the verification process  
from 2018-2019*

*Dear Colleague Letter GEN-18-03  
Federal Register: March 28, 2018*

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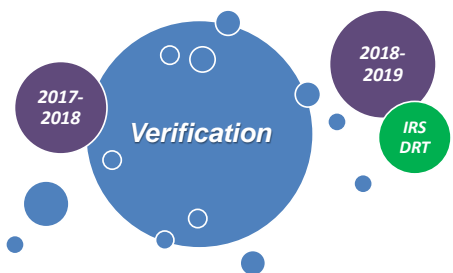
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### Non-IRS Tax Filers

*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

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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

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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; *and*
- A signed copy of the IRS Form 1040X that was filed with the IRS
- *IRS Request Flag of 07*
  - *Indicates an amended tax return was filed, so there may be conflicting information present even if not selected for verification*

*Program Integrity Q & A website: Effective August 13, 2015*



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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>

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### Thank you!

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312.730.1689



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### ED Contacts: Chicago

Institutional Improvement Specialists

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312.730.1587

*George West*  
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312.730.1538

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## ED Contacts

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 &amp; Permanent Disability Team</i> |

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## We Appreciate Your Feedback

To ensure quality training we ask all participants to please fill out an online session evaluation:

<https://www.surveymonkey.com/r/ZacharyGoodwin>

This evaluation tool provides a means to inform us of areas for improvement, and to support an effective process for listening to our customers.

Additional feedback about training can be directed to Mark Gerhard at [Mark.Gerhard@ed.gov](mailto:Mark.Gerhard@ed.gov).

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