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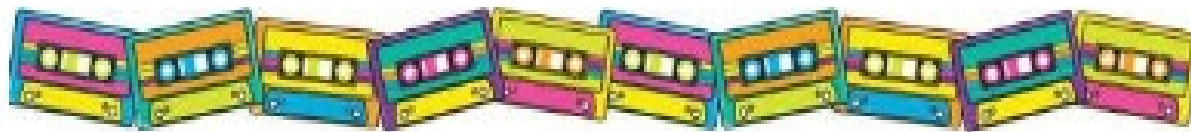
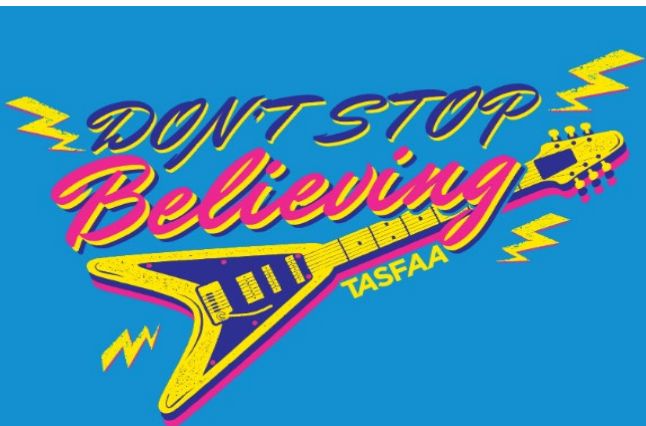
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PRAYER

2021-22 & 2022-23

Charles Harper
Belmont University

AGENDA

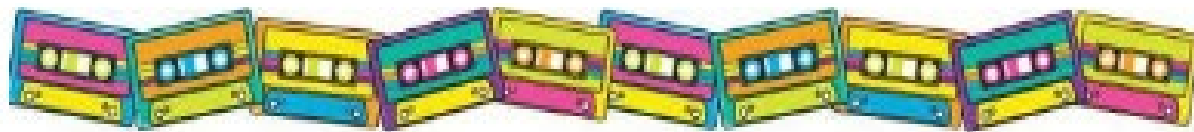
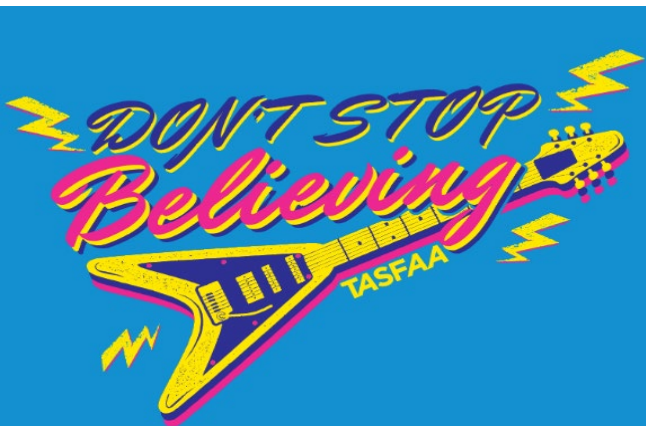
1. Verification History
2. 2021-22 Verification
3. 2022-23 Verification
4. Verification Rates



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1. VERIFICATION HISTORY

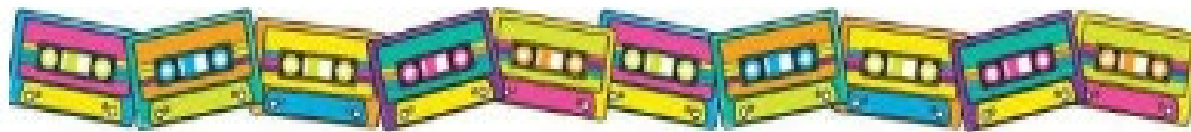
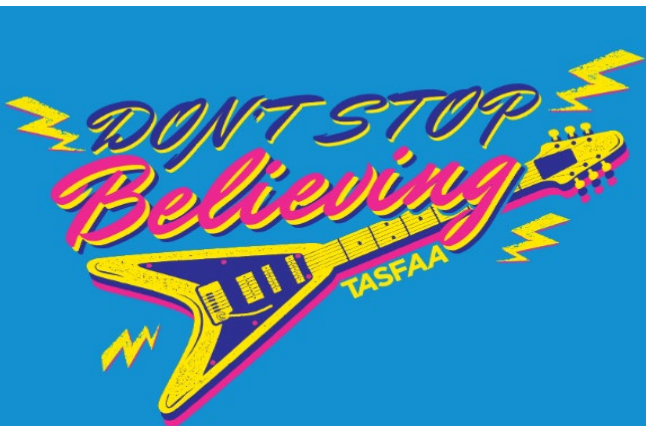


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VERIFICATION HISTORY

- Program Integrity regulations effective for the 2012-13 award year
- Added verification tracking groups
- New data elements and verification tracking groups have been added and deleted over the last ten years

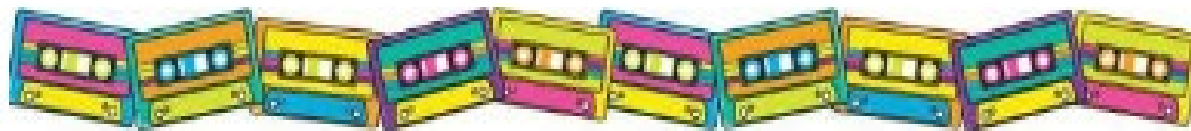
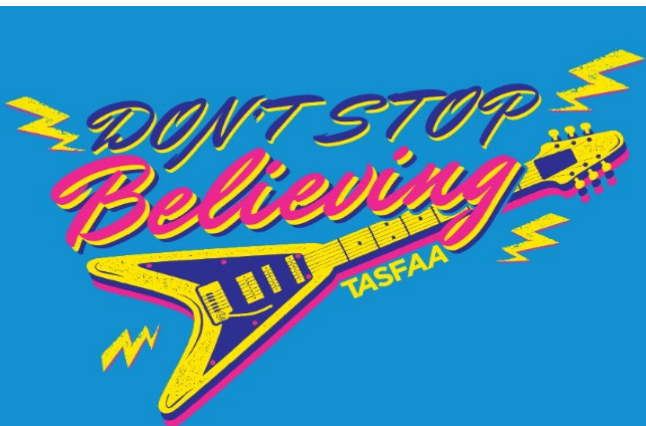


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THE FUTURE ACT

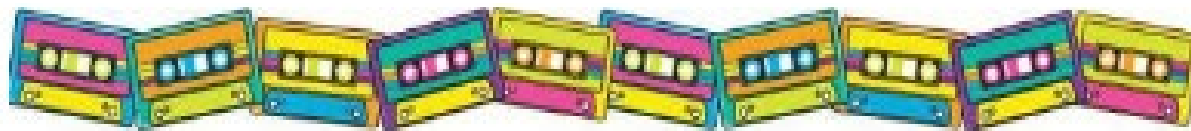
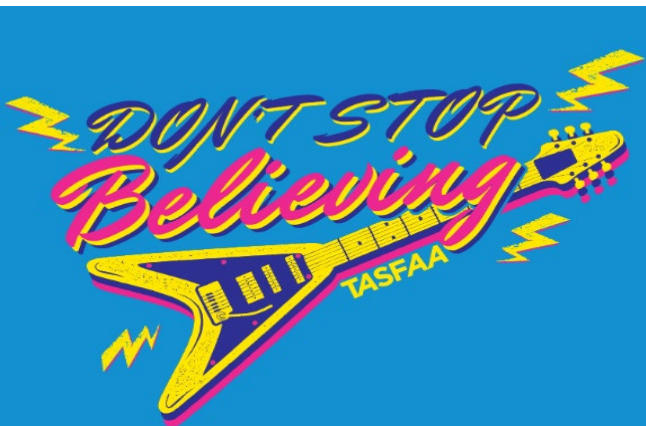
Amends Section 6103 of the Internal Revenue Code to allow direct data sharing between the Internal Revenue Service (IRS) and Federal Student Aid (FSA)



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2. 2021-22 VERIFICATION

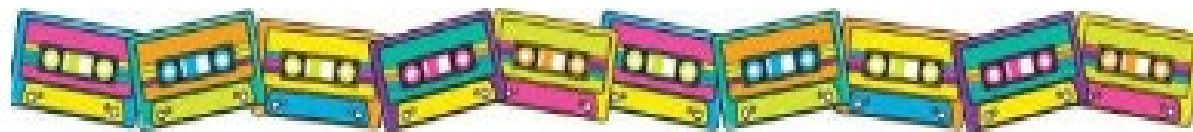


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2021-22 VERIFICATION

- On July 13, 2021, the Department published [GEN-21-05](#), waiving verification of most FAFSA®/ISIR information
 - Focusing strictly on identity and fraud for the remainder of the 21-22 award year
- Institutions are only required to verify students selected for Tracking Groups V4 and V5
 - Only the identity/Statement of Educational Purpose and high school completion must be verified
 - Under V5, income information and number in household and the number in college do **NOT** need to be verified
 - This does not exempt institutions from reviewing all documents for conflicting information concerning a student's eligibility
- Acceptable documentation requirements during the COVID-19 national emergency
 - HS completion –Electronic Announcements [5/15/2020](#) and [01/15/2021](#)
 - Identity/Statement of Educational purpose – [GEN-21-05](#)



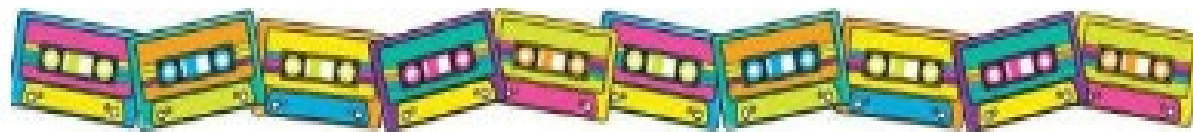
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2021-22 VERIFICATION RESOURCES

- [Federal Register Notice of Information to be Verified for the 2021-22 Award Year](#), September 3, 2020
- [2021-2022 FAFSA Verification Suggested Text](#), September 25, 2020
- [2021- 2022 EDE Technical Reference \(July 2020 Update\)](#), July 29, 2020
- [2021-2022 ISIR Guide](#), July 14, 2020
- [2021-2022 FAFSA Verification-Internal Revenue Service \(IRS\) Tax Return Transcript Matrix](#), November 20, 2020
- [2021-2022 Application and Verification Guide](#), Mar 28, 2021
- [Changes to 2021-2022 Verification Requirements](#), July 13, 2021

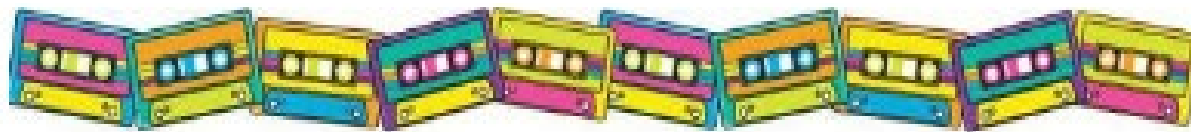
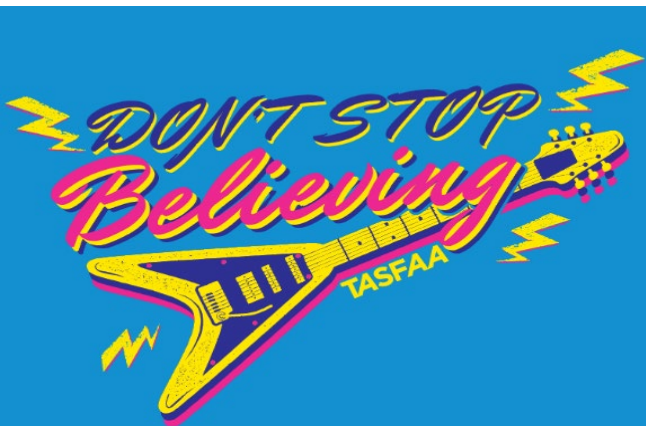
For discussion purposes only



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3. 2022-23 VERIFICATION

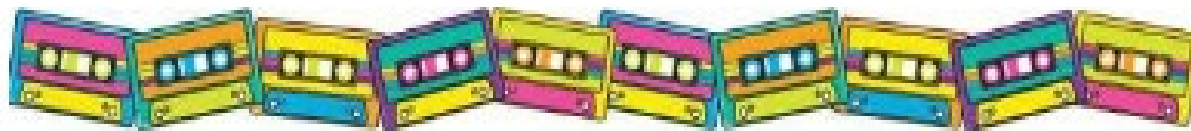
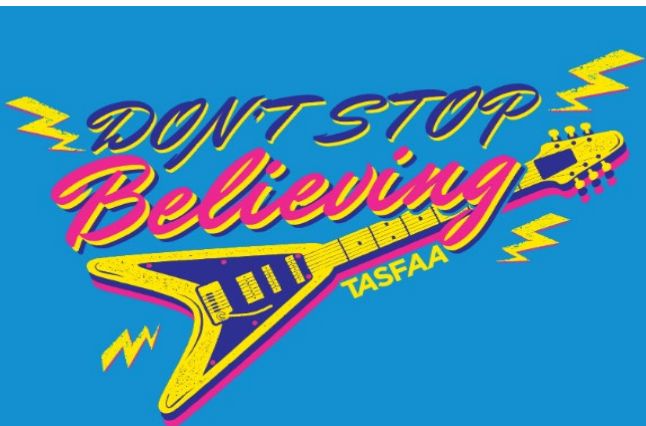


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2022-23 VERIFICATION AND RESOURCES

- Same tracking groups
- [Acceptable documentation – September 1, 2021 Federal Register Notice](#)
- Suggested Verification Text – [GEN-21-06](#)
- FAFSA Verification-Internal Revenue Service (IRS) Tax [Return Transcript Matrix – January 18, 2022 Electronic Announcement](#)

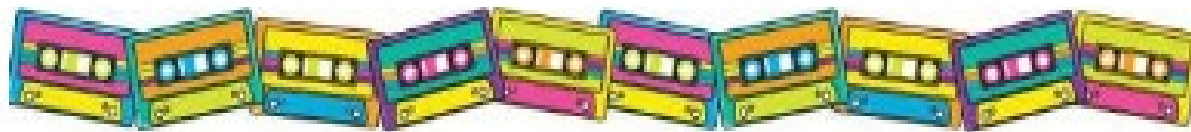
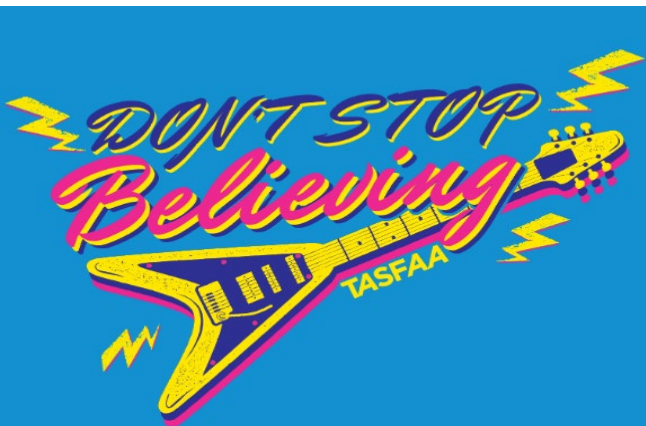


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2022-23 VERIFICATION

- Removed high school completion status as a verification item under the V4 and V5 tracking groups
- high school completion (or recognized equivalent) is still required for Title IV eligibility
- institutions will only be required to report the verification results of a student's identity
- does not impact an institution's ability to self-select FAFSA items under the institution's own verification policy



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REPORTING RESULTS FOR GROUPS V4 & V5

- An institution must report the verification results of identity through FAA Access to CPS Online for any student they received an Institutional Student Information Record (ISIR) with tracking flag V4 or V5 and request verification documentation

1- Verification completed in person, no issues found

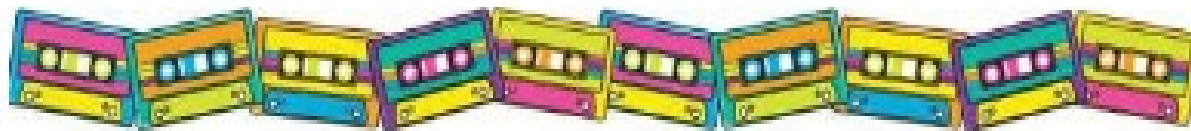
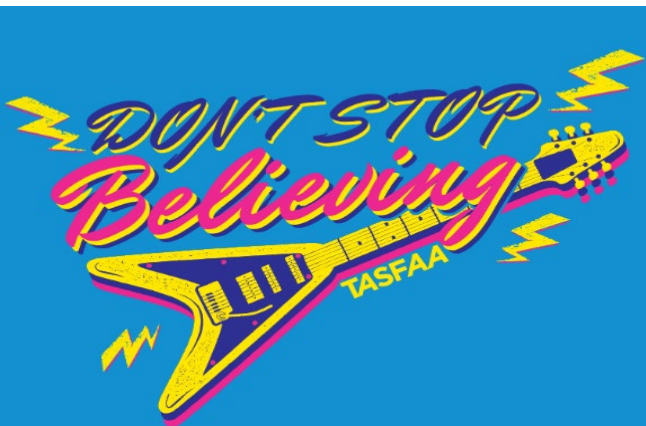
2- Verification completed remotely, no issues found

3- Verification attempted, issues found with identity (Did not receive acceptable documentation for the SEP or identity)

4- *No longer valid* – do not use for 2022–2023 and beyond (Used prior to 2022–2023 award year to identify when high school completion status issues existed but no identity issues)

5- No response from applicant or unable to locate

6- *No longer valid* – do not use for 2022–2023 and beyond (Used prior to 2022–2023 award year to identify when high school completion status and identity issues existed)

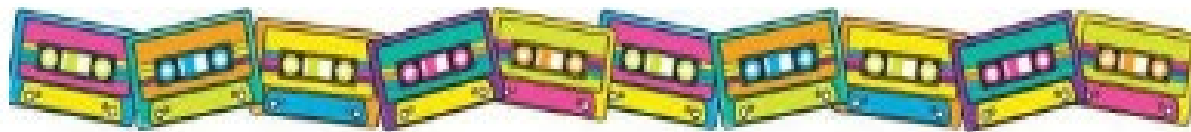
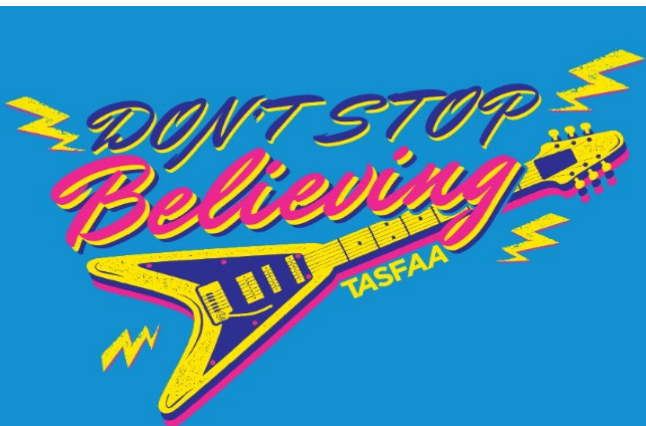


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2022-23 VERIFICATION

- 2020 Income Information for Tax Filer (V1 and V5)
 - Adjusted Gross Income (AGI)
 - U.S. Income Tax Paid
 - IRA Deductions and Payments
 - Tax Exempt Interest Income
 - Education Credits
- 2020 Income Information for Nontax Filer (V1 and V5)
 - Income Earned from Work

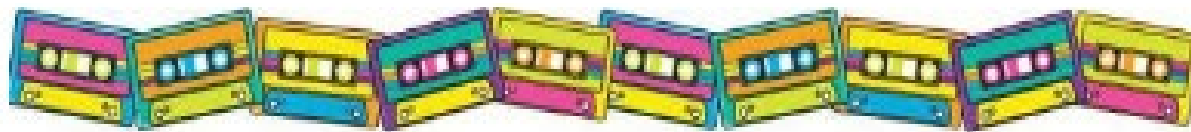
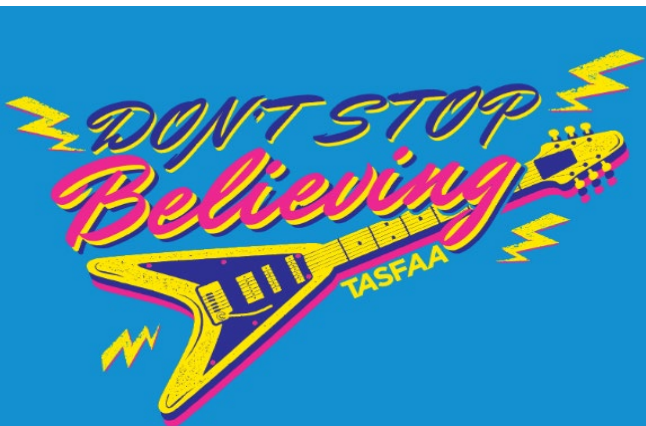


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2022-23 VERIFICATION

- Number of Household Members (V1 and V5)
- Number in College (V1 and V5)
- Identity/Statement of Educational Purpose (V4 and V5)



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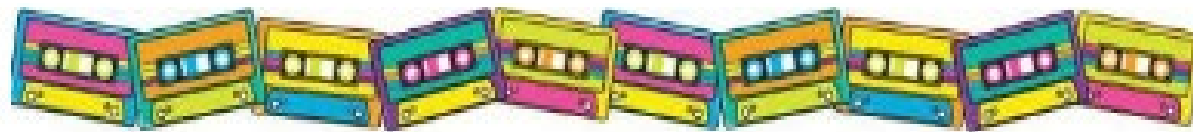


2022-23 VERIFICATION

Filing an extension beyond automatic six-month extension for 2020 tax year

- A copy of the IRS's approval of an extension beyond the automatic six-month extension for tax year 2020
- Verification of non-filing from the IRS dated on or after October 1, 2021
- A copy of the IRS Form W-2 for each source of 2020 employment income received or an equivalent document; and
- If self-employed a signed statement certifying the amount of AGI and U.S. income tax paid for tax year 2020

An institution may require that after an income tax return is filed, an individual granted this extension submit tax information. When an institution receives such information, it must be used to reverify the income and tax information reported on the FAFSA.



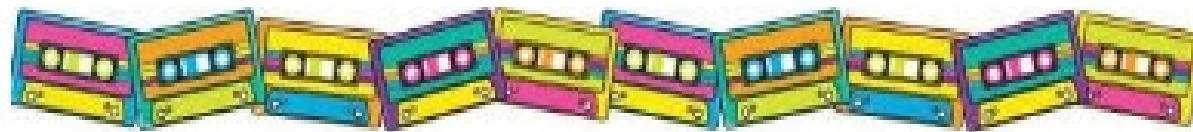
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2022-23 VERIFICATION

Verification of Nonfiling (VNF)

- If an individual is unable to obtain VNF and the institution has no reason to question the student's or family's good-faith effort to obtain the required documentation, the institution may accept a signed statement certifying that the individual *attempted to obtain the verification of nonfiling from the IRS or other relevant tax authority and was unable to obtain the required documentation*
- For non-tax filers, the statement must also confirm that they *have not filed and are not required to file a tax return* for the relevant year, and it must *list the sources and amounts of income earned from work*
- For IRS extension filers, the signed statement must also indicate that the individual has not filed a 2020 income tax return and list the sources of any 2020 income, and the amount of income from each source



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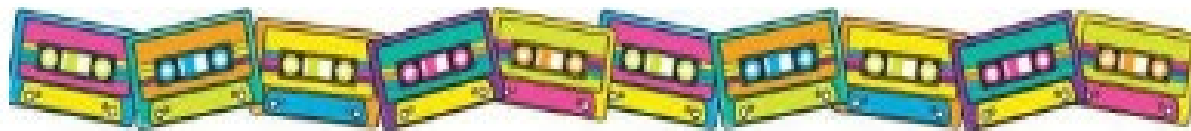


2022-23 VERIFICATION

Verification of Nonfiling (VNF)

Since individuals without a Social Security Number, an Individual Taxpayer Identification Number, or an Employer Identification Number are unable to obtain a verification of nonfiling from the IRS, these individuals *whose income is below the IRS filing threshold* must submit to the institution a signed and dated statement:

- Certifying that the individual has not filed and is not required to file a 2020 income tax return
- Certifying that the individual(s) does not have a Social Security Number, an Individual Taxpayer Identification Number, or an Employer Identification Number; and
- Listing the sources and amounts of earnings, other income, and resources that supported the individual(s) for the 2020 tax year



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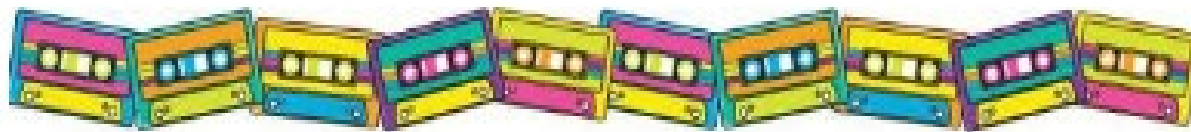
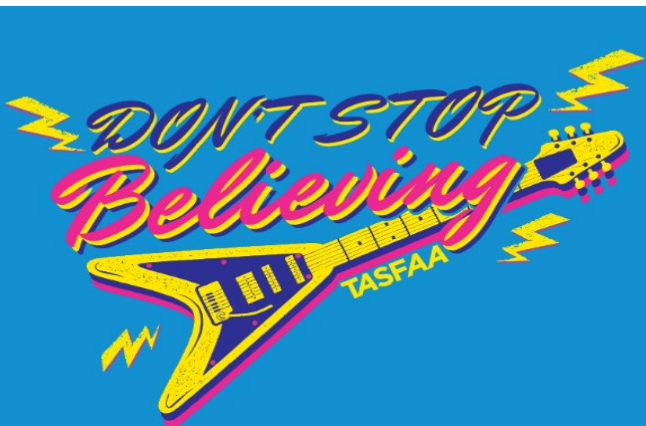


2022-23 VERIFICATION

Individuals with an Automatic-Zero Expected Family Contribution (EFC)

For dependent students –

- The parents' Adjusted Gross Income (AGI) if the parents were tax filers;
- The parents' income earned from work if the parents were nontax filers;
and
- The student's identity/statement of educational purpose, if placed in Verification Tracking Group V4 or V5



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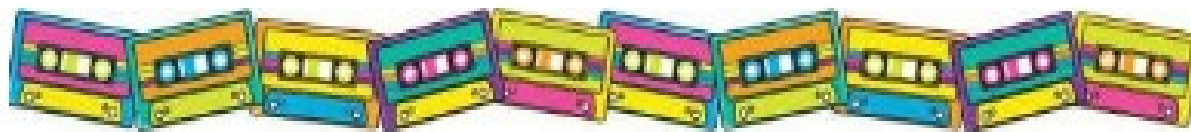
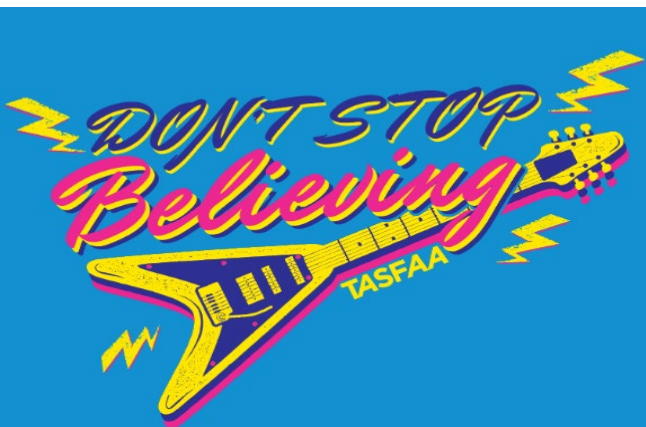


2022-23 VERIFICATION

Individuals with an Automatic-Zero Expected Family Contribution (EFC)

For independent students –

- The student's and spouse's AGI if they were tax filers;
- The student's and spouse's income earned from work if they were nontax filers;
- The student's identity/statement of educational purpose, if placed in Verification Tracking Group V4 or V5; and
- The number of household members to determine if the independent student has one or more dependents other than a spouse



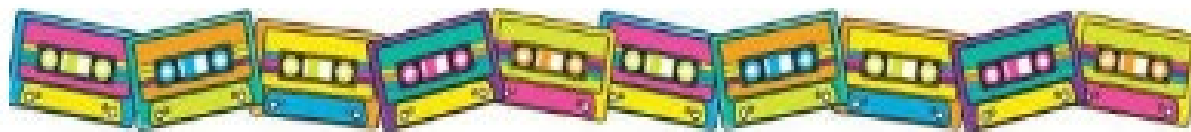
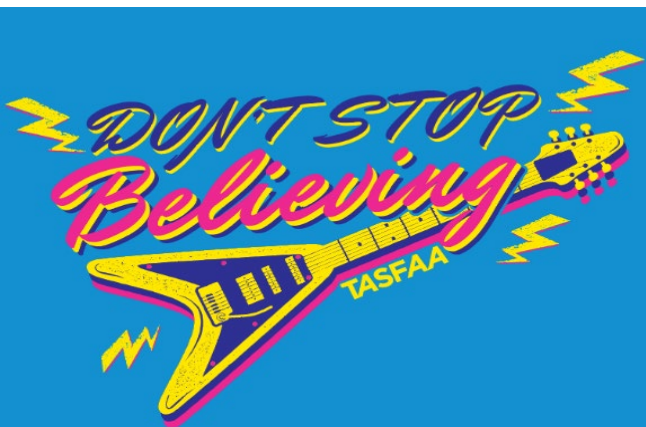
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2022-23 VERIFICATION

Rollover

- If the IRS Data Retrieval Tool (DRT) transfers a non-zero amount into the untaxed pension or IRA distribution field, the applicant will be able to report the amount of rollover and the Central Processing System (CPS) will subtract it
- The IRS Data Field Flag will be “2” – Field changed by user prior to submission of application
- To complete verification of this item, collect a signed statement certifying that the untaxed pension or IRA distribution contained a rollover



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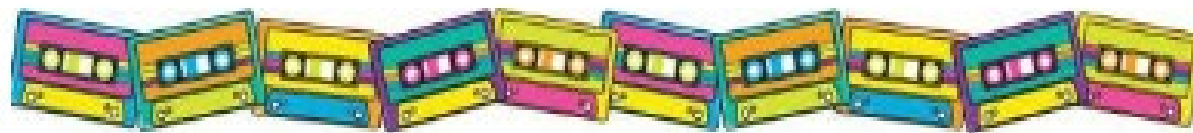
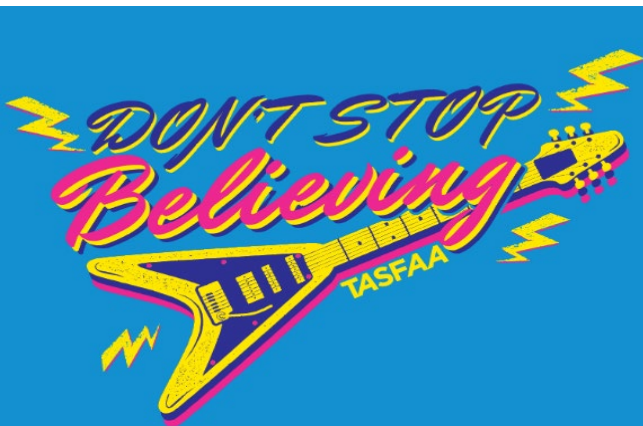


2022-23 VERIFICATION

Amended Returns

For an individual who filed an amended income tax return with the IRS, a signed copy of the IRS Form 1040X that was filed with the IRS for tax year 2020 or documentation from the IRS that include the change(s) made to the tax filer's 2020 tax information, in addition to one of the following:

- IRS DRT information on an ISIR record with all tax information from the original 2020 income tax return;
- A transcript obtained from the IRS that lists 2020 tax account information of the tax filer(s); or
- A signed copy of the 2020 IRS Form 1040 and the applicable schedules that were filed with the IRS



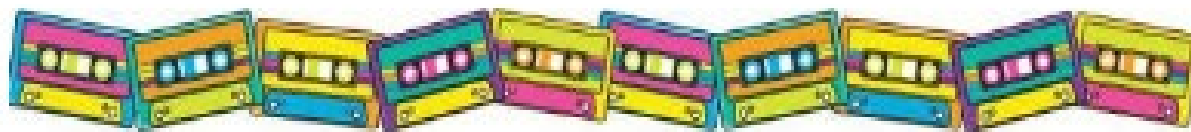
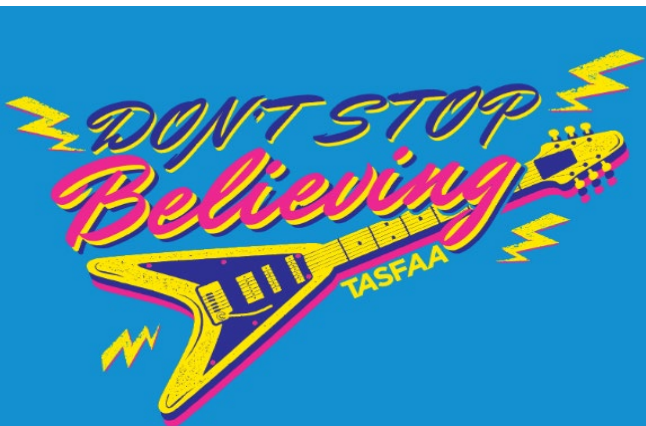
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2022-2023 APPLICATION AND VERIFICATION GUIDE

Chapter 4 of the Application and Verification Guide in the FSA Handbook expands on other verification concepts like:

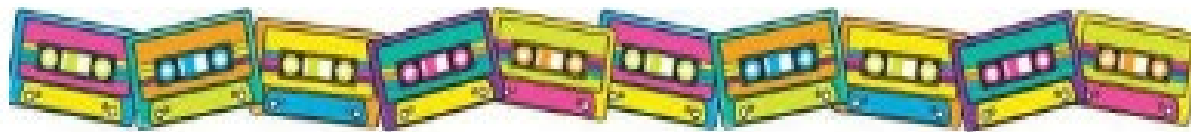
- Verifying victims of identity theft
- When an applicant should update information
- Verification deadlines
- Interim disbursements
- Professional judgment and verification
- And much, much more



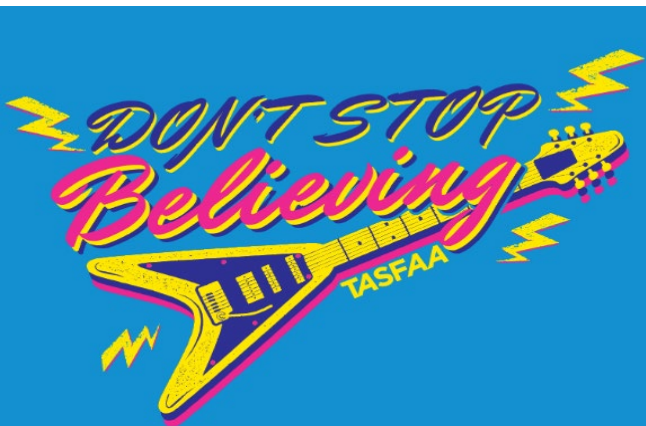
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4. VERIFICATION RATES

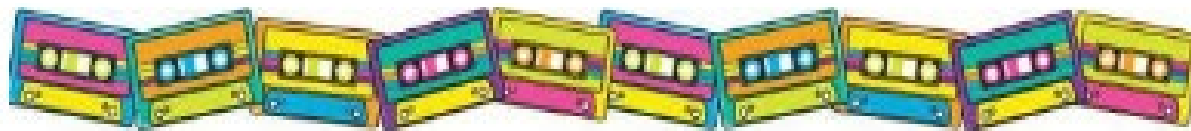
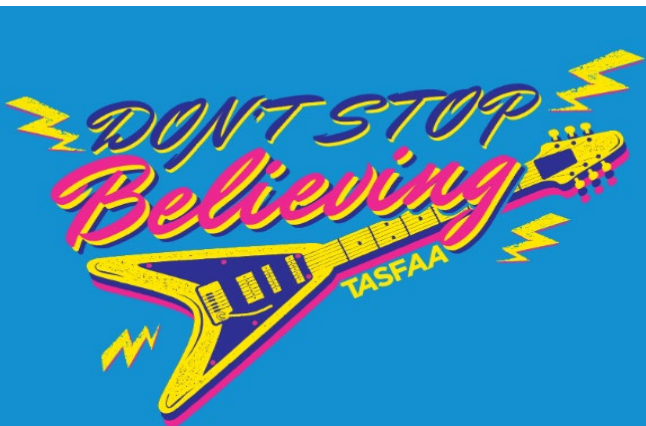


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VERIFICATION RATES

- Traditionally, around 30% of FAFSA filers overall were chosen for verification
- In 2018, FSA conducted a cost-benefit analysis to determine the verification rate and determined that the costs of doing verification exceed the benefits when 22% of filers were chosen for verification
- In 2020, an updated analysis indicated that the costs of doing verification exceeded the benefits when 18% of FAFSA filers were verified

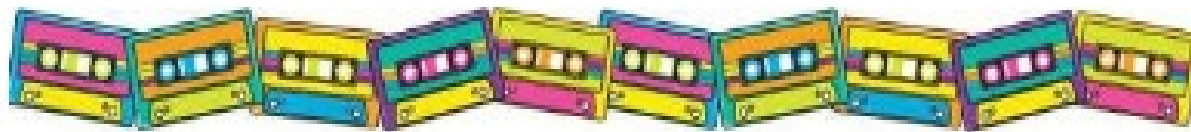
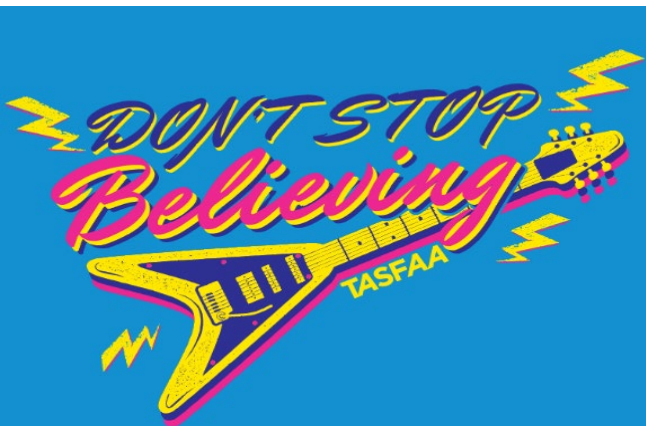


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VERIFICATION RATES

- At a verification rate of 18%, FSA was prepared to verify approximately 3,240,000 FAFSA filers
- However, the COVID-19 emergency created additional burdens for students and institutions
- Many institutions (particularly community colleges), experienced sharp enrollment declines

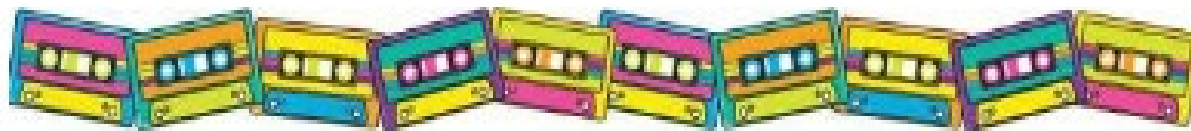
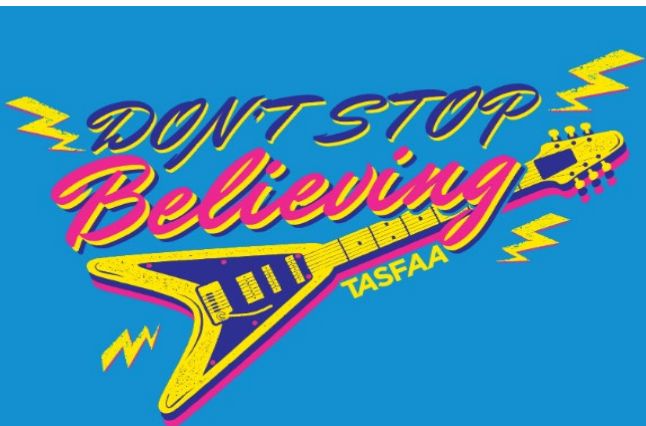


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VERIFICATION RATES

- As a result of the ongoing economic, social, and physical impacts of the COVID-19 pandemic, in July of 2021, the Department made changes to certain aspects of the FAFSA verification requirements
- To provide relief to millions of students and thousands of colleges, the Department focused the 21-22 award year's effort strictly on identity and fraud ([GEN-21-05](#))

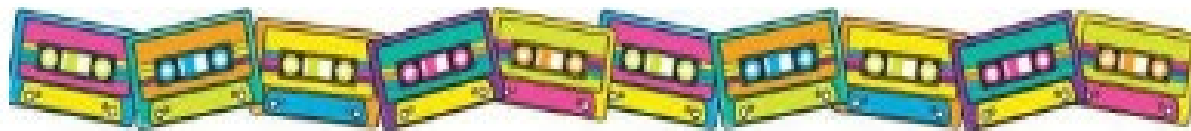
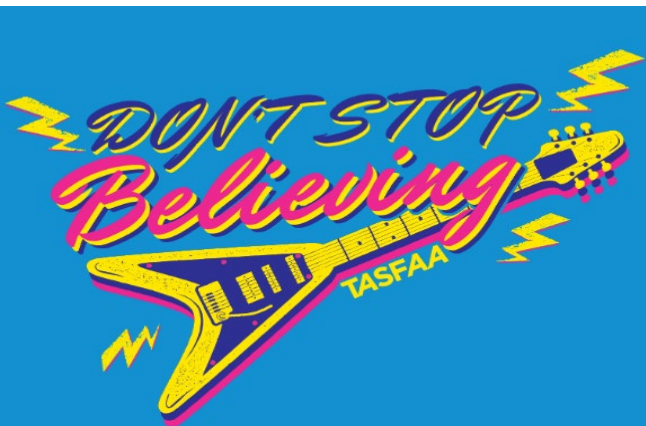


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VERIFICATION RATES

- Focusing verification on identity and fraud helped alleviate some of the administrative burden on financial aid administrators so that they could redirect their efforts on disbursing emergency aid and exercising “professional judgement,” to adjust a student’s financial aid award based on unique situations or a change in financial circumstance
- This change in the verification process created an easier pathway to aid for students, boosting their chance of enrollment, persistence, and completion

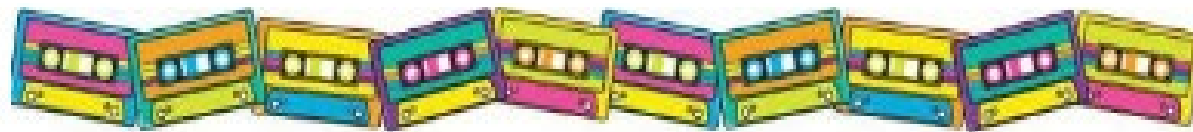


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VERIFICATION RATES

- This change resulted in an effective verification rate of **3-4%**, compared to the normal rate of **18%**
- This was a **temporary** change that could result in an enrollment increase of over 200,000 students in the current 2021–22 academic year due to reducing the impact of verification melt



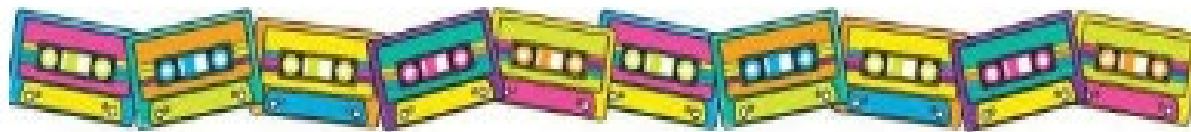
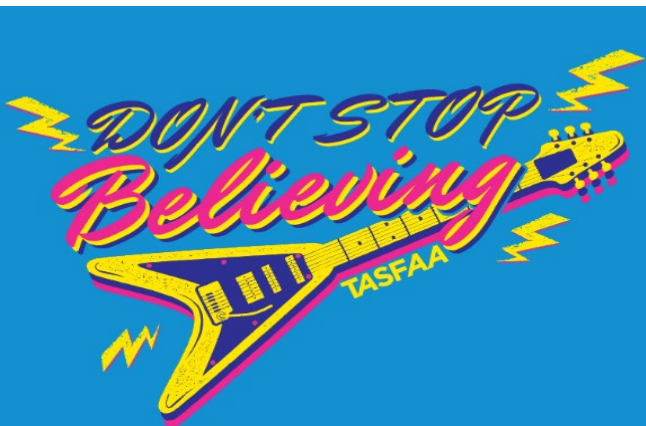
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VERIFICATION RATES

Changes for the 2022-2023 Award Year and Beyond:

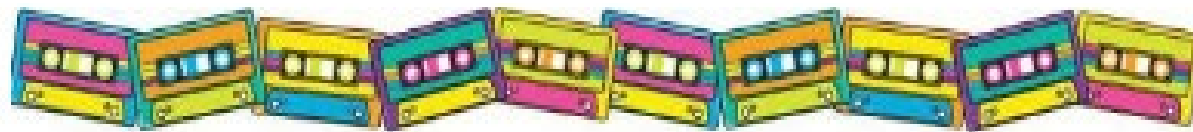
The Department is considering what adjustments need to be made to verification for the 2022-23 award year as well as what long-term changes will ensure that verification is robust and equitable



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QUESTIONS?



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