

## 20-21 VERIFICATION AND FILE REVIEW

### Verification

Verification is the process of checking the accuracy of the information supplied by students when they apply for federal student aid for the current FAFSA award year. The Higher Education Act of 1965, as amended, and Subpart E of 34 CFR Part 668 regulations govern the verification procedures. The CCCC Financial Aid Office will follow the Verification Guide as published by the U.S. Department of Education regarding verification requirements.

**Selection of Applicants to be Verified:** The following applicants will be selected for verification:

- Applicants selected by CPS
- Applicants found to have conflicting information such as but not limited to household size, number in college, income tax paid is same as wages, etc.
- Applicants who request Professional Judgment
- Applicants who request a Change in Dependency Status

Verification tracking groups are as follows:

- V1 Standard Verification Group
- V4 Custom Verification Group
- V5 Aggregate Verification Group

**Acceptable Documentation and Forms:** Applicants selected for verification will be requested to complete the appropriate Verification Worksheet.

Students may also be required to provide one or more of the following documents:

- Ward of the Court Documentation
- Copies of death certificates of parent(s)
- Marriage certificate or divorce decree
- Copy of social security card and/or birth certificate
- Proof of citizenship

Other forms and documents as needed to clarify conflicting information may be requested by the Financial Aid Office.

The acceptable documentation for the income elements will be either the IRS Tax Return Transcript, the signed IRS Tax Return or the use of the IRS Data Retrieval Tool with a code of 02 on the ISIR.

The IRS data retrieved by the tax filer while correcting the FAFSA is considered acceptable documentation, even though it was not received with the initial application. If the school previously requested alternative documentation such as an IRS Tax Return Transcript, the newly retrieved data can serve to document the answers on the application instead. The request for alternative documentation could be cancelled.

If no federal tax return was filed or not required to be filed, income earned from work from W-2's will be verified.

**Special tax situations:** Verification of 2018 Income Information for Individuals with unusual circumstances.

An individual who is required to file a 2018 IRS Income tax return and has been granted a filing extension by the IRS, must provide:

- A copy of IRS Form 4868, "Application for Automatic Extension of Time to File U.S. Individual Income Tax Return", that was filed with the IRS for tax year 2018;
- A copy of the IRS's approval of an extension beyond the automatic six-month extension if the individual requested an additional extension of the filing time for tax year 2018;
- Verification of Non-filing Letter (confirmation that the tax return has not yet been filed) from the IRS or other relevant tax authority dated on or after October 1, 2019;
- A copy of IRS Form W-2 for each source of employment income received for tax year 2018 and,
- If self-employed, a signed statement certifying the amount of the individual's Adjusted Gross Income (AGI) and the U.S. income tax paid for tax year 2018.

An individual who filed an amended IRS income tax return for the tax year 2018 must provide:

- An 2018 IRS Tax Return Transcript (that will only include information from the original tax return and does not have to be signed), the signed IRS Tax Return or any other IRS tax transcript(s) that includes all of the income and tax information required to be verified; and
- A signed copy of the 2018 IRS Form 1040X "Amended U.S. Individual Income Tax Return," that was filed with the IRS.

An individual who was the victim of IRS tax related identify theft must provide:

- A Tax Return Data Base View (TRDBV) transcript obtained from the IRS, or any other IRS tax transcript(s) that includes all of the income and tax information required to be verified; and
- A statement signed and dated by the tax filer indicating that he or she was a victim of the IRS tax-related identify theft and that the IRS is aware of the tax-related identify theft.

Verification forms must be received 4 weeks prior to the first day of classes for the students financial aid file to be completed for the Student Account Payment Procedure. Forms received after this date will be processed and files verified but may have a later disbursement date.

**Data Elements to be Verified:** The following elements will be verified as required by the appropriate Verification Group.

- Number of Household members
- Number in college
- High School Completion Status
- Identity/Statement of Educational Purpose

The following income elements for tax filers will be verified along with information that is on the appropriate Verification Group.

- Adjusted Gross Income
- U.S. Income Tax Paid
- Untaxed Portions of Individual Retirement Account (IRA) Distributions
- Untaxed Portion of Pensions
- IRA Deductions and Payments
- Tax-Exempt Interest
- Education Tax Credits
- Any institutional selected data elements

**Nontax filers** must provide confirmation of non-filing dated on or after October 1, 2019. A confirmation of non-filing can be obtained from the IRS using Form 4506-T and checking Box 7. If appropriate, a similar confirmation from another taxing authority (e.g., a U.S. territory or a foreign government) is also acceptable.

A dependent student who is a nontax filer is excluded from the verification requirement to provide confirmation of the dependent student's nonfiling status from the IRS or other relevant tax authority.

### **Acceptable Documentation and Forms for nontax filers**

- IRS Confirmation of non-filing (if multiple attempts to obtain Verification of Non-filer from the IRS has been unsuccessful a signed statement or the Verification of Non-filing form may be accepted)
- W-2's for all income earned
- Verification worksheet

### **Nontax Filers Data Elements to be verified:**

- Income Earned from work
- Number of Household members
- Number in college

CCCC policy regarding number in household, number in college and dependent(s) is as follows:

### **Number in Household**

- If on verification worksheet(s) the # in household is different than what was reported, if there is reason to doubt the information or if conflicting information exists the

student/parent will need to verify and validate the correct # in household using the Confirmation of Number in Household worksheet.

### **Number in College**

- If on verification worksheet(s) the # in college is different than what was reported, if there is reason to doubt the information or if conflicting information exists the student/parent will need to verify and validate the correct # in household using the Confirmation of Number in College worksheet.

### **Independent by supporting child or other dependent(s)**

- A student independent based on factors other than age who indicates that they have a child or dependent other than a spouse must demonstrate adequate income by providing documentation regarding the means of support for the dependent. TANF cash assistance guidelines from the local SRS office are used to determine the minimum income a student must earn. The student must be providing more than 50% of the support for the child or other dependent. Generally, custody will be considered the major factor in determining support. The custodial parent, for example, may be receiving support for the child from child support or SRS, and from their own earnings.
- A student independent based on factors other than age may have custody of the child and be living with her (or his) parents. The student must be providing more than 50% of the child's support from work, SRS, child support or in-kind support.
- A student independent based on factors other than age may be living independently and receiving child support from a non-custodial parent and this support will be considered as in-kind support.
- In the case where both unmarried parents/students are living separately, are independent based on factors other than age, typically only one student can claim that they are providing "more than 50%" of the support of the child. There may be times where both parents/students may claim they are both providing more than 50% of support of child. Example, if a student who lives alone with her child receives cash from her boyfriend that amounts to more than 50% support for her child, then she would be able to count the child as a dependent and in her household and she would be independent. If the boyfriend is the father of the child and a student himself, then he would also be able to count the child as a dependent and in his household size, and he would be independent too.
- A student independent based on factors other than age may not claim a "live-in" boyfriend, girlfriend, or roommate as a dependent to determine dependency status purposes, or as a family member in the household size. *Exception* would be if the student provides more than 50% of the other person's support and will continue to provide such support during the school year. *Exception* would also be students who provide documentation to support a common-law marriage, in this case, both incomes would be reported.

- An Independent student based on age may include person(s) other than children and a spouse as members of their household if the person is a legal dependent or if the student provides more than 50% of the other person's support and will continue to provide such support during the school year. Documentation for both situations may require a copy of the legal document or the Confirmation of Number in Household worksheet.

### **Dependent students who family supports other dependent(s)**

- A dependent student's family may include other person(s) as members of the household if the person is a legal dependent or if the family provides more than 50% of the other person(s) support and will continue to provide such support during the school year. Documentation for both situations may require a copy of the legal document or the Confirmation of Number in Household worksheet.

### **Using a joint return to figure individual AGI and taxes paid**

- If the filer of a joint return has become widowed, divorced or separated since filing the return, it may be necessary to determine the individual's income and taxes paid using the joint return and W-2's
- The income amounts from the individual's W-2 forms may be added to any other income that can be extracted from the joint return
- Any interest or income earned on joint accounts may be assessed at 50% or may be adjusted based on the portion that applies solely to the individual
- Any adjustments to income, the individual's AGI may be adjusted based on the portion that applies solely to the individual
- Income tax paid may be calculated using the proportional distribution method
- Determine what percentage of the joint AGI was attributable to the individual and then assess the joint taxes paid by the same percentage
- Income tax paid may also be calculated using the tax table method
- Using the IRS Tax Table or Tax Rate Schedule for the appropriate year, calculate the amount of tax that would have been paid if a separate return had been filed using the deduction and number of exemptions that individual could have claimed if they had filed a separate return

Verification must be complete before the Financial Aid Office will award the student Federal Financial Aid. Following are the general steps involved in the verification process:

- ISIR received and imported in to the computer system
- ISIR reviewed for conflicting information
- Verification letter mailed to student instructing the student to access our web site to complete, print, sign and return forms to the Financial Aid office
- Students may also access MY.CLOUD / iCloud to view missing documents
- All paperwork is received and documents are marked as "received"
- The most recent ISIR transaction will be verified and corrections will be made on the ISIR and in PowerFails
- Corrections sent to CPS
- When corrected ISIR is received ~ the corrections will be verified as accurate
- Student award will be packaged

Completed verification is defined as when the student has submitted all requested documentation to the school and the school also has on file a valid federal output document that shows that the student's application data was processed through the CPS at least once and shows an official EFC.

A Federal Pell Grant applicant selected for verification must complete the process no later than June 30<sup>th</sup> of the award year at CCCC. This is necessary in order to identify aid recipients and encumber awarded funds for them prior to the end of the fiscal year, June 30<sup>th</sup> of each year.

If the applicant does not complete verification by the established deadline, he/she forfeits the Federal Pell Grant for the award year. It is also an institutional policy that need based aid is not offered until verification is complete.

**Conflicting and Inaccurate Information:** At any time the Financial Aid Staff identifies conflicting or inaccurate information the student's file may be chosen for additional verification and additional documentation may be requested.

### **Database Matches, Reject Codes, & C-Codes Clearance**

The Financial Aid Office will resolve any database matches that result in a "C" code and will notify student with the document tracking letter that there is an issue that needs to be resolved.

All "C" codes must be resolved prior to packaging, awarding, and disbursement of any Federal Financial Aid for the following database matches:

Social Security Administration  
Department of Homeland Security  
Selective Service System  
National Student Loan Data System (NSLDS)  
Department of Health and Human Services (HHS)  
Department of Defense (DoD)  
Department of Justice (DOJ)

### **Review of Subsequent ISIR Transactions – Post-screening**

The ISIR transaction that is used when packaging a student's aid will be the ISIR transaction that the Financial Aid Office will use for disbursement.

If subsequent ISIR transactions are received, those transactions will be reviewed to determine if the EFC or the "C" flag has changed or if there are new comments or NSLDS information that impacts eligibility for aid.

Will check for any updates or corrections or whether the verification tracking group has changed.

Any conflicting information will be reviewed and resolved if necessary.

If there is no conflicting information, if the EFC has not changed and there are no changes in the "C" flag, tracking group or NSLDS information, no action is required.

If the EFC does change but it either does not affect the amount and type of aid received or the data elements that changed were already verified, no action is required.

If the EFC changes and the pertinent data elements were not verified, then CCCC will investigate and resolve any conflicting information.

Any time the "C" flag changes or NSLDS date has been modified, CCCC will resolve.

**Defaults:** Students who are identified on subsequent transactions as in default on their Federal Stafford (Subsidized or Unsubsidized) Loan, or Federal Perkins Loans will not be eligible for any additional Title IV disbursement.

A written release from the U.S. Department of Education or the appropriate loan guarantee agency must be provided to the Financial Aid Office before such a student will be considered for additional disbursement. Verification with NSLDS is also a reliable method of documenting that the default has been resolved should a written release not be provided.

**Overawards:** Students who are identified on subsequent transactions as in an overaward status of Federal Financial Aid will not be eligible for any additional Title IV disbursement.

A written release from the U.S. Department of Education or the appropriate loan guarantee agency must be provided to the Financial Aid Office before such a student will be considered for any additional disbursements. Verification with NSLDS is also a reliable method of documenting that the overaward has been resolved should a written release not be provided.

**Overpayments:** Students who receive more Pell Grant than he or she is eligible to receive may result in an overpayment.

- Pell Overpayment responsibility of CCCC - should not be reported as an overpayment to NSLDS. CCCC will make the appropriate adjustments to the Pell Grant information previously reported to the COD System no later than 15 days after becoming aware of the need to adjust the Pell Grant, and return the funds through G5. This adjustment may result in a balance due on the student account and CCCC may attempt to collect the balance due from the student.
- Pell Overpayment responsibility of student - If all disbursement and reporting requirements are met and an overpayment exists that is the responsibility of the student, CCCC may report the overpayment to NSLDS. If reported to NSLDS, no adjustment for the Pell award to the COD system and no funds to be returned through G5. CCCC may choose to not report as an overpayment and will adjust Pell Award appropriately to the COD System and return funds to G5. This adjustment may result in a balance due on the student account and CCCC may attempt to collect the balance due from the student.