



Policy FA1.02: Verification

Oversight	Information
Policy Type	Financial Aid
Policy Owners	Director of Financial Aid
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Policy

Verification of data reported on the Free Application for Federal Student Aid (FAFSA) helps schools accurately and equitably determine the types and amounts of federal funding students will receive. The Program Integrity Final Rule published on October 29, 2010, mandated that the Department define for each award year the minimum data elements schools must verify and the acceptable documentation for each data element.

The Central Processing System selects applicants either randomly or by choosing applicants that do not meet a series of federal edits. These federal edits are not published by the Department. Schools also have the authority to verify the application information of any student who applies for federal aid, even if the application was not selected by the CPS.

School selection criteria must be applied fairly and consistently to all applicants. You must verify applications that are selected by the CPS of students who will receive or have received subsidized student financial assistance. Effective for 2017-2018 any student who is eligible to only receive unsubsidized assistance and is selected under V4 or V5 is required to complete verification in accord with the answer to the DOC-Q18 which states: *Must an institution complete verification for students placed in verification groups V4 or V5 who are only eligible for unsubsidized student financial assistance? DOC-A18 An institution should verify only high school completion and identity/statement of educational purpose for a student who is only eligible for unsubsidized student financial assistance and who was placed in Verification Tracking Groups V4 or V5 (see the exception for high school completion for a graduate student under Q&A DOC-Q31/A31). This will help ensure that only eligible students receive aid and will improve the integrity of the Title IV, HEA programs. Institutions need not verify any of the other FAFSA information listed under Verification Tracking Group V5 for such students. DOC-Q31. Must an institution collect documentation of an applicant's high school completion status for graduate students placed in Verification Tracking Groups V4 or V5?*

DOC-A31. An institution is not required to collect proof of high school status if admission into the graduate program requires the completion of at least two years of undergraduate coursework as provided in Q&A [RED-Q1/A1](#).. A student cannot avoid verification by accepting only unsubsidized aid. If a student attempts to do this verification must continue.



- Changes for the 2018/2019 year is the switch to using only tax return transcripts from the IRS.
- Students chosen for verification must provide required supporting documentation as well as complete a Verification Form. These documents will be compared to what was submitted in the student's FAFSA, and any necessary corrections will be made to the FAFSA by the institution.
- Students will be notified by email of the documents required to complete for verification. On occasion the documents provided may prompt us to request additional documentation.
- There are five categories of Department of Education selected Verifications, each are as follows:

Standard Verification Group. V1 (most common type of verification)

Students/parents in this group must verify the following if they are tax filers:

- Adjusted gross income
- US income tax paid
- Untaxed portions of IRA distributions
- Untaxed portions of pensions
- IRA deductions and payments
- Tax-exempt interest income
- Education credits
- Household size
- Number in College

Students who are not tax filers must verify the following:

- Income earned from work
- Household size
- Number in College

Custom Verification Group. V4.

Students must verify high school completion status and identity/statement of education purpose.

Aggregate Verification Group. V5.

Students must verify high school completion status and identity/statement of educational purpose in addition to the items in the Standard Verification Group (V1).

V1 verification is also required prior to the Financial Aid Office being able to consider any "Professional judgment" FAFSA data element changes in the event of special circumstances.



We understand that with the prior-prior tax information being required from the Department of Education more Professional Judgments could be requested.

Beginning in 2014-2015 American Sentinel University will report results from Verification tracking flag V4 and V5 through the FAA Access to CPS online for any student selected by CPS with a V4 or V5 tracking flag.

Guidelines

- Not Applicable

Procedure

Once all documents have been received, the Financial Aid Office will complete the Verification process as quickly as possible, make any necessary data changes with the FAFSA, and adjust your federal financial aid, if required due to an EFC change in eligibility.

An email will be sent to the student if any changes to aid eligibility occur as a result of Verification corrections. All corrections to the FAFSA will result in your receiving a new Student Aid Report (SAR).

If a student is selected for Verification, and is in the V1 group the school on a case by case basis can disburse Unsubsidized and PLUS loans, prior to completing verification when completion will be delayed and the student is eligible for subsidized and unsubsidized aid, any financial need must be considered and adjust the aid amounts after verification if necessary.

Non-filers

An AGI figure won't be available for someone who isn't required to file a tax return. A non-filer would instead report on the FAFSA income earned from work, which includes any income reported on the individual's W-2 forms plus any other earnings from work not reported on those forms. Even if no taxes were paid on this income earned from work, it **should not** be reported as untaxed income on the FAFSA.

A properly completed federal verification worksheet sufficiently documents income earned from work. American Sentinel University requires applicants selected for verification to complete the federal verification worksheet. No further documentation is required.

Financial aid professionals are not expected to have special knowledge or expertise regarding the U.S. tax code. If someone whose data were required on the FAFSA submits a signed statement claiming non-filer status and American Sentinel University has reason to believe that person would have been required to file a U.S. tax return, this constitutes conflicting information and must be resolved. For example, in such a case, American Sentinel University might require a letter from the IRS, a copy of the applicable tax provision, or other documentation supporting



the claim to non-filer status. **Conflicting information must be resolved before American Sentinel University can disburse federal student aid.**

Filing extensions

If any of the persons required to report information on the FAFSA will file but hadn't filed a tax return at the time of application, they would have used an estimated AGI on the FAFSA. At the time of verification, the necessary tax returns should have been filed and **must** be used for verification.

Due to the FAFSA requiring prior-prior year tax information (ex: 2017-2018 FAFSA requires 2015 tax information and the 2018-2019 FAFSA requires 2016 tax information) If a return hasn't been filed by then and a filing extension was granted by the IRS, American Sentinel University shall accept as alternative documentation copies of the W-2 forms, and, as proof that the IRS has granted a filing extension, either a copy of IRS Form 4868—Application for Automatic Extension of Time to File U.S. Individual Income Tax Return (automatically grants the taxpayer a six-month extension beyond the April 15 deadline) or a copy of the IRS approval of an extension beyond the automatic six-month extension.

In addition to supplying the above documentation, the student must submit a copy of their tax return transcript retrieved from the IRS directly, or they can elect to return to the FAFSA site and use the IRS Data retrieval with no changes to the information ported over. When American Sentinel University receives the tax return transcript, American Sentinel University may use them to re-verify the required data. A student who fails to submit a copy of the tax return transcript before the deadline for verification is ineligible for FSA funds and is required to repay any aid disbursed.

Beginning in the 2018/19 award year, tax return information can either be downloaded directly from the IRS directly onto the FAFSA or can be obtained directly from the IRS as a tax return transcript.

Fiscal year tax returns

For a fiscal year return, as opposed to one for the calendar year, the student should report the AGI and U.S. income tax paid from the return that includes the greater number of months in the base year. Accordingly, American Sentinel University will use the tax return from that fiscal year for verification purposes.

Nonresident filers



1040NR is a special return filed by certain nonresidents, mostly individuals holding temporary visas (such as an F-1 or H-1). Such persons are neither permanent residents nor U.S. citizens. The 1040NR is acceptable documentation for verification purposes.

Foreign income

Information from non-IRS tax returns would be reported on the FAFSA, with the value of the foreign income and taxes reported in U.S. dollars, using the exchange rate at the time of application. For verification purposes, these returns would be considered equivalent to an IRS Form 1040. If the student (or the student's parents) earned foreign income but did not pay any taxes on that income, it should be reported as untaxed income.

Untaxed income and benefits

The term "untaxed income" means any income excluded from federal income taxation under the IRS code. For an application selected for verification, American

Sentinel University will verify up to three specific types of untaxed income and benefits:

- Child support
- IRA/Keogh deductions
- Interest on tax-free bonds

In addition, American Sentinel University will verify all other untaxed income reported on the U.S. individual income tax return (excluding schedules).

Except for child support, the required items can be verified using the tax return or alternative tax documents. Non-filers should submit a signed statement confirming that they did not file a tax return and listing the amount and specific sources of untaxed income and benefits by name.

American Sentinel University will not verify any untaxed income and benefits received from a federal, state, or local government agency on the basis of a financial need assessment. Also, "in-kind" income is not reported on the FAFSA and does not have to be verified.

Verifying child support received

American Sentinel University will verify child support if the student, student's spouse, or student's parents report receiving it, or if American Sentinel University has reason to believe it was received. Child support doesn't have to be verified if the amount reported is the same amount that was verified in the previous year.

A completed verification worksheet will be used to verify child support received. If American Sentinel University has reason to doubt the amount reported on the verification worksheet, American Sentinel University may request at least one of the following items:

A copy of the divorce decree or separation agreement showing the amount of child support to be provided



A signed statement from the parent who provided the support showing the amount of child support provided

Copies of the canceled checks or money order receipts

Verifying deductions for IRA and Keogh plans

Deductible payments to IRA and Keogh plans can be verified using the tax return.

Verifying interest on tax-free bonds

Interest on tax-free bonds can be verified using the tax return.

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 the relevant IRS W-2 forms. (If a filer is self-employed or if a W-2 is not available, American Sentinel University may accept a signed statement from the filer that certifies the base year AGI and U.S. taxes paid.)

Add the income amounts from the individual's W-2 forms to any other income that can be extracted from the joint return. Any interest or business income earned on joint accounts or investments should be assessed at 50%. (The same procedure

should be used to divide business or farm losses.) Also, if the AGI listed on the joint return was adjusted ("Adjustment to Income"), American Sentinel University will reduce the individual's AGI by the portion of the adjustment that applies solely to him or her. For example, if an adjustment was made for moving expenses (which applies to the couple jointly), only 50% of the adjustment amount can be applied against the individual's income. An AGI figure can be calculated for the individual filer, using a joint return; a signed statement from the filer certifying that the data from the joint return were accurately assessed is sufficient documentation for this method.

American Sentinel University will use one of the following methods to figure the individual's taxes paid:

- **Tax table (preferred 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. Use the deduction and number of exemptions the individual could have claimed if he or she had filed a separate return. (If itemized deductions were taken, count only the portion of those deductions that could have been claimed on a separate tax return.)
- **Proportional distribution:** Determine what percentage of the joint AGI was attributable to the individual and then assess the joint tax paid by that same percentage.

Related Documents/References

- Student Handbook



Definitions

- None

Revision History

- 07/01/2011 – Financial Aid
- 07/01/2013 - Financial Aid
- 07/01/2017 – Financial Aid
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- May 7, 2020: Updated policy format for accessibility guidelines - AHB