Verification and Unusual Enrollment History 2015-16

Bruce Honer, Training Officer
U.S. Department of Education

2015-16 Verification

Verification – Policy

For the 2014-15 award year
- Eliminated SNAP (V2) as a separate verification group
- Added household resources group (V6)
- Added other untaxed income and benefits as a verification item

For the 2015-16 award year
- No changes

For Discussion Purposes Only
V1 – Tax Filers

- Adjusted Gross Income
- U.S. Income Tax Paid
- Untaxed Portions of IRA Distributions
- Untaxed Portions of Pensions
- IRA Deductions and Payments
- Tax Exempt Interest Income
- Education Credits

Documentation:
- IRS DRT;
- Tax Return Transcripts;
- Alternate documentation where allowed (e.g. amended returns, foreign returns, etc.)

V1 – Non-Tax Filers

- Income earned from work

Documentation:
- Signed statement certifying –
  - Individual has not filed and not required to file a 2014 tax return;
  - Sources of income earned from work and amounts of income from each source for tax year 2014; and
- Copy of IRS Form W–2 for each source of employment income received for tax year 2014

V1 – Non-Tax Filers

- If an institution questions a claim that the tax filer is not required to file, must require applicant to submit a “Verification of Nonfiling Letter”
  - Obtained by the tax filer using IRS “Get Transcript Online” tool at www.irs.gov/Individuals/Get-Transcript OR
  - Form 4506-T and checking box 7
  - “Verification of Nonfiling Letter” for 2014 tax year generally not issued until after June 15, 2015

For Discussion Purposes Only
V1 – All Applicants

- Number in Household and Number in College

  **Documentation:**
  - Household size – signed statement (name, age, relationship)
  - Not required if:
    - Dependent student household size reported is 2 and parent is unmarried or 3 if the parents are married or unmarried and living together
    - Independent student household reported is one and applicant is unmarried or 2 if the applicant is married
  - Number in College – signed statement (name of household member attending at least half-time and eligible institution name)
    - Not required if reported number is one (student)

V1 – All Applicants

- SNAP Benefits (if reported on ISIR)
- Child Support Paid (if reported on ISIR)

  **SNAP Documentation:**
  - Statement signed by applicant/parent affirming SNAP benefits received by someone in household during 2013 and/or 2014
  - If school has concerns with accuracy of information, the institution must obtain documentation from the agency that issued the SNAP benefits

  **Child Support Paid Documentation:**
  - Explained under V3 slide

V3 – Child Support Paid

- Child Support Paid (if reported on ISIR)

  **Documentation:**
  - Statement signed by applicant/parent certifying–
    - Amount of child support paid;
    - Name of the person who paid the child support;
    - Name of the person to whom child support was paid; and
    - Names of the children for whom child support was paid
  - If the institution has reason to believe that the information provided in the signed statement is inaccurate, the applicant must provide the institution with supporting documentation, such as checks, signed statements, etc.

For Discussion Purposes Only
### V4 – Custom

- High School Completion Status
- Identity/Statement of Educational Purpose
- SNAP Benefits (if reported on ISIR)
- Child Support Paid (if reported on ISIR)

### High School Completion Status

- **High school completion status**

**Documentation:**
- High school diploma; or
- Final official high school transcript showing date diploma awarded; or
- "Secondary school leaving certificate" for students who completed secondary education in foreign country and unable to get copy of high school diploma/transcript

**Note:** If prior to being selected for verification, an institution already obtained HS completion status records for other purposes, the institution may rely on those records as long as it meets ED HS completion criteria

### High School Completion Status

- **Recognized equivalent of a HS diploma**

**Documentation:**
- 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 HS equivalent certificate; or
- 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; or
- Student excelled academically in HS and met all criteria to be admitted into a 2-year degree program or higher

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For Discussion Purposes Only

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U.S. Department of Education
High School Completion Status

- Test transcripts of State-authorized examinations

**Documentation:**
- Test transcripts of State-authorized examinations (e.g., GED test, HISET, TASC, or other State-authorized high school equivalency examinations) are acceptable documentation of high school completion only if:
  - The official test 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 test transcript includes language that the final score is a passing score

High School Completion Status

- Homeschooled

**Documentation:**
- Credential, transcript, or the equivalent, signed by the parent or guardian, that lists the secondary school courses completed by the applicant and documents the successful completion of a secondary school education; or
  - A secondary school completion credential for home school provided for under State law

Identity/Statement of Educational Purpose

- Students that appear in person

**Documentation:**
- Present to an institutionally authorized individual
  - A valid government-issued photo identification; and
  - A signed statement of educational purpose provided by ED, cannot be modified
- Maintain an annotated copy of the identification:
  - The date documentation was received; and
  - The name of the institutionally-authorized individual that obtained the documentation
Identity/Statement of Educational Purpose

- Student unable to appear in person

Documentation:
- Must provide the institution—
  - A copy of a valid government-issued photo identification
  - An original, notarized statement of educational purpose signed by the applicant, cannot be faxed or scanned
- Maintain a copy in the file
- After examining the original Statement of Educational Purpose for accuracy and completeness, the institution may convert it into an electronic record

V5 – Aggregate

- High School Completion Status
- Identity/Statement of Educational Purpose
- All items indicated-Tax Filer (V1)
- All items indicated-Non-Tax Filer (V1)

V6 – Household Resources

- All items indicated-Tax Filer (V1); or
- All items indicated-Non-Tax Filer (V1);
- Other untaxed income from 2015-16 FAFSA:
  - Payments to tax-deferred pension and savings
  - Child support received
  - Housing, food, and other living allowances paid to members of the military, clergy, and others
  - Veterans noneducation benefits
  - Other untaxed income
  - Money received or paid on the applicant’s behalf
V6 – Household Resources

- Other Untaxed Income Documentation:
  - Signed statement listing:
    - Sources and amounts of income for tax year 2014; and
    - Copy of IRS W2s for sources of employment income received for tax year 2014, where applicable
  - If school determines amounts provided do not appear to provide sufficient support for family members reported, the applicant (and parent/spouse) must:
    - Provide additional signed statement listing other resources used to support family (may include items not required to be reported on FAFSA or other verification forms)
    - Explain how financially supported during 2014 calendar year

V6 – Household Resources

- Institutions should use reasonable judgment when evaluating the validity of the income information provided by students and parents who are placed in Verification Tracking Group V6
  - “Reasonable” may differ among institutions
  - Institutions may choose to accept a signed low-income statement, an income-to-expenses comparison, or other documentation as determined by the institution

Verification – Hot Topics

- Verification Text
- Amended Tax Returns
- Transcript Requests
- Identity Theft
Suggested Verification Text

- An Electronic Announcement with suggested text for each of the required 2015–16 verification items was posted November, 2014.
- Not required to use ED’s suggested text and formats
  - ONE EXCEPTION – institutions must use the exact language provided in the “Statement of Educational Purpose” (Groups V4 & V5)
  - The “Notary’s Certificate of Acknowledgement” section
    - may appear on the same document as the “Statement of Educational Purpose,”
    - does not require the use of the exact language provided
    - must include a copy or description of the identification presented by the applicant to the notary

Amended Tax Returns

If the institution is aware that an amended tax return was filed, to complete verification, the applicant must submit—

- Either a signed copy of the original tax return,
- An IRS Tax Return Transcript,
- IRS Record of Account Transcript OR
- A Return Transcript for Taxpayer (RTFTP) AND
- Signed copy of the Amended 1040X that was filed with the IRS
- (Refer to Program Integrity Q&A DOC-Q10)

Transcript Requests – 2015-16

Online IRS Transcript requests
- Get Transcript Online tool generates a real-time PDF transcript that the tax filer can print/save/forward

Other Transcript Requests
- IRS2GO mobile app
- Online Get Transcript by Mail
- Automated phone tool (1-800-908-9946)
- Paper Form 4506-T or 4506-T-EZ generate a paper transcript
- (Refer to Dear Colleague Letter – GEN-14-05)
Transcript Requests – 2015-16

Use of Third Parties to Obtain Transcripts
- IRS-developed Income Verification Express Service (IVES)
- A school may enter into an agreement with an IRS-approved IVES participant (who is not a Title IV third-party servicer when used for this service)
- IVES participant electronically submits completed and signed IRS 4506-T/4506T-EZ transcript requests to the IRS
- The IRS will then send the IVES participant an electronic IRS Tax Return Transcript (in HTML format)
- IVES participant sends transcript information to the college via HTML format received from the IRS, in PDF, or other format, as converted by the IVES participant
- (Refer to Dear Colleague Letter – GEN-14-05)

Transcript Requests – 2015-16

Use of Third Parties to Obtain Transcripts
- ED has determined that an IRS Tax Return Transcript received by a school from an IVES participant, if otherwise valid, meets the documentation standards for verification
- Any entity, including a school, may become an IVES participant:
  http://www.irs.gov/Individuals/Income-Verification-Express-Service
- A student cannot incur a charge for the cost of the IVES process

Identity Theft – 2015-16

A tax filer who is unable to obtain an IRS Tax Return Transcript because of IRS identity theft, calls a special IRS group at 1-800-908-4490
- Upon verification of identity, the tax filer can obtain a paper copy of an alternative document unique to identity theft issues (Tax Return Data Base View (TRDBV))
- The TRDBV is an official transcript that can be submitted to the school to meet verification requirements
- (Refer to Dear Colleague Letter – GEN-14-05)
**FAA Access – Identity Verification Results**

- In 2014-15 an Identity Verification Results reporting function was added to FAA Access.
- Schools report the identity verification results for students who have been selected for verification under V4 or V5.
- Schools should be reporting this information on a regular basis.
- (Refer to Electronic Announcement posted November 6, 2014)

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**FAA Access – Identity Verification Results**

- FAAAs have multiple options for loading Identity Verification Results.

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**FAA Access – Identity Verification Results**

- FAAAs can manually enter SSNs/Name ID/Verification Results from a dropdown menu on this page.

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For Discussion Purposes Only
FAA Access – Identity Verification Results

- FAA can upload a flat file of SSNs/Name ID/Verification Results from their database.

**Dropdown options will be**

- Verification completed in person, no issues found
- Verification completed remotely, no issues found
- Verification attempted, issues found with identity
- Verification attempted, issues found with HS completion
- No response from applicant or unable to locate

Verification – Identity Verification Data

Table 3. Identity Verification Results Among Applicants Flagged for VAVE

<table>
<thead>
<tr>
<th>2016-17 Cycle</th>
<th>16-Month Snapshot</th>
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<tbody>
<tr>
<td>Records Selected for Identity Verification</td>
<td>371,759</td>
</tr>
<tr>
<td>Identity Verification Results Submitted Uniquely</td>
<td>133,147</td>
</tr>
<tr>
<td>1 – Verification completed in person, no issues</td>
<td>57,887</td>
</tr>
<tr>
<td>2 – Verification completed remotely, no issues</td>
<td>18,555</td>
</tr>
<tr>
<td>3 – Verification attempted, issues found with identity</td>
<td>4,756</td>
</tr>
<tr>
<td>4 – Verification attempted, issues found with HS completion</td>
<td>2,536</td>
</tr>
<tr>
<td>5 – No response or unable to locate</td>
<td>36,431</td>
</tr>
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- Ten months into the application cycle, there were 133,147 identity verification results submitted out of 371,759.

- Among the reported results, no issues were found for 52% of applicants, while issues were either found or verification could not be completed for 48% of those flagged.

For Discussion Purposes Only
Verification – Resources

- 2015-16
  - Federal Register Notice, published June 25, 2014, Free Application for Federal Student Aid (FAFSA) Information To Be Verified for the 2015-16 Award Year
  - Dear Colleague Letter GEN-14-11, Published June 30, 2014, 2015-16 Award Year: FAFSA Information to be Verified and Acceptable Documentation

Unusual Enrollment History

- Beginning with the 2013-14 award year, the Department added an Unusual Enrollment History (UEH) flag that indicates a student has an unusual enrollment history based on the receipt of Federal Pell Grant (Pell Grant) funds
- We added the flag to address possible fraud and abuse in the Title IV student aid programs
- We are concerned about an enrollment pattern in which a student attends an institution
- Long enough to receive Title IV credit balance funds,
- Leaves without completing the enrollment period,
- Enrolls at another institution, and
- Repeats the pattern of remaining just long enough to collect another Title IV credit balance without having earned any academic credit

For Discussion Purposes Only
UEH – Overview

• Some students who have an unusual enrollment history have legitimate reasons for their enrollment at multiple institutions
• However, such an enrollment history requires a review to determine whether there are valid reasons for the unusual enrollment history
• Resolution of a UEH flag is separate and distinct from verification

Dear Colleague Letters

GEN-15-05 – 2015-16 Unusual Enrollment History Flag
2015-2016 UEH Flag has expanded to consider—
• An applicant’s prior receipt of, in addition to a Federal Pell Grant, a Federal Direct Loan (not including Direct Consolidation Loans or parent PLUS Loans)
• The prior four, instead of three, award years
A school may self-select a student for UEH (not selected by ED) if suspect enrollment problems
• Self-selected students treated as if have UEH 3 flag
  GEN-13-09 provides full institutional resolution guidance

GEN-13-09 – UEH Review for 15/16

• UEH Flag value is ‘N’: No action is necessary
• UEH Flag value is ‘2’: Must review student’s enrollment and financial aid records to determine if, during the 4 award year review period (11/12, 12/13, 13-14, 14/15), student received a Pell Grant and/or Direct Loans at institution performing the review
  – If so, no additional action is required unless reason to believe student is one who remains enrolled just long enough to collect student aid funds. In this case, must follow guidance provided for a UEH Flag of ‘3’.
  – If not, must follow guidance provided for UEH Flag of ‘3’
**GEN-13-09 – UEH Review for 15/16**

- **UEH Flag value is ‘3’**: Review student’s academic records to determine if student *received academic credit* at institutions student attended during the 4 award year period (11/12, 12/13, 13-14, 14/15)
  - Identify institutions where the student received *Pell Grant and/or DL funding* over past 4 award years through NSLDS
  - Must determine (through transcripts or grade reports), for each of the previously attended institutions, whether academic credit was earned during the award year in which the student received Pell and/or Direct Loan funds
    - Academic credit is considered earned if academic records show student completed any credit hours or clock hours.

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**GEN-13-09 – UEH Review for 15/16**

- **UEH Flag value is ‘3’**:
  - *Academic Credit Earned*: If determined student earned any academic credit at each of the previously attended institutions during the relevant award years, no further action is required unless institution has other reasons to believe student enrolls just to receive credit balances
    - If it is determined that academic credit was NOT earned at one or more of the previously attended institutions OR the school had reasons to believe student just enrolls for TIV funds, the institution must follow the “Academic Credit Not Earned” guidance

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**GEN-13-09 – UEH Review for 15/16**

- **UEH Flag value is ‘3’**:
  - *Academic Credit NOT Earned*: If student did not earn academic credit at a previously attended institution, including current school, must obtain documentation from student explaining why failed to earn academic credit
  - Must determine whether the documentation supports
    - (1) the reasons given by the student for the student’s failure to earn academic credit; and
    - (2) student did not enroll only to receive credit balance funds
  - Institutional determinations are final and not appealable to the Department, and reasons for the decision must be documented and maintained for possible review
**UEH – Resolution**

- Justification for UEH
- Personal reasons:
  - Illness, a family emergency, a change in where the student is living, and military obligations
- Academic reasons:
  - The student might explain that the first enrollment was at an institution that presented unexpected academic challenges, or
  - The academic program did not meet the student’s needs, as determined by the student
- The institution should, to the extent possible, obtain third party documentation to support the student’s claim

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**GEN-13-09 – UEH Review for 15/16**

- **Approval of Continued Eligibility**
  - If school approves student’s continued eligibility, may:
    - Require student to establish academic plan, like (SAP),
    - Counsel student about the impact of the student’s attendance pattern on future Pell and DL eligibility
- **Denial of Continued Eligibility**
  - If a student did not earn academic credit and does not provide acceptable explanation and documentation, school must deny student any additional title IV
  - Student must be provided an opportunity to question and appeal decision, similar to SAP appeals

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**GEN-13-09 – UEH Review for 15/16**

- **Regaining Aid Eligibility**
  - Provide student information on how to regain title IV eligibility
  - Expected that successful completion of academic credit would form the basis for the student’s subsequent request for renewal of title IV eligibility
  - Could include meeting requirements of an academic plan
- **Authority**
  - 484(a)(4)(A) of the Higher Education Act of 1965
    - Requires student to sign a Statement of Educational Purpose
    - By signing Statement of Educational Purpose (FAFSA), student certified would use title IV aid only to meet educational costs

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For Discussion Purposes Only

Bruce Honer
U.S. Department of Education
### UEH – Operations

#### The SAR transaction includes the SAR Comment and/or a C Flag as appropriate

![Image](image_url)

#### UEH – Operations

**Unusual Enrollment SAR Comment**

- SAR comments and the SAR C Flag will be generated for flags 2 and 3; resolution guidance provided to

<table>
<thead>
<tr>
<th>Comment No.</th>
<th>SAR Comment</th>
<th>School Action to include</th>
</tr>
</thead>
<tbody>
<tr>
<td>359</td>
<td>Your school may request additional information to determine your eligibility for federal student aid. Note: This comment will generate a SAR C flag as already documented.</td>
<td>Action depends on whether the school is a new school for the applicant for 2013-2014. If not a new school, a school is required to take any action and the same school for the applicant of 2013-2014: School may look into the applicant's enrollment history. If a new school for the applicant, school must take certain actions that will be developed by FSA and OPE policy.</td>
</tr>
<tr>
<td>360</td>
<td>Based upon data provided by the National Student Loan Data System (NSLDS), your school will request additional information to determine your eligibility for federal student aid and before disbursement of funds can be made. Note: This comment will generate a SAR C flag as already documented.</td>
<td>School must take certain enhanced actions that will be developed by FSA and OPE policy.</td>
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</table>

#### UEH – Resources

- Dear Colleague Letter GEN-13-09, Published March 8, 2013, 2013-14 Award Year: Students with an Unusual Enrollment History Flag – ‘C’ Code on the ISIR
- Dear Colleague Letter GEN-15-05, Published March 16, 2015: 2015-16 Unusual Enrollment History Flag
- 2014-15 ISIR Guide

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For Discussion Purposes Only
Department of Education 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!
Campus Based Call Center eZ-Audit
COD School Eligibility Service Group
CPS/SAIG Foreign Schools Participation Division
NSLDS Research and Customer Care Center
GS Nelnet Total & Permanent Disability Team

Questions?

Contact me with follow-up questions about this session:
Bruce Honer - Federal Training Officer
bruce.honer@ed.gov

Training Feedback
To ensure quality training we ask all participants to please fill out an online session evaluation
• Go to http://s.zoomerang.com/s/BruceHoner
• Evaluation form is specific to Bruce Honer
• This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
• Additional feedback about training can be directed to annmarie.weisman@ed.gov; 215-656-6456

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