



METROPOLITAN LEARNING INSTITUTE

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“ Innovative Approach Is Our Way to Success ”

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TITLE IV VERIFICATION PROCEDURES

VERIFICATION AND CONFLICTING INFORMATION:

Applications are selected for verification either by the CPS or by the school. The student's ISIR shows an asterisk next to the EFC, in the upper right hand section of the ISIR. Comments are found in the student section of page 1. The asterisk indicates to applicants that they will be required to provide certain financial documents and family information. Beginning with the 2013-14 Award Year, the student/parent may ask the IRS to update information on the FAFSA with IRS tax information which eliminates the need to collect tax returns. If the student has not asked the IRS to update the information on the ISIR, the student/parent will be asked to provide tax transcripts. On page 3 of the ISIR, below the dotted line on the right side there will be a Verification Tracking Flag, V-1 through V-6 which indicates the verification information which must be collected.

The school must verify any application information that it has reason to believe is incorrect or discrepant. These applications are considered to be selected for verification by the school even though it may not be verifying the same data as for the CPS selected applicants.

Required Policies: The school must have written policies and procedures on the following verification issues:

- Deadlines for students to submit documentation and consequences for the failure to meet these deadlines.
- A method for notifying the student of award changes due to verification.
- Required correction procedures for students
- Standard procedures for referring overpayment cases to the Department.

Inconsistent Information: Even if the student is not selected for verification, inconsistent information must be resolved. Some examples which must be resolved:

- Unusually low income for student or family
- Duplicate income information for two different year's ISIRS
- Student's marital information different on two different year's ISIRS

After documentation is complete, correct any errors or inconsistencies and once ISIR is received with all changes, aid may be disbursed.

Verification – All Years – Exemptions:

A selected application may be exempt from some or all of the verification requirements due to unusual circumstances. Except in the case of a student's death, however, none of these exemptions excuse the school from the requirement to resolve conflicting information.

- Student not an aid recipient. The student will not receive federal student aid for a reason other than his/her failure to complete verification. This would include ineligible students and those who withdraw without receiving aid.
- The applicant is eligible only to receive an unsubsidized student loan
- The application was verified at another school. A letter from the previous school must be in the file indicating the application had been verified; the transaction number of the verified application and, if relevant the reason why the school was not required to recalculate the student's EFC.
- The student was selected for verification after ceasing to be enrolled at your school and all (including late) disbursements were made.

A dependent student's application does not have to be verified if:

- The parents are mentally incapacitated
- The parents are residing in a country other than the U.S. and cannot be contacted by normal means.
- The parent cannot be located because their address is unknown and the student cannot obtain it.

In addition to verifying the required items, you can choose to verify any other application items requiring reasonable documentation.

2012-13 The following Items became effective and remain in effect.

- All selected applicants must be verified – no longer a 30% of applications limit.
- Changes must be done to ISIR if there is change to any non-dollar item or a single dollar item of \$25 or more – this eliminates the \$400 tolerance that was in effect previously
- The IRS Data Retrieval process is the preferred method for populating tax information for the FAFSA on line.
- Verification exclusions have been rescinded such as those for recent immigrants and the incarcerated.
- Financial Aid Administrators have the authority, on a case by case basis to allow certain updates as a result of a student's marital status change.

2013-14 New Verification Items:

- High School Completion Status – a high school diploma
OR
Final high school transcript that shows the high school diploma was awarded.
- Identity/Statement of Educational Purpose

2014-15 New Verification items:

- Other untaxed income and benefits must be documented – If the Financial Aid administrator determines that the amounts provided and verified from question 45 94 and other income information do not appear to provide sufficient financial support for the number of household members reported, the applicant and, if appropriate, the applicant’s parents or spouse must explain how the family was financially supported during the 2013 calendar year (Gen-13-16).
- Untaxed income information reported in question 45 for the student and spouse and Question 94 for the dependent student’s parents must be documented
- If an institution questions a claim that the tax filer has not, will not, and is not required to file a 2013 Internal Revenue Service income tax return, the institution must require the applicant to submit a “Verification of Nonfiling” from the IRS that the tax filer did not file a 2013 IRS income tax return. This request can be obtained by using IRS Form 4506-T and checking box 7. Per the IRS a response to the request will not be issued until after June 15, 2014.
- A tax filer in the V-6 group will be required to provide a 2013 W-2 form for each source of employment and a signed statement listing the amounts and sources of untaxed income and if the applicant is dependent by one of the applicant’s parents.
- A non-tax filer must provide a signed statement listing the amounts and sources of untaxed income and if the applicant is dependent by one of the applicant’s parents.
- Number of Household Members: the number of household members for dependent students must now include both of a dependent student’s legal (biological or adoptive) parents if the parents live together, regardless of the **marital status or gender of the parents** (Dear Colleague Letter GEN-13-12)
- Child Support Paid: In addition to the paper documents, an institution may accept records of electronic payments as documentation that child support payments were made.

You must complete verification for a selected student before you exercise professional judgment to adjust any values that are used to calculate the EFC. But making a PJ adjustment does not require you to verify an application that isn’t selected.

Reporting Verification Results:

Through FAA Access the school will be required to report any student for whom the institution received an ISIR with a verification tracking group of V4 or V5 AND for whom verification documentation has been requested.

DO NOT REPORT INSTITUTIONALLY SELECTED APPLICANTS.

From the FAA Access to CPS Online, the financial aid administrator will choose “Identity Verification Results” A flat file may be created and uploaded to report results. A Confirmation page will enable to FAA to print the verification results for the files that have been submitted.

The following codes will be used:

- BB Verification completed in person, no issues found
- CC Verification attempted, issues found with identity
- DD No response from applicant or unable to locate.

The suggestion is that this page be printed and kept by the Financial Aid Administrator for the record. The results will not be stored in FAA access so printing the confirmation page is important.

The Federal Register notice, published annually, will provide the deadline dates for reporting the verification results for 2014-15.

2014–2015 Verification Tracking Groups
FAFSA Information Required to be Verified

Verification Tracking Flag	Verification Tracking Group Name	FAFSA Information Required to be Verified
V1	Standard Verification Group	<p>Tax Filers</p> <ul style="list-style-type: none"> • Adjusted Gross Income • U.S. Income Tax Paid • Untaxed Portions of Individual Retirement Account (IRA) Distributions • Untaxed Portions of Pensions • IRA Deductions and Payments • Tax Exempt Interest Income • Education Credits • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR <p>Nontax Filers</p> <ul style="list-style-type: none"> • Income Earned from Work • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR
V2	Reserved for FSA Use Only	N/A
V3	Child Support Paid Verification Group	<ul style="list-style-type: none"> • Child Support Paid by the student (or spouse), the student's parent, or both

Verification Tracking Flag	Verification Tracking Group Name	FAFSA Information Required to be Verified
V4	Custom Verification Group	<ul style="list-style-type: none"> • High School Completion Status • Identity/Statement of Educational Purpose • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR
V5	Aggregate Verification Group	<ul style="list-style-type: none"> • High School Completion Status • Identity/Statement of Educational Purpose <p>Tax Filers</p> <ul style="list-style-type: none"> • 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 • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR <p>Nontax Filers</p> <ul style="list-style-type: none"> • Income earned from work • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR
V6	Household Resources Verification Group	<p>Tax Filers</p> <ul style="list-style-type: none"> • 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 • Other Untaxed Income on the 2014–2015 FAFSA– <ul style="list-style-type: none"> ▪ Payments to tax-deferred pension and savings (Questions 45a and 94a)

		<ul style="list-style-type: none"> ▪ Child support received (Questions 45c and 94c) ▪ Housing, food and other living allowances paid to members of the military, clergy and others (Questions 45g and 94g) ▪ Veterans noneducation benefits (Questions 45h and 94h) ▪ Other untaxed income (Questions 45i and 94i) ▪ Money received or paid on the applicant's behalf (Question 45j) • Education Credits • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR <p>Nontax Filers</p> <ul style="list-style-type: none"> • Income Earned from Work • Other Untaxed Income on the 2014–2015 FAFSA– <ul style="list-style-type: none"> ▪ Payments to tax-deferred pension and savings (Questions 45a and 94a) ▪ Child support received (Questions 45c and 94c) ▪ Housing, food and other living allowances paid to members of the military, clergy and others (Questions 45g and 94g) ▪ Veterans noneducation benefits (Questions 45h and 94h) ▪ Other untaxed income (Questions 45i and 94i) ▪ Money received or paid on the applicant's behalf (Question 45j) • Number of Household Members • Number in College • Supplemental Nutrition Assistance Program (SNAP–Food Stamps), if included on the ISIR • Child Support Paid, if included on the ISIR
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IRS Tax Transcripts submitted to the institution for verification need not be signed by the tax filer, unless the institution has reason to doubt the authenticity of the document

When a Tax Transcript is required for Verification:

- When the applicant or parent did not use the IRS Data Retrieval- either at initial FAFSA filing or through the correction process.
- When information retrieved by using the IRS Data Retrieval Tool was changed before or after submission of the FAFSA correction
- When a married independent applicant and spouse filed separate tax returns

- When the dependent student's legal parents are unmarried and living together
- When an applicant or an applicant's parents had a change in marital status after the end of the 2013 Tax year
- When the applicant or parent filed an amended tax return. (In this case the school must collect a signed copy of the original tax return that was filed with the IRS, an IRS Tax Transcript or any IRS tax transcript that includes all of the income and tax information AND a signed copy of the IRS form 1040X that was filed with the IRS.)

Paper Tax Returns: In very limited circumstances a signed copy of an income tax return may be accepted: (1) filed an amended IRS income tax return, (2) were victims of identity theft or (3) filed non-IRS income tax returns.

How to request a Tax Return Transcript: Tax filers can request an Internal Revenue Service (IRS) Tax Return Transcript of their 2013 IRS tax return from the IRS free of charge, in one of five ways. An IRS Record of Account Transcript can only be requested using IRS form 4506-T.

Online Request

- Available on IRS Web site on www.irs.gov
- In the Tools section of the homepage, click "Order a Return or Account Transcript"
- Click "Order a Transcript."
- Enter the tax filer's Social Security number, date of birth, street address and ZIP Code or postal code. Use the address currently on file with the IRS. For a joint tax return, use the primary tax filer's information.
- Click "Continue."
- In the Type of Transcript field, select "Return Transcript" and, in the Tax Year file, select "2013"
- Click "Continue."
- If successfully validated, tax filers can expect to receive a paper IRS Tax Return Transcript at the address included in their online request, within 5 to 10 business days from the time the online request was successfully transmitted to the IRS.
- IRS Tax Return Transcripts requested online cannot be mailed to an address other than the address on file with the IRS.

New For 2013 ON-LINE Request:

Beginning with the 2013 tax year (the 2014-2015 FAFSA Processing Year), the IRS has added a new, more efficient way that tax filers can request and receive Tax Return Transcripts. In the past, the IRS would always print and mail a paper transcript to the tax filer regardless of how the transcript request was submitted. With the new IRS 'Get Transcript Online' tool the tax filer submits an online transcript request to the IRS and, if the request is authenticated, a second window displays the transcript in Portable Document Format (PDF).

if instructions for The PDF transcript can then be saved by the tax filer and/or printed for doing so have been provided by the school, the student may electronically forward the

PDF of the transcript to the school's financial aid office. The PDF transcript will include the IRS logo and does not require additional validation from the IRS or its Taxpayer Assistance Centers.

Telephone Request

- Available from IRS by calling 1-800-908-9946.
- Tax filers must follow prompts to enter the required information.
- If information entered is validated, the transcript will be mailed within 5 to 10 business days to address on Income Tax.

In very limited circumstances a signed copy of an income tax return is acceptable for completing verification for individuals who filed (1) an amended tax return or (2) were victims of IRS identify theft; or (3) filed non-IRS income tax returns.

If necessary the department will provide guidance on the acceptable documentation for individuals who are unable to use the IRS Data Retrieval tool or to obtain an IRS Tax Return Transcript due to authentication issues with the IRS.

Unable to Utilize IRS Data Retrieval: will have to submit Tax Return Transcript:

- A married independent applicant and spouse filed separate tax returns
- Married parents of dependent student filed separate tax returns
- The applicant or applicant's parent had a change in marital status after the end of the Tax year

If a tax filer is separated divorced or widowed a copy of the IRS form W-2 for each source of employment must be received: The following must be checked:

- AGI
- Income tax paid
- Education Credit
- Untaxed IRA distributions
- Untaxed pensions
- IA deductions
- Tax-exempt interest

Request for IRS tax return transcript is unsuccessful; he/she can use a signed copy of the 2013 tax return for verification and MUST provide one of the following:

- Signed copy of relevant IRS tax return
AND
- Communication (signed by tax filer) from IRS stating request was unsuccessful
 - letter from IRS
 - screen shot printAND
- Completed and signed IRS form 4506T-Z or 4506 listing institution as third party

October 17, 2014 Forward: Acceptable Documentation for Individuals who are Unable to obtain an IRS Tax Return Transcript: For the remainder of the 2014-15 award year verification, a signed paper copy of a 2013 IRS tax return may be accepted as alternative documentation to meet the “acceptable documentation” standard for income and other tax related verification information. This alternative documentation can ONLY BE USED when the tax filer had recently requested an IRS Tax Return Transcript but was unsuccessful in obtaining the transcript.

The alternative documentation that must be submitted by the tax filer to the institution:

1. A signed copy of the relevant (applicant, spouse, or parents) 2013 IRS tax return.
2. For tax filers who had attempted to request an IRS Tax Return Transcript using IRS form 4506-T-EZ or form 4506-T, a copy of the IRS response that was provided to the tax filer stating that the IRS could not provide the requested transcript. The copy of the IRS response must be SIGNED and DATED by the tax filer.
3. For tax filers who had attempted to request an IRS Tax Return Transcript using the IRS online transcript request process, a SIGNED and DATED copy of the SCREEN PRINT from the official IRS Web page that displays a message indicating the transcript request was unsuccessful.

No written confirmation of the failure of a transcript request made using the automated phone book, there is no documentation for that process. Impacted tax filers must attempt to request an IRS Tax Return Transcript either using the IRS paper or online transcript. If unsuccessful, provide the documentation mentioned above.

In addition to the documentation specified above, the tax filer must ALSO PROVIDE a completed and signed IRS form 4506T-EZ or Form 4506T that includes on line 5 the name, address and telephone number of the institution as the third party to whom the IRS is to mail the 2013 Transcript. The institution must keep the 4506 form but does not submit it unless it has doubt about the accuracy of the information provided on the signed copy of the tax return.

Filing Extension:

If a student, spouse or parent has been granted a **filing extension** and must provide a copy of IRS form 4868, and must provide a copy of a W-2 for each source of employment and/or a signed statement by a self-employed individual certifying the amount of the AGI and the income tax paid for 2012

The signed statement must include:

- AGI
- Tax Paid
- Specific untaxed income items:
 - 1) Untaxed IRA distributions
 - 2) Untaxed pensions
 - 3) Ed credits
 - 4) IRA deductions
 - 5) Tax exempt interest.

Non-Tax Filers: Statement from the student/parent must include:

- Income earned from work - the following must be supplied:

1. a signed statement certifying:
 - A. That the individual has not filed and is not required to file an income tax return for the year 2012,
 - B. The sources of income earned from work as reported on the FAFSA and the amount of income from each source that is not reported on the IRS form W-2.
 - C. W-2's must be provided for any income from work.

AMENDED TAX RETURN

We have determined that neither an IRS Tax Return Transcript **nor** an IRS Tax Account Transcript, either individually or together, provide all of the information needed for verification when the tax filer filed an IRS Form 1040X "Amended U.S. Individual Income Tax Return". Therefore, when an institution is aware that the tax filer filed, or will file, an amended tax return with the IRS, it must obtain signed copies of both the original tax return and the IRS Form 1040X that were filed with the IRS. The institution would use the information from both forms to complete verification.

Parent remarried between application and verification:

If a dependent student has a parent that remarries between application and verification, the household size must be updated to include the new stepparent, however the student would not count the new stepparent's income and assets.

Transcripts for Victims of IRS Identity Theft

In an August 21, 2012, Electronic Announcement we provided guidance for tax filers who were victims of IRS identity theft. In that announcement we stated that the guidance would cover both the 2012-2013 and 2013-2014 award years. Because, as discussed below, the IRS has changed its tax return transcript process for tax filers determined to have been victims of IRS identity theft, the guidance from the August 21, 2012 Electronic Announcement will not be extended to the 2014-2015 and subsequent award years.

Beginning with the 2013 tax year, tax filers who, because of IRS identity theft, are denied an IRS Tax Return Transcript using one of the regular request processes will be referred to the Identity Protection Specialized Unit (IPSU) toll-free number at 800-908-4490. Filers who believe they are victims of identity theft do not need to be referred to the IPSU; they may call the number directly or go to the ID theft website on irs.gov. After the IPSU authenticates the tax filer's identify, the tax filer can request that the IRS mail to the tax filer an alternate paper tax return transcript.

The alternate transcript is known as the TRDBV (Transcript DataBase View)(see the attached example), will look different from the regular IRS Tax Return Transcript provided as a result of the standard request methods.

It is, however, an official transcript that meets the Department's acceptable documentation requirement and therefore can be submitted to the school to meet verification requirements.

Unless the school has reason to suspect the authenticity of the TRDBV, there is no need for the school to obtain an IRS signature or stamp or any other validation.

Selection after Disbursement: A student's application might be selected for verification after corrections are submitted and after the student has already been paid based on the previous unselected CPS transaction. You must verify this application before making further disbursements. If verification does not justify aid already disbursed then the student is responsible for repaying all aid for which he/she is not eligible, though he may keep any Stafford loan money received and FWS wages earned.

Deadlines and Failure to submit Documentation: a Pell applicant selected for verification must complete the process by the deadline published in the Federal Register. The deadline is expected to be September 27, 2014 or 120 days after the last day of the student's enrollment, whichever is earlier. Campus-based and Stafford loan applicants must complete verification by the same deadline or an earlier one established by your aid office.

If a student fails to provide the required documentation by the deadline and the student already received Pell, FSEOG or Perkins money in a disbursement prior to being selected for verification, then the student must return that money.

REMEMBER: if any office at the school has information that might affect a student's eligibility for FSA funds, it must provide that information to the school's designated coordinating official. That individual must forward it to the financial aid office, where procedures must be in place to ensure that any conflicting information is resolved and documented before the student receives any FSA funds

Reporting Verification Results (Starting 2014):

Beginning with the 2014-2015 FAFSA processing year on January 1, 2014, schools will be required to report the verification results of those students' identify and high school completion status. Institutions will use the FAA Access to CPS Online website (<https://faaaccess.ed.gov>) to report the verification results using a new Identity Verification Results feature. Note that this reporting is in addition to and does not replace normal required verification reporting to the Common Origination and Disbursement (COD) System.

Whom to Report:

Schools must report verification results for students selected by CPS and the student is placed in Verification Tracking Group V4 or V5. It should not be used in instances where the school itself has selected the student for verification.

How to Report:

To report the verification results of the identity and high school completion status of selected students using the manual entry option:

1. Log into FAA Access to CPS Online, select the **Identity Verification Results** option from the FAA main menu.
2. Enter the TG Number for the Destination Point
3. Enter the Federal School Code
4. Select the appropriate Award year (The only option available at this time is 2014-15).
5. Select Next
6. On the “Enter Results” page, enter the SSN, Name ID (first two letters of the last name), and identity Verification Results for each students whose results are being reported.

For the Identity Verification Results field, choose the number for the response from the following list that best describes the status of the verification request:

1. Verification completed in person, no issues found
2. Verification completed using Notary, no issues found
3. Verification attempted, issues found with identity
4. Verification attempted, issues found with HS completion
5. No response from applicant or unable to locate

NOTE: If issues found with both identity and high school completion status, use Code 3 (above)

7. Click the **Enter More Results** button after each set of five records to display additional entry fields.
8. Click **SUBMIT** to send the data.
9. Upon successful submission, a confirmation page will display the results. Click, **Print this Page** button to print a copy of the report.

The FAA Access CPS Online website will not store a retrievable listing of records submitted using the identity Verification Results feature. We recommend that schools print and maintain the confirmation page for their records. All ISIRS that were verified under V4 and V5 must be reported, even if the student did not attend.

If there is a change in the student's results simply resubmit the student's information using the same process as described above.