

WASHINGTON STATE



UNIVERSITY



VERIFICATION

POLICY

STUDENT FINANCIAL SERVICES
WASHINGTON STATE UNIVERSITY
2017-2018

Verification

Purpose:

Reviewing a student's file often involves more than just the verification process. File review is used to ensure an applicant has met all of the required student and program eligibility criteria for which financial aid is awarded. In addition to verification, the financial aid administrator must review an applicant's file for database matches, reject codes, and other comments or C-codes. The financial aid administrator also reviews a student's file for need analysis data elements not included in the federally required verification process, but designated as necessary verification data elements by the school. Schools must also review subsequent Institutional Student Information Records (ISIRs) for changes that may affect the applicant's aid eligibility. For these reasons, verification is considered under the broader process of file review.

Definitions

C-Codes: Also known as Comment Codes or C Flags. These comments appear on the Student Aid Report (SAR) for the student and the Institutional Student Information Record (ISIR) for institutions. These codes correspond to issues or comments made on this transaction for this student. The comments often point to the resolution of any issues that may have occurred on this transaction.

Verification: A selection process intended to improve the accuracy of information submitted on the FAFSA.

SAR: The Student Aid Report (SAR) is a paper or electronic document that gives you some basic information about your eligibility for federal student aid and lists your answers to the questions on your Free Application for Federal Student Aid (FAFSA).

ISIR: The Institutional Student Information Record (ISIR) contain processed student information reported on the Free Application for Federal Student Aid (FAFSA), as well as key processing results and National Student Loan Data System (NSLDS) financial aid history information

Selection of Applicants to be verified

The verification selection process is completed at the Federal and Institutional level. For Federal verification, there are two sub categories of files WSU reviews. These are V Flag Tracking Groups and Comment Code Flags. V Flag Tracking Groups are placed on a student's The data elements selected for verification may depend on the applicant's dependency status, whether the applicant or applicant's parents file or do not file federal income tax returns and whether the applicant is eligible for auto zero EFC or not, among other criteria. The US Department of Education has data from previous year's FAFSAs on what data elements were modified during verification and can use this data to create a sophisticated model for predicting the situations in which particular data elements are likely to be changed during verification.

Verification Exclusions

All students selected for verification are reviewed upon submission of the required documents. Students may not skip the verification process and obtain financial aid- verification must be complete prior to packaging ** Verification must be completed prior to the end of the term or aid year the student is seeking funds.

The following list identifies all applicants who are excluded from Verification

- Applicants who die during the award year (regardless of conflicting information)
- Applicants who will not receive Title IV aid for reasons other than failure to complete verification
- Dependent students whose parents reside outside the United States and cannot be contacted by normal means of communication (exclusion is applicable to parental information only)
- Applicants whose parents cannot be located because their contact information is unknown (exclusion is applicable to parental information only)
- Dependent applicants when both parents are mentally incapacitated (exclusion is applicable to parental information only)
- Transfer students who completed verification at the previous school and the current school obtains the correct information/data from the previous school
- Applicant spousal information when the spouse is deceased, mentally incapacitated, residing in a country other than the United States and cannot be contacted by normal means, or the spouse's contact information is unknown

Eligible applicants for whom modification and waiving of some statutory and regulatory provisions apply (under the Higher Education Relief Opportunities for Students Act (HEROES)).

- Service on active duty during a war or other military operation or national emergency
- Performing qualifying National Guard duty during war or other military operation or national emergency

- Residing or employed in an area declared a disaster area by any federal, state, or local official in connection with a national emergency
- Who have suffered direct economic hardship as a direct result of a war, other military operation, or national emergency

**Students who are non-select for Verification, who are awarded and then make a subsequent ISIR change are subjected to Verification on subsequent transactions.

Acceptable Documentation and Forms

Students selected for verification are required to submit documents 2 weeks prior to the last day of the term to receive and to be awarded financial aid.

V1 Standard Verification Group

adjusted gross income	IRS Data Retrieval or tax transcript (24 and 25 SFS Forms)
U.S. income tax paid	IRS Data Retrieval or tax transcript (24 and 25 SFS Forms)
untaxed portions of IRA distributions	tax transcript (24 and 25 SFS Forms)
untaxed portions of pensions	tax transcript (24 and 25 SFS Forms)
IRA deductions and payments	tax transcript (24 and 25 SFS Forms)
tax-exempt interest income	tax transcript (24 and 25 SFS Forms)
education credits	tax transcript (24 and 25 SFS Forms)
household size	Household Verification (28 or 29 SFS Forms)
number in college	Household Verification (28 or 29 SFS Forms)
income earned from work (non-filers)	W-2 (24 and 25 SFS Forms)

V4 Custom Verification Group

high school completion status	High School Diploma or transcript, GED certificate or transcript, home school credentials or High School Completion Status form (BN SFS Form)
identity/statement of educational purpose	Original government-issued ID and signed Identity and Statement of Educational Purpose form or copy of ID with notarized Statement of Educational Purpose. (SI SFS Form)

V5 Aggregate Verification Group

adjusted gross income	IRS Data Retrieval or tax transcript (24 and 25 SFS Forms)
U.S. income tax paid	IRS Data Retrieval or tax transcript (24 and 25 SFS Forms)
untaxed portions of IRA distributions	tax transcript (24 and 25 SFS Forms)
untaxed portions of pensions	tax transcript (24 and 25 SFS Forms)
IRA deductions and payments	tax transcript (24 and 25 SFS Forms)
tax-exempt interest income	tax transcript (24 and 25 SFS Forms)
education credits	tax transcript (24 and 25 SFS Forms)
household size	Verification Worksheet (28 or 29 SFS Forms)
income earned from work (non-filers)	W-2 (24 and 25 SFS Forms)
high school completion status	High School Diploma or transcript, GED certificate or transcript, home school credentials or High School Completion Status form (BN SFS Form)
identity/statement of educational purpose	Original government-issued ID and signed Identity and Statement of Educational Purpose form or copy of ID with notarized Statement of Educational Purpose. (SI SFS Form)

Additional Documents (to resolve Conflicting Information)

- Copy of W2 Income Statement
- Copy of Marriage Certificate
- Copy of Birth Certificate
- Copy of Social Security Card
- Legal Guardianship/Emancipated Minor Form
- Copy of Legal Guardianship Paperwork
- Copy of Legal Emancipated Minor Paperwork
- Copy of Ward of Court or Foster Care Paperwork
- Copy of Documentation to Support Homelessness or At-risk of Homelessness
- Copy of Veteran DD214 Paperwork
- Asset Information Worksheet (AU/AX)
- Copy of a 1099/1040 Tax Return to verify IRA/Pension Rollover

Signature Requirements

Washington State University Student Financial Services uses [SubmitSFSDocs.wsu.edu](https://submitSFSDocs.wsu.edu) as a financial aid forms portal for students and parents to submit time sensitive financial aid documents. Most forms (with an exception of four forms) are acknowledged and signed electronically via the student portal ([SubmitSFSDocs.wsu.edu](https://submitSFSDocs.wsu.edu)). [SubmitSFSDocs.wsu.edu](https://submitSFSDocs.wsu.edu) only accepts .doc, .pdf, and .rtf document types.

Four separate forms are required to have a wet signature from the students and/or another authority (Notary, Academic Advisor, etc.). These documents outline what signature requirements are sufficient.

Notification and Communication

Students selected for verification must submit documentation for the process of verification in order for official financial aid eligibility to be determined. When a student is selected for verification, the student will be notified by their Student Aid Report and Student Financial Services. The U.S. Department of notifies the student on their Student Aid Report (SAR) as a result of filing the Free Application for Federal Student Aid (FAFSA). Student Financial Services provide e-mails to students explaining how they can submit the documents needed to complete their files in order to complete the verification process.

Students and/or parents may submit requested verification documents via WSU's form system, <https://SubmitSFSDocs.wsu.edu>. Upon submission of any document through this portal will create a digital image that is kept with the student record. Any faxed or physical submitted documents are manually imaged into the student record. Paper documents are kept in accordance to Retention Record regulations. Every touchpoint during the verification process has a communication element. When a student or parent supplies documentation that is deemed unacceptable, WSU will document the account with a comment, ask for additional information via initiated form and finally send an email communication outlining the missing items.

Verifiable Data Elements-Federal Verification

When a student has been selected for verification either by federal selection or institutional selection criteria we verify their FAFSA information with prescribed documentation. When their documentation does not match the FAFSA information, we make a correction to the FAFSA through Central Processing Systems. We strive to have reviews completed within twelve business days but during peak processing times that estimate can increase. Once we have reviewed and make a correction to the file it can take up to five days for the correction to come back from Central Processing Systems and then another five days for award adjustments to be made.

Central Processing Systems tell us which files they require us to verify. In addition to the federally selected files WSU selects specific files that are at risk for inaccurate information. We then verify the same information the federally selected files would supply. Any file that is selected by WSU criteria is subject to the federally defined V1 verification group (see chart below).

Verification Tracking Flag	Verification Tracking Group Name	FAFSA Information Required to be Verified
V1	Standard Verification Group	<ul style="list-style-type: none"> • Tax Filers • 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 Tax Credits • Nontax Filers • Income Earned from Work • Tax Filers and Nontax Filers • Number of Household Members • Number in College
V4	Custom Verification Group	<ul style="list-style-type: none"> • High School Completion Status • Identity/Statement of Educational Purpose
V5	Aggregate Verification Group	<ul style="list-style-type: none"> • 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 Tax Credits • Nontax Filers • Income earned from work • Tax Filers and Nontax Filers • Number of Household Members • Number in College • High School Completion Status • Identity/Statement of Educational Purpose

Verifiable Data Elements-Institutional Selection Criteria

Form Name	Checklists Associated	Selection Criteria
Student Income Verification	FA1/FA2_24	<ul style="list-style-type: none"> • (Career is equal to UGRD (and) • Primary EFC is < or = 12,000 (and) • ISIR Field 177 (Student IRS Request Flag) value is not 02 • ISIR field 43 (Students AGI from IRS form, question 36) is listed as 0, blank or negative and ISIR field 39 (Student's Tax Return Completed?, question 32) is 1 (Already Completed) or 2 (Will File) (or) • Student is Independent (and) • Prompt for ISIR field 43 (Students AGI from IRS form, question 36) is between 10,000 and 25,000 (or) • Student AGI, wages and taxes paid = Parent AGI, wages or taxes paid)
Parent Income Verification	FA1/FA2_25	<ul style="list-style-type: none"> • (Career is equal to UGRD (and) • Primary EFC is < or = 12,000 (and) • ISIR Field 178 (Parent IRS Request Flag) value is not 02 • Student is Dependent (and) • ISIR field 108 (Parents AGI from IRS form, question 85) is listed as 0, blank or negative and ISIR field 103 (Parent's Tax Return Completed? question 80) is 1 (Already Completed) or 2 (Will File) (or) • Prompt for ISIR field 108 (Parents AGI from IRS form, question 85) is between 25,000 and 50,000 (or) • Parent AGI, wages and taxes paid = Student AGI, wages or taxes paid)
Educational Background	FA1/FA2_BN	<ul style="list-style-type: none"> • ISIR Field 29 (FAFSA question 26) HS Diploma or Equivalent is 4 or blank

Student Household Verification	FA1/FA2_29	<ul style="list-style-type: none"> • Career is equal to UGRD (and) • Independent Student (and) • ISIR Field 73, (FAFSA question 51 Have children you support?) AND ISIR Field 74, question 52 (have legal dependents you support?) both = Yes (or) • Comment Codes 73 or 74 or 175 or 176 or 177 (and) • Student is married and # in family is > 2 (or) • Student is unmarried and # in family is > 1 (or) • Student is married and # in college is >2 AND # in college is => than # in family)
Parent Household Verification	FA1/FA2_28	<ul style="list-style-type: none"> • Career is equal to UGRD (and) • Dependent student (and) • Comment Codes 32 or 34 or 113 or 148 (or) • Parent # in family is > 6 (or) • Parents are married or unmarried and living together AND # in family is >3 and # in college is >2 (or) • Parents are married or unmarried and living together AND # in family is 1, 2 or 3 and # in college is >1 (or) • Parents are not married or not unmarried and living together (single, divorced, widowed) AND # in family is >2 and # in college >2 (or) • Parents are not married or not unmarried and living together (single, divorced, widowed) AND # in family is 1 or 2 and # in college is >1)
Previous Degree	FA1/FA2_43	<ul style="list-style-type: none"> • ISIR field 34 (FAFSA Question 28) First Bachelor Degree is 1 (and) • Admissions and/or Student Records Career is UGRD (or) • Career is UGRD without Academic Level Rule of POSTB

Second Bachelor Degree	FA1/FA2_5B	<ul style="list-style-type: none">• Student career UGRD and Acad Level Rule is POSTB• Checklist FA1_5B or FA2_5B not complete in current or prior years
GE Non Degree Seeking	FA1/FA2_G3	<ul style="list-style-type: none">• Students identified at the plan level as non-degree. Example: PXXX 0900 the 0900 signals a student who is identified at the plan level as non-degree

Database Matches, Reject Codes, and C Code Clearance

These flags indicate the results of various matches conducted by the Central Processing System (CPS) with other agencies. These results can determine whether or not a student receives federal aid. These flags can also help you determine what a particular “C” code or reject is for.

Click on a link below to be taken to each resolution (from FAA Access.ed.gov)

<u>SSN Match Flag</u>	<u>Parent 1 (Father's/Mother's/Stepparent's) SSN Match Flag</u>
<u>SSA Citizenship Code</u>	<u>Parent 2 (Father's/Mother's/Stepparent's) SSN Match Flag</u>
<u>DHS Match Flag</u>	<u>DHS Secondary Confirmation Flag</u>
<u>DHS Verification #</u>	<u>NSLDS Match Flag</u>
<u>NSLDS Database Results Flag</u>	<u>NSLDS Post-screening Reasons</u>
<u>NSLDS Unusual Enrollment History Flag</u>	<u>NSLDS Transaction Number</u>
<u>Subsidized Usage Limit Applies Flag</u>	<u>Subsidized Usage Period</u>
<u>Pell Lifetime Eligibility Used</u>	<u>Pell Lifetime Limit Flag</u>
<u>VA Match Flag</u>	<u>Department of Defense Match Flag</u>
<u>Selective Service Registration Flag</u>	<u>Selective Service Match</u>
<u>Department of Defense Date of Death</u>	<u>Student IRS Request Flag</u>
<u>Parent IRS Request Flag</u>	<u>Student IRS Display Flag</u>
<u>Parent IRS Display Flag</u>	<u>High School Flag</u>

Conflicting Data

- *Students or parents selected for verification* – If the University has reason to believe that any information on the application used to calculate the EFC is discrepant or inaccurate (or if any supporting documentation is discrepant or inaccurate), the University requires the student or parent to provide adequate documentation to resolve the conflict.
- *Students or parents not selected for verification* – the University must resolve conflicting information regardless of whether or not the student or parent was selected for verification. The financial aid office must review all tax returns/transcripts provided to the University even if they were not requested. All C Codes on the ISIR must be reviewed and resolved by the financial aid office.
- *Other student or parent information received by the University* – The University must have an adequate internal system to identify conflicting information that it may have regardless of the source. The office lead for each office is required to provide information that could impact the financial aid status of each student or parent e.g. (Admissions Office: High School Diploma, Fiscal Office: Report outside awards, Graduate Aid Office: Report outside awards, Registrar: Report changes in enrollment, Federal Work Study Office: Report FWS earning in a calendar year, National Student Loan Data System (NSLDS): Review financial aid history, (e.g. review aid received from prior colleges attended).

The following charts provide examples of conflicting data. Please note: the chart is not construed as an all-inclusive list.

Chart A: Examples of issues considered Conflicting Data:

- A student is not selected for verification, the tax return or IRS transcript is on file and information conflicts with items on the FAFSA.
- Form 1040 shows parent single head of household (HOH) and the FAFSA/ISIR shows the same person as married.
- Parent or student report on their FAFSA and signed a verification worksheet that they will not file an IRS Form 1040. The University has reason to believe that they would have been required to file a U.S. Income Tax Return, as the amount of reported income is greater than or equal to the minimum amount required to file as indicated in the instructions provided on the Form 1040.
- Statements or information that suggests that the copy of the Income Tax Return/transcripts you received is not the return actually filed with the IRS.
- The University receives Profile from College Scholarship Service (CSS). Student reports a specific amount in untaxed income; FAFSA reports a different amount (If the University receives the CSS Profile, it must ensure that information contained there does not conflict with other documents received by the University).
- Veterans Affairs (VA) benefits verified by the certifying official in the Registrar's Office don't match the FAFSA. (To resolve conflict, can rely on certifying official).
- Admissions information received impacts student eligibility (i.e., student accepted into a non-degree program, student received scholarship from high school, etc.)
- The Student Academic Progress or Enrollment Status on file in the Financial Aid Office doesn't agree with the information from the Registrar's Office.

Chart B: Examples of issues not considered Conflicting Data, but should be reviewed:

- Assets reported on the FAFSA are \$0 or low but significant interest and dividend income or capital gains are reported on the U.S. Income Tax Return/transcripts.
- \$0 income reported with no explanation as to how the student/parent/family can live on \$0 income Address reported by student/parent (i.e., if parents are divorced and the address on the student's tax return/transcripts does not match the address of the custodial parent's tax return). Or the address doesn't match the state of residence as listed on the FAFSA.
- If the student or parents reported business/farm net worth but didn't file a schedule C or Form 1120 or just didn't supply it to the University. Request additional documentation from student or parent to verify the information. .
- Box 14 information from W-2. Determine if the dollars represented are untaxed income not previously reported
- Always have the ability to ask for whatever information you need any time that you think there is a problem.

Discrepant tax data

Financial Aid professionals must have a fundamental understanding of relevant tax issues that can considerably affect the need analysis. Staff is obligated to know:

1. Whether a person was required to file a tax return,
2. What the correct filing status for a person should be, and
3. That an individual cannot be claimed as an exemption by more than one person.

Publication 17 of the IRS, "Your Federal Income Tax", is a useful resource. It addresses pertinent tax issues on these pages: the filing requirements—i.e., who is required to file a return—are on pages 4–6; the instructions on which form a person should file are on pages 6–8; and the filing status requirements are on pages 20–25.

For example, an FAA who notices that a dependent student's married parents have each filed as "head of household" (which offers a greater tax deduction than filing as single or married) must question whether that is the correct filing status. Publication 17 explains on pages 23–25 the criteria a person must meet to file as head of household. Resolution of the conflict may be a reasonable explanation of why there appears to be a conflict but is none, or the parents may refile and submit a copy of the amended return.

Interim Disbursements and Resolution of conflicting information

You may not disburse aid until you have resolved conflicting information, which you must do for any student as long as he is at your school. Even if the conflict concerns a previous award year, you must still investigate it. You have resolved the matter when you have determined which data are correct; this might simply be confirming that an earlier determination was the right one. Of course, you must document your findings and explain why, not simply assert that, your decision is justified.

Correction of Information

Once the requested information is received, Student Financial Services submits the verified corrections to the Central Processing System (CPS) electronically. This will ensure that corrections are made known to all parties and that the needs analysis will be updated accurately and according to federal standards. Once corrections are received back at the school, the student is reviewed and rewarded through Quality Control process. All interactions are communicated with the student via email communication.

Referral of Fraud Cases

If there is suspicion that a student, employee, or other individual has misreported information or altered documentation to fraudulently obtain federal funds, you should report your suspicions and provide any evidence to the Office of Inspector General

OIG Regional Offices	Telephone	National Hotline
Long Beach, CA	562-980-4141	Inspector General’s Hotline Office of Inspector General U.S. Department of Education 400 Maryland Avenue, SW Washington, DC 20202-1500 1-800-MIS-USED (1-800-647-8733) Hours: M, W 9:00–11:00 a.m. T, Th 1:00–3:00 p.m. To submit a complaint online (http://www2.ed.gov/about/offices/list/oig/hotline.html) and click on the appropriate link.
Phoenix, AZ	562-980-4141	
San Juan, PR	787-773-2740	
Washington, DC	202-245-6911	

Subsequent ISIRs

Schools are generally required to review all subsequent transactions for a student for the entire processing year even if you verified an earlier transaction.

1. First determine if the EFC or the “C” flag has changed or if there are new comments or NSLDS information that impacts eligibility for aid.
2. Also, check any updates or corrections or whether the verification tracking group has changed. If the EFC has not changed and there are no changes in the “C” flag, tracking group, or NSLDS information, no action is generally required.
3. If the EFC does change but it either doesn’t affect the amount and type of aid received or the data elements that changed were already verified, no action is required.
4. If the EFC changes and the pertinent data elements were not verified, then you must investigate. Of course, any time the “C” flag changes or NSLDS data have been modified, you must resolve any conflicts.

Regulatory Citations

Statutes

668.16(f)	19
668.16(g)(1)	19
668.53	4
668.53(a)(1), (b)(2)	7
668.53(a),(b)	7
668.54(a)(2)	19
668.54(a)(3)	11, 13
668.54(b)	4
668.56	7, 11
668.57	7
668.58	22
668.59(a)	11
668.60	4

Other Authorities

2014–15 <i>FSA Handbook</i> , p. AVG-126	19
2014–15 <i>FSA Handbook</i> , p. AVG-90	22
2014–15 <i>FSA Handbook</i> , pp. AVG-125 to AVG-126	19
2014–15 <i>FSA Handbook</i> , pp. AVG-125 to AVG-126	24
2014–15 <i>FSA Handbook</i> , pp. AVG-78 to AVG-79	11
2014–15 <i>FSA Handbook</i> , pp. AVG-79 to AVG-80, AVG-89	11
2014–15 <i>FSA Handbook</i> , pp. AVG-80 to AVG-81	4
2014–15 <i>FSA Handbook</i> , pp. AVG-81 to AVG-89	7
GEN-14-05	7
<i>NSLDS User's Guide</i>	24
<i>The ISIR Guide</i>	24