Verification Policy
2014 – 2015

This policy is intended to supplement, not replace, the Federal Application and Verification Guide for staff performing verifications. By highlighting and emphasizing common verification procedures and regulations here, staff should not need to repeatedly consult the Application & Verification Guide (AVG). However, it is expected that staff will be sufficiently familiar with the AVG to be able to refer to it in more uncommon situations.

Verification is the process the Financial Aid office uses to prove the accuracy of the information on the Free Application for Student Aid (FAFSA) or California Dream Act applications. Applications are randomly selected by the Department of Education and California Student Aid Commission for this process. In addition, LBCC may select files for verification to resolve conflicting information.

CORRECTIONS

If discrepancies are found between the documents submitted for verification and the information on the FAFSA, corrections will be made through the FAA Access to CPS Online website. Students will receive a revised Student Aid Report (SAR) indicating any changes in eligibility for the FAFSA.

Corrections to the Dream Act application will be completed through the California Student Aid Commission WebGrants System website. Dream Act students receive an email notifying them of changes.
to their application. These corrections may affect the eligibility of the student for financial aid.

The household size and number in college must be corrected if one or both are in error other than exceptions noted in the AVG.

If a student’s dependency status changes during the award year, status must be updated, except when the change is a result of a change in the student’s marital status, regardless of whether the student is selected for verification.

However, financial aid administrators do have the authority to allow updates to marital status on a case by case basis. This isn’t required and LBCC will first consider the effect on the student’s eligibility.

**CAL GRANT AWARDS**

It is the responsibility of the Financial Aid staff to ensure that students are eligible for Cal Grant at the time of disbursement of the award. Changes or corrections made during the verification process for new Cal Grant recipients must be analyzed to determine if the student continues to meet the income and asset criteria for Cal Grant.

**AWARD CHANGES**

Financial Aid Notifications (Award letters) are produced each week for new awards made during the previous week. New award letters are not generated when awards are adjusted or additional awards are processed.

**NOTIFICATION OF VERIFICATION REQUIREMENTS**

Students will be notified of the documents which must be submitted to the Financial Aid Office in order to complete the verification by use of the Missing Information Letter. The letter will list the required verification items, any other actions required to complete verification, and any other items required by the Financial Aid office. These letters are generated weekly.

Students who fail to bring in the documents in a timely manner will lose their priority standing for campus-based awards. Items submitted after the verification deadlines established by the Department of Education will not be accepted and students will not be awarded.

**Required Verification Items and Acceptable Documentation**

**Income - Tax Return Filers:**

1. **Adjusted Gross Income**
2. **U.S. income tax paid**
3. **Untaxed portions of IRA distributions**
4. **Untaxed portions of pensions**
5. **IRA deductions and payments**
6. **Tax-exempt interest income**
7. **Education credits**

*All income items (1-7) can be verified through the use of the IRS Date Retrieval Tool (DRT) or an IRS tax return transcript.* The DRT should be used by the student whenever possible when completing the FAFSA or submitting a correction. If it is used and the information is unchanged, a 02 code will appear in the IRS request field. LBCC will not request an IRS tax return transcript in these cases. Per federal regulations, we can no longer accept copies of the tax return from a certified tax preparer or online filing (ex. TurboTax or H&R Block). We must have the tax return transcript, the IRS’s copy of the tax return.

**Unmarried parents living together and both parents worked cannot use the DRT. Parents and/or students who filed Married but Separate cannot use the DRT. The IRS DRT is not available for the California Dream Act application. In all of these instances, tax return transcripts must be submitted to verify income items (1-7) for parent(s) and/or student (and spouse, if married) that filed tax returns in 2013.**

If the IRS DRT is not used, an IRS tax return transcript will be required. (See AVG 4-79 for who cannot use the DRT). The transcript can be requested online at [www.irs.gov](http://www.irs.gov) or by calling (800) 908-9946. It is suggested but not required that the transcript be signed. Income tax returns generated by an online submission (ex. TurboTax or H&R Block) or a certified tax preparer are no longer accepted for verification purposes.

The only exceptions would be in cases such as when a foreign tax return was filed or an amended tax return (the original tax return transcript is required along with a tax account transcripts showing the amended items). W2s are required if a joint return has been filed and the student/parents marital status is reported as
separated, divorced or widowed and may also be
required by the staff member performing any
verification.

**Victims of identity theft cannot use the IRS DRT.**
For a tax filer who is a victim of identity theft,
they may submit a signed copy of the submitted
tax return and a copy of the submitted IRS Form
14039, *Identity Theft Affidavit*. This form may not
be available to the identity theft victim. In this
case, a police report is acceptable.

If a student or parent was required to file taxes
and did not do so, verification cannot be
completed until a tax return transcript is received
or the IRS DRT is used. Similarly if there is an error
on the tax return transcript, such as incorrect
filing status, an amended return must be filed.

If a student or parent has filed a request for tax
filing extension, a copy of IRS form 4868,
*(Application for Automatic Extension of Time to
File U.S. Individual Income Tax Return)*, must be
submitted to the Financial Aid office. This form
will be acceptable for first-priority status, but
verification will not be completed until a tax
return transcript is received or the IRS Data
Retrieval Tool is used to correct the ISIR.

**Income –Tax Return Non-Filer**

1. **Income earned from work**
2. **Monies received to support student and/or
   parent (SSI, Cal Works, Disability, Veterans
   benefits, etc.)**
3. **Income Earned from Work**
For non-tax filers, you must receive a W2 form for
each source of employment income. You must
also get a signed statement giving the sources and
amounts of the person’s income earned from
work. The student and/or parent may download
W2 forms from the IRS website, www.irs.gov. If
the employer did not generate a W2 form, we can
accept a letter from the employer on company
letterhead stating the employee’s name and
amount earned in 2013. Affidavits will no longer
be accepted to verify non-reported income.

**Household Size / Number in College / Child
Support Paid or Received / SNAP benefits
(formerly Food Stamps)**
All of these items can be verified by a correctly
completed Verification Worksheet. It’s important
to note that all information on the worksheet such
as the details regarding child support are required
by regulation and cannot be omitted. Additional
documentation such as W2s or agency
documentation may be required if there is
conflicting or doubtful information in the staff
member’s judgment.

**High School Completion**
Students must provide one of the following to
show high school completion:

- a high school diploma or transcript showing
  graduation date;
- GED certificate or transcript indicating the
  student passed the exam;
- transcript showing 2-year program
  completion;
- Homeschool credential or transcript.

LBCC reserves the right to review diplomas and
transcripts submitted and to request additional
documentation to ensure that the school listed is
accredited and in compliance with California
graduation standards.

**Identity / Statement of Educational Purpose**
Students should appear in person to the LBCC
Financial Aid office and present a valid
government-issued photo identification such as a
U.S passport, driver’s license or identification card.
The Specialist will make a copy of the identification
and enter it in the student’s financial aid file.

Students must also sign a Statement of Educational
Purpose that certifies who they are, that the
federal student aid they may receive will only be
used for educational purposes and for the cost of
attending LBCC for the 2014-2015 school year.

A student who is unable to appear at the school
must sign and submit the Statement of Educational
Purpose and a copy of their government-issued
identification with the statement signed by a
Notary Public confirming their identity.

**Verification Groups**
The Department of Education’s and the California
Student Aid Commission’s long term goal is for a
customized approach to verification. Students who
are selected for verification will be placed in one of
the five following groups. The group determines
which FAFSA information must be verified for the student.

We will request documentation of all items for tracking flag groups V3-V6. We will only request further documentation for tracking flag group V1 if there is a discrepancy.

**Standard Verification Group – tracking flag V1**
Student and/or parents in this group must verify income, household size, number in college, child support paid or received, and SNAP benefits.

**Child Support Verification Group – tracking flag V3**
Students and/or parents must verify child support paid by them.

**Custom Verification Group – tracking flag V4**
Students and/or parents must verify high school completion status and identity/statements of educational purpose.

**Aggregate Verification Group – tracking flag V5**
Students and/or parents must verify high school completion status, and identity/statements of educational purpose in addition to the items in the Standard Verification group.

**Household Resources Group – tracking flag V6**
Students and/or parents must identify other resources for support in addition to the items in the Standard Verification group.

**Discretionary Verification Items**
Staff members performing verification are required to resolve any conflicting information appearing on the ISIR. They also have the right to question and require documentation of any item on the ISIR. Agreement to prove any requested information is agreed to by the applicant and parents when signing the application.

If there is a legitimate discrepancy between the application information and the verification document, the counselor will note the reason for the discrepancy in PeopleSoft comments.

Assets will not be verified unless there is evidence of a discrepancy.

**C Codes / Database Matches Issues**
When a student submits a FAFSA, the CPS conducts a number of database matches such as with Selective Service and the Social Security Administration among others. Prior to packaging of awards, all C Codes related to database match problems must be resolved by the school. For detailed information on all matches and resolving them, consult the Federal Student Aid Handbook in Volume 1, Student Eligibility. When an ISIR contains a C Code, a SAR comment is generated and PeopleSoft will use this code to generate a checklist item. These checklist items block packaging. To allow packaging when the C Code is resolved, the staff member completes the checklist item and checks the appropriate box in the Database Match section of PeopleSoft. This section can be accessed through the Packaging Status Summary screen.

*Note: If a C Code is resolved in PeopleSoft in one year it will automatically carry forward and be cleared in following years. A checklist item will not be created and no action is required.*

For more information on resolving the database matches, consult the Federal Student Aid Handbook, Volume 1 – Student Eligibility. For detailed information on resolving them in PeopleSoft to allow packaging, see PeopleSoft procedure, “Database Matches in Office Procedures” in the Financial Aid policy manual.

**Unusual Enrollment History C Code**
Pell Grant disbursement information for the past 3 years is reviewed by CPS. The student is assigned a UEH Flag of N, 2, or 3 on the ISIR. The UEH flag value of N means there is nothing unusual and no action is required. A value of 2 or 3 requires school resolution.

**A UEH flag value of 2 initiates comment code 359 and checklist item UNENH1 in PeopleSoft**
In these cases, LBCC must review the student’s enrollment history for the past three award years (2011-12, 2012-13, and 2013-14) to see if the student was enrolled at LBCC. If yes, the next step that is required is to decide if it appears the student is remaining in school only long enough to collect financial aid. If not, no further action is required. If we do think so, the required action is the same as for UEH flag value 3 (see below).

If the student did not attend LBCC, the required action is the same as for UEH flag value 3 (see below).
A UEH flag value of 3 initiates comment code 360 and checklist item UNENH2 in PeopleSoft

In these cases, LBCC must review the student’s academic records for the last three award years (2011-12, 2012-13, and 2013-14). The schools the student attended are found in NSLDS. Academic transcripts for the time at those schools (and/or LBCC) must be reviewed to see if the student received any academic credit (completed units/credits or clock hours) at each one of the schools. If yes, no further action is required unless the school has other reason to suspect the enrollment history.

If the student did not earn any academic credit at one or more of the institutions, LBCC must obtain documentation from the student explaining why the student failed to earn any academic credit. Third party documentation should be obtained to the extent possible. There may be valid reasons that are personal such as illness or academic such as the program was too difficult. LBCC must decide whether the documentation (1) supports the student’s reason and (2) that the student only enrolled to receive financial aid.

“Much like the exercise of professional judgment, as provided by section 479A of the Higher Education Act (HEA), the financial aid administrator determines whether the circumstances of the failure of the student to receive academic credit, as evidenced by the student’s academic records and other documentation, support the continuation of Title IV, HEA program assistance eligibility. Also, like professional judgment, these institutional determinations are final and not appealable to the Department, and the reasons for the decision must be documented and maintained for possible review.” DCD ID: GEN-13-09 March 8, 2013

If LBCC decides to approve the student’s continued eligibility, the student may be placed on an Academic Plan such as is used in a Satisfactory Academic Progress Policy.

If LBCC decides that the student hasn’t provided an acceptable explanation and documentation for each failure to earn academic credit, then LBCC must deny further Title IV aid to the student. The student must be given the same opportunity to question and appeal this decision as in other similar decisions such as SAP. If denied, the student must also be informed how he may regain eligibility. (“Since the basis for the denial is the student’s academic performance, it is expected that successful completion of academic credit would form the basis for the student’s subsequent request for renewal of Title IV, HEA program eligibility. This could include meeting the requirements of an academic plan that the institution established with the student.”) If the student regains eligibility it begins with the following payment period for Pell Grant and campus-based programs and for Direct Loans is retroactive to the beginning of the enrollment period.

“The authority for an institution to deny Title IV, HEA program assistance under the circumstances described in this letter is Section 484(a)(4)(A) of the Higher Education Act of 1965, as amended, which required the student to sign a Statement of Educational Purpose. (See also 34 CFR 668.32(h)). By signing the Statement of Educational Purpose, as part of the student’s submission of the FAFSA, the student certified that he or she would use the Title IV, HEA program assistance only to meet educational costs.” DCL ID: GEN-13-09 March 8, 2013

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