



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION

GEN-11-13

July 13, 2011

Subject: 2012-2013 Award Year: FAFSA Information to be Verified, and Acceptable Documentation

Summary: This letter provides important information about the Federal Register notice published on July 13, 2011, detailing the FAFSA information that an institution and an applicant may be required to verify for the 2012-2013 award year. This letter also provides a summary of how the verification process will be implemented for the 2012-2013 award year.

Dear Colleague:

On October 29, 2010, the Secretary published final regulations related to program integrity issues in the Federal Register. Those regulations included changes to the verification requirements for applicants for student financial assistance under the Title IV Higher Education Act (HEA), programs. Recognizing that many institutions needed additional time to modify their processing systems and policies to comply with the revised verification requirements in 34 CFR 668.51 through 34 CFR 668.61, the Secretary delayed the effective date of the final verification regulations until the 2012-2013 award year.

The new regulations include a provision that the Secretary publish a Federal Register notice announcing, for each award year, the Free Application for Federal Student Aid (FAFSA) information that an institution and an applicant may be required to verify for an applicant selected for verification, and the acceptable documentation for that information (see 34 CFR 668.56 and 668.57). On July 13, 2011, the Secretary published the required notice in the Federal Register for the 2012-2013 award year.

2012-2013 FAFSA Information to be Verified

The following is a listing, as included in the July 13, 2011 Federal Register notice, of the FAFSA information that may need to be verified for applicants who complete a FAFSA for the 2012-2013 award year. Information is to be verified for the applicant and, if appropriate, his or her parent(s) or spouse.

Information for All Applicants Selected for Verification

- Number of household members.
- Verification is not required if the -

- Applicant is dependent and the applicant's parent's marital status is single, separated, divorced, or widowed, and the family size reported on the FAFSA is two.
- Applicant is dependent and applicant's parents' marital status is married, and the family size reported on the FAFSA is three.
- Applicant is independent and the applicant's marital status is single, separated, divorced, or widowed, and the family size reported on the FAFSA is one.
- Applicant is independent and the applicant's marital status is married, and the family size reported on the FAFSA is two.
- Number of household members enrolled at least half-time in eligible postsecondary institutions.
 - Verification is not required if the number in college reported on the FAFSA is one.
- Food Stamps - Supplemental Nutrition Assistance Program (SNAP) - if receipt is indicated on the 2012-2013 FAFSA.
- Child Support Paid - if reported on the 2012-2013 FAFSA.
- Information for Tax Filers When Applicant Selected for Verification
 - Adjusted Gross Income (AGI).
 - U.S. income tax paid.
 - Untaxed Income – only the following untaxed income if reported on the 2012-2013 FAFSA -
 - Untaxed IRA distributions.
 - Untaxed pensions.
 - Education credits.
 - IRA deductions.
 - Tax exempt interest.

- Information for Non-Tax Filers When Applicant Selected for Verification
 - Income earned from work.

Acceptable Documentation

As required by the regulations, the July 13, 2011, Federal Register notice includes the acceptable documentation for the FAFSA information that may need to be verified for applicants who complete a FAFSA for the 2012-2013 award year. Institutions should carefully review the Federal Register notice to determine what documentation, including information from the IRS Data Retrieval Process, the Secretary has determined is acceptable to meet the verification requirements of the regulations.

2012-2013 Verification Selection Process and ISIR Flags

The Department's long-term verification goal is to develop a customized FAFSA information selection approach based on information provided by each applicant when the FAFSA was completed. When fully implemented, this process will identify for a selected applicant only the FAFSA information that requires verification based upon that applicant's data, in contrast to the current process, which requires verification of a single set of items for all applicants selected for verification. However, due to the need for sufficient historical FAFSA data to properly develop the customized verification model, we are not implementing a fully customized verification process for the 2012-2013 award year. Instead, for the 2012-2013 award year, we will implement a variation of the current process, as described below.

For the 2012-2013 award year, data-based statistical analysis will continue to be used to select for verification those applicants with the highest probability of error on their FAFSA submissions. Student Aid Reports (SARs) and Institutional Student Information Reports (ISIRs) will continue to include only one verification flag to indicate if the applicant has been selected for verification. An applicant whose ISIR is so flagged must verify the FAFSA information included in the July 13, 2011, Federal Register notice and summarized earlier in this letter. Note that, as discussed more fully below, information retrieved using the Internal Revenue Service (IRS) Data Retrieval Process and not subsequently changed, is considered acceptable documentation for IRS-related information.

IRS Data Retrieval Process

Applicants selected for verification who retrieve and transfer their income tax return information using the IRS Data Retrieval Process - either when initially completing the FAFSA using FAFSA on the Web (FOTW) or through the corrections process of FOTW - will be considered to have verified the FAFSA IRS information (AGI, taxes paid, and any of the applicable untaxed income items). However, if changes were made to the transferred information or if the institution has reason to believe that the information transferred is inaccurate, the applicant must provide other acceptable documentation as included in the Federal Register notice.

IRS Tax Return Transcript Required

Under certain conditions, some applicants who were selected for verification will need to submit to their institution an IRS Tax Return Transcript of 2011 tax year information for the applicant, his or her spouse, and his or her parents, as applicable. These conditions are as follows –

- When the applicant (or parent) did not use the IRS Data Retrieval Process – either at initial FAFSA filing or through the FOTW correction process.
- When information included on the FAFSA using the IRS Data Retrieval Process was subsequently changed.
- When a married independent applicant and spouse filed separate tax returns.
- When the parents of a dependent student filed separate tax returns.
- When an applicant or applicant's parent had a change in marital status after the end of the tax year on December 31, 2011.
- When the applicant, or parent or spouse, as applicable, filed an amended tax return.

While encouraged, IRS Tax Return Transcripts submitted to the institution for verification need not be signed by the tax filer.

See the attachment to this letter for information on the options tax filers may use to request an IRS Tax Return Transcript from the IRS.

In limited circumstances, if an institution determines that obtaining an IRS Tax Return Transcript is not possible, the institution may accept a signed copy of a 2011 income tax return, but it must document the reason for allowing an applicant to do so. One of those limited circumstances is if the applicant or parent or spouse, as applicable, filed a foreign or Puerto Rican tax form.

It is important to communicate to applicants that using the IRS Data Retrieval Process, either when initially completing a FAFSA or by using the corrections functionality of FOTW, provides them with the fastest, easiest, and most secure solution for meeting verification requirements.

With your support, we are confident that the changes to the verification process for the 2012-2013 award year will help to reduce burden on applicants, their families, and on institutions, while also maintaining the integrity of the Title IV federal student aid programs.

Sincerely,

A handwritten signature in cursive script that reads "David A. Bergeron". The signature is written in black ink and has a long, horizontal flourish extending to the right.

David A. Bergeron
Deputy Assistant Secretary for
Policy, Planning, and Innovation

Attachment

ATTACHMENT TO GEN-11-13
IRS Tax Return Transcript Request Process

Tax filers can request a transcript of their 2011 tax return from the Internal Revenue Service (IRS), free of charge, in one of three ways.

Online Request

- Available on the IRS Web site at www.irs.gov.
- In the **Online Services** section of the homepage, click “Order a Tax Return or Account Transcript.”
- Click “Order a Transcript.”
- Enter the tax filer’s Social Security Number, date of birth, street address, and zip or postal code. Use the address currently on file with the IRS. Generally, this will be the address that was listed on the latest tax return filed. However, if an address change has been completed through the U.S. Postal Service, the IRS may have the updated address on file.
- Click “Continue.”
- In the **Type of Transcript** field, select “Return Transcript,” and in the **Tax Year** field, select “2011.”
- 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 days from the time the online request was successfully transmitted to the IRS.
- IRS Tax Return Transcripts requested online cannot be sent directly to a third party by the IRS.

Telephone Request

- Available from the IRS by calling 1-800-908-9946.
- Tax filers must follow prompts to enter their Social Security Number and the numbers in their street address. Generally, these will be the numbers of the street address that was listed on the latest tax return filed. However, if an address change has been completed through the U.S. Postal Service, the IRS may have the updated address on file.
- Select “**Option 2**” to request an IRS Tax Return Transcript, and then enter “2011.”

- If successfully validated, tax filers can expect to receive a paper IRS Tax Return Transcript at the address that was used in their telephone request within 5 to 10 days from the time the IRS receives the request.
- IRS Tax Return Transcripts requested by telephone cannot be sent directly to a third party by the IRS.

Paper Request Form – IRS Form 4506T-EZ

- IRS Form 4506T-EZ should be used instead of IRS Form 4506-T because it is sufficient to request an IRS Tax Return Transcript.
- Download the IRS Form 4506T-EZ at <http://www.irs.gov/pub/irs-pdf/f4506tez.pdf>.
- Complete lines 1 – 4, following the instructions on page 2 of the form. Note that line 3 should be the most current address as filed with the IRS. It is the address where the IRS Tax Return Transcript will be sent. If the address has recently changed, include the address listed on the latest tax return filed on Line 4. However, if an address change has been completed through the U.S. Postal Service, the IRS may have the updated address on file.
- Line 5 provides tax filers with the option to have their IRS Tax Return Transcript mailed directly to a third party by the IRS.

Institutions are responsible for notifying aid applicants whether to list the institution as the third party to receive the Transcript or not. Some institutions may have difficulty matching a parent's incoming IRS Tax Return Transcript to the aid applicant, as the two names may be different.

- On line 6, enter “2011” to receive IRS tax information for the 2011 tax year that is required for the 2012-2013 Free Application for Federal Student Aid (FAFSA).
- The tax filers (or spouse, if requesting information from a joint tax return) must sign and date the form and enter their telephone number. Only one signature is required to request a transcript for a joint return.
- Mail or fax the completed IRS Form 4506T-EZ to the appropriate address (or FAX number) provided on page 2 of Form 4506T-EZ.
- Tax filers can expect to receive their transcript within 5 to 10 days from the time the IRS receives and processes their signed request. NOTE: Processing Form 4506T-EZ means verifying/validating the information provided on the form. If any information does not match the IRS records, the IRS will notify the tax filer that it was not able to provide the transcript.