



The College Place

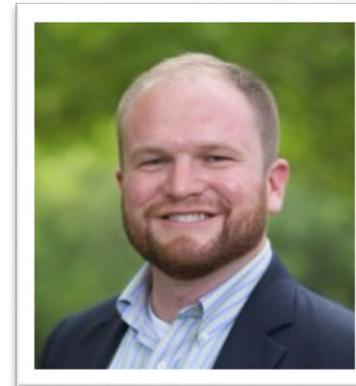
# Financial Aid Issues

Virginia CAN—December 2018

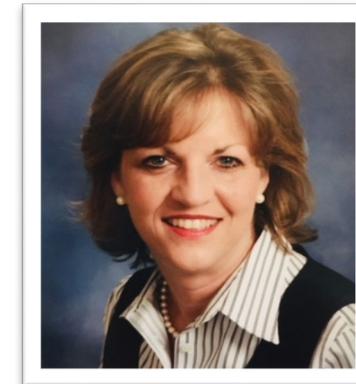
ECMC

# The College Place in Virginia

- Free college access centers
- Alexandria and Richmond



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# The College Place Services

- Collaboration with K-12 and community-based orgs
- Individual assistance completing applications for admission, financial aid and scholarships via in-person, phone, email or web-based meetings
- Provide an information resource library with access to print and electronic college-related materials
- Participation at college fairs, FAFSA workshops, financial aid presentations, community events and other activities
- Train the Trainer professional development

# Session Agenda

- **Dependency Issues**
- **Verification**

# Dependency Issues Agenda

- Federal Student Aid's definitions of:
  - Dependency
  - Parents
- Case studies
- Special Circumstances

# Students say...



# And parents say...



# FSA's definition of dependency for federal financial aid purposes

A student who can answer:

- “Yes” to **ANY** of the FAFSA dependency questions is considered independent and will not need parental information

# FSA's definition of dependency for federal financial aid purposes

A student who can answer:

- “No” to **ALL** of the FAFSA dependency questions is considered dependent and generally parents will need to provide parental information

# What are these questions you speak of?



# An independent student:

Can answer “yes” to **ANY** of these questions on the next three slides:

Were you born before January 1, 1996?

As of today, are you married? (Also answer “yes” if you are separated but not divorced.)

At the beginning of the 2019-20 school year, will you be working on a master’s or doctorate degree program?

Are you currently serving on active duty in the U.S. Armed Forces for purposes other than training?

# Continued

Are you a veteran of the U.S. Armed Forces?

Do you have now have (or will you have) children who will receive more than half their support from you between July 1, 2019, and June 30, 2020?

Do you have dependents (other than your children or spouse) who live with you and who receive more than half of their support from you, now and through June 30, 2020?

At any time since you turned age 13, were both your parents deceased, were you in foster care, or were you a dependent or ward of the court?

Has it been decided by a court in your state of legal residence that you are:

- an emancipated minor or
- that someone other than your parent or stepparent has legal guardianship of you?\*

At any time on or after July 1, 2018, were you determined to be:

- An unaccompanied minor who was homeless
- Or were self-supporting and at risk of being homeless,

As determined by:

- Your high school or district homeless liaison or
- The director of an emergency shelter or transitional housing program funded by the U.S. Department of Housing and Urban Development or
- The director of a runaway or homeless youth basic center or transitional living program\*

Can't answer *yes* to ANY of the questions?

The student is considered **DEPENDENT\*** for federal financial aid purposes.

## Please note:

The financial aid office at the college can determine if a dependent student should be declared independent if special circumstances exist.

# Special circumstances include:

- Estrangement from parents
  - Abuse
  - Abandonment
- Must provide documentation to be reviewed by the financial aid office

# Questions about dependency?



# Family Tree



# Who is a parent for federal financial aid purposes?



# Federal Student Aid definition

A parent is

- Biological parent
- Adoptive parent
- Stepparent if married to a biological or adoptive parent and student is part of the household

# Who is NOT a parent?

- Foster parents
- Legal guardians **who have not adopted the student**
- Relatives **who have not adopted the student**
- Stepparents **who have not adopted the student**



# JANE

- Jane's parents are divorced. She lives with her mom and only sees her dad a few weeks during the summer.

# JANE

- Jane's dad makes more money than her mom makes.

# JANE

- Jane's parents have 50/50 custody.

# JANE

- Jane's mom remarries. Will the stepparent's info be reported on the FAFSA?

# JANE

- Jane's stepdad has his own children. Will his information be included on the FAFSA?



# JOHN

- John's father has passed away. He doesn't get along with his mom and lives with an older sister and her husband.

# JOHN

- John's mom is now incarcerated. Should he take a paper FAFSA on a visit for information and a signature?



# LAYLA

- Layla lives with her grandmother to take pressure off of her mom.

# LAYLA

- Layla's grandmother has been named legal guardian.



# Nikolas

- Nikolas' parents are undocumented but he is a U.S. citizen.

# NIKOLAS

- The FAFSA requires parental information and he is worried about not being able to complete the FAFSA.

# Verification Agenda

- What is verification?
- How does verification impact low-income students?
- Which items are verified?
- How can we help students?

# Verification—General Overview

- U.S. Department of Education uses risk analysis to select FAFSAs with highest probability of error and greatest impact of error on award amounts
- Colleges required to verify selected FAFSAs before disbursing aid to students
- Colleges may select additional FAFSAs or data fields
  - Some colleges verify 100% of applicants

# Verification by the Numbers

- **~ 1/3 of all FAFSAs selected for verification**
- **According to NCAN:**
  - **98% of those selected come from low-income households**
  - **Of Pell-eligible filers, 50% are selected**

# Obstacles for Low-Income Students

- Complicated bureaucratic process
- Not just once, but for each college
- Delays financial aid application completion
- Lose out on first-come, first-served aid
- Commit without financial aid award letter

# The College Place

OF 1.8 MILLION LOW-INCOME HIGH SCHOOL SENIORS



968K WILL SUBMIT A FAFSA

MORE THAN 45% OF LOW-INCOME SENIORS MAY NOT SUBMIT A FAFSA



FALL  
WINTER

## THE LEAKY FAFSA PIPELINE

PATHWAY OF LOW-INCOME STUDENTS THROUGH THE FAFSA PROCESS

817K WILL COMPLETE A FAFSA

409K 50% ARE SELECTED FOR VERIFICATION

90K OR 22% OF THOSE SELECTED FOR VERIFICATION WILL EXPERIENCE "VERIFICATION MELT."



SPRING  
SUMMER

728K STUDENTS ARE AWARDED A PELL GRANT

180K

180K OR 25% OF THOSE WHO ARE AWARDED A PELL GRANT WILL EXPERIENCE "SUMMER MELT."

### TOP REASONS FOR NOT SUBMITTING A FAFSA

- 1: DO NOT KNOW HOW OR THAT THEY COULD
- 2: ARE DEBT AVERSE OR THINK CREDIT IS TOO LOW
- 3: ARE NOT PURSUING COLLEGE
- 4: THE FORM IS TOO COMPLICATED

548K



(1 FIGURE REPRESENTS 100K STUDENTS)

ONLY 31%

OF LOW-INCOME STUDENTS ENROLL USING A PELL GRANT

# Why the Gap in Pell Eligibility vs. Usage?

- Major reasons:
  - Students become frustrated and discouraged
  - Verification process is complicated
  - Not knowing where to find help

# What Can Be Done to Prevent Verification Melt?

- Understand the verification basics
- Develop verification melt strategies

# Understanding Verification Basics

- How can students avoid FAFSA errors?
- How do students know if they are selected?
- Why were they selected?
- What do they do if selected?

# How Can a Student Avoid FAFSA Errors?

- Use the IRS Data Retrieval Tool!

The screenshot shows the IRS.gov website interface for the Data Retrieval Tool. The header includes the IRS logo and navigation links for 'Return to FAFSA' and 'Log Out'. The main heading is 'Enter My Federal Income Tax Information'. Below this, there is a privacy notice and a prompt to 'Enter the following information from your 2015 Federal Income Tax Return.' The form fields are as follows:

First Name *	M
Last Name *	FSA
Social Security Number *	*** - ** - 1415
Date of Birth *	11 / 10 / 1980
Filing Status *	Married-Filed Joint Return
Address - Must match your 2015 Federal Income Tax Return.	
Street Address *	
P.O. Box (Required if entered on your tax return)	
Apt. Number (Required if entered on your tax return)	
Country *	United States
City, Town or Post Office *	
State/U.S. Territory *	Select One
ZIP Code *	

At the bottom, there are two buttons: 'Return to FAFSA' and 'Submit'. A disclaimer at the bottom right states: 'By submitting this information, you certify that you are the person identified. Use of this system to access another person's information may result in civil and criminal penalties.'

# Who Cannot Use the IRS Data Retrieval Tool?

- FAFSA indicates the tax return has NOT been completed
- Marriage date is January 2018 or later
- The first three digits of the SSN are 666
- Non-U.S. tax return
- Married and filed the tax return either as head of household or married but filing a separate return
- Neither married parent entered a valid SSN
- A non-married parent or both married parents entered all zeroes for the SSN

# How Do Students Know If They Have Been Selected for Verification?

- Student Aid Report (SAR)
  - Comment on first page of SAR
  - Asterisk next to EFC
- College will email, mail or post on college's online portal
  - **Check regularly**

# Why Were They Selected?

- Unable or chose not to use IRS DRT
- FAFSA includes incomplete data
- FAFSA includes contradictory data
- FAFSA shows no tax return filed, but income exceeds IRS filing thresholds
- FAFSA marital status does not match tax return marital status

## Why Were They Selected? (Cont.)

- FAFSA reports zero income or income too low to support the student
- FAFSA reports income too high for the receipt of SNAP (formerly food stamps) or other means-tested federal benefit programs
- Household size on FAFSA differs significantly from exemptions on tax return

# What Do Students Do If Selected?

- Review verification notification from college(s)
- Submit required documentation
- Complete additional verification forms ASAP!

# FAFSA Data for Verification

- Adjusted Gross Income (AGI)
- U.S. Income Tax Paid
- Untaxed Portions of IRA Distributions and Pensions
- IRA Deductions and Payments
- Tax Exempt Interest Income
- Education Tax Credits
- Income Earned from Work
- Number Household Members
- Number College Students in Household
- SNAP
- Child Support Paid
- High School Completion Status
- Identity and Statement of Educational Purpose

# How Do Students Verify Tax Data (Taxes Paid, AGI)?

- Ideally, the student would have used the IRS DRT
- If not, the IRS Tax Return Transcript
  - IRS Form 4506-T

# How Do Students Verify High School Completion?

- A copy of the student's high school diploma
- A copy of the "secondary school leaving certificate" (copy of the student's final official high school transcript that shows the date when the diploma was awarded)
- GED or equivalent certificate or transcript
- An academic transcript that indicates the student successfully completed at least a two-year program that is acceptable for full credit toward a bachelor's degree
- Homeschool certificate or transcript (state policy may vary)

# How Do Students Verify Identity and Educational Purpose?

- In-person or with notary public
  - Present valid, unexpired government-issued photo ID
  - Sign statement of educational purpose

# Verification Tracking Groups

- V1: Standard Verification Group
- V4: Custom Verification Group
- V5: Aggregate Verification Group

# V1: Standard Verification Group

## Tax filers

- Adjusted Gross Income
- Income Tax Paid
- Untaxed Portions of IRA Distributions
- Untaxed Portions of Pensions
- IRA Deductions and Payments
- Tax Exempt Interest Income
- Education Tax Credits
- Number of Household Members
- Number in College

# V1: Standard Verification Group (Cont.)

## **Non-tax filers**

- Income Earned From Work
- Number of Household Members
- Number in College

# V4: Custom Verification Group

- High School Completion Status
- Identity/Statement of Educational Purpose

# V5: Aggregate Verification Group

## Tax filers

- Adjusted Gross Income
- Income Tax Paid
- Untaxed Portions of IRA Distributions
- Untaxed Portions of Pensions
- IRA Deductions and Payments
- Tax Exempt Interest Income
- Education Tax Credits
- Number of Household Members
- Number in College
- High School Completion Status
- Identity/Statement of Educational Purpose

# V5: Aggregate Verification Group

## **Non-tax filers**

- Income Earned From Work
- Number of Household Members
- Number in College
- High School Completion Status
- Identity/Statement of Educational Purpose

# Special Situations

- Tax filing extensions
- Filers of joint returns no longer married
- Non-tax filers
- Non-IRS tax returns
- Filers of amended tax returns
- Automatic zero EFC

# Tax Filing Extensions

- Beyond automatic six-month extension:
  - IRS Form 4868
  - Copy of IRS's approval of extension
  - Confirmation of non-filing dated on or after October 1, 2018
  - Copies of all W-2 forms (or equivalent)
  - If self-employed, signed statement with AGI and taxes paid

# Filers of Joint Returns No Longer Married

- IRS Tax transcript
- Copy of each W-2 form for parent whose information is on the FAFSA

# Non-Tax Filers

- W-2 form from each source of employment income
- IRS Verification of Non-filing Letter
  - IRS Form 4056-T, box 7
  - Does not apply to dependent students

# Non-IRS Tax Returns

- Tax transcript obtained from non-U.S. government
- If free transcript not available, can submit copy of tax return

# Filers of Amended Returns

- IRS tax return transcript
- Signed copy of 1040X

# Automatic Zero EFC

## **If V1 or V5:**

- Adjusted Gross Income OR Income Earned from Work
- Number of Household Members (only if independent)
- High School Completion Status
- Identity/Statement of Educational Purpose

## **If V4:**

- High School Completion Status
- Identity/Statement of Educational Purpose

# Develop Verification Melt Strategies

- FAFSA can be just the first step of many



# Develop Verification Melt Strategies

- IRS Form 4506-T

**4506-T** Request for Transcript of Tax Return

(September 2018)  
Department of the Treasury  
Internal Revenue Service

OMB No. 1545-11

▶ Do not sign this form unless all applicable lines have been completed.  
▶ Request may be rejected if the form is incomplete or illegible.  
▶ For more information about Form 4506-T, visit [www.irs.gov/form4506t](http://www.irs.gov/form4506t).

Use Form 4506-T to order a transcript or other return information free of charge. See the product list below. You can quickly request transcripts by using our automated self-help service tools. Please visit us at [IRS.gov](http://IRS.gov) and click on "Get a Tax Transcript..." under "Tools" or call 1-800-908-9946. If you need a copy of your return, use **Form 4506, Request for Copy of Tax Return**. There is a fee to get a copy of your return.

1a Name shown on tax return. If a joint return, enter the name shown first.	1b First social security number on tax return, individual taxpayer identification number, or employer identification number (see instructions)
2a If a joint return, enter spouse's name shown on tax return.	2b Second social security number or individual taxpayer identification number if joint tax return

3 Current name, address (including apt., room, or suite no.), city, state, and ZIP code (see instructions)

4 Previous address shown on the last return filed if different from line 3 (see instructions)

5 If the transcript or tax information is to be mailed to a third party (such as a mortgage company), enter the third party's name, address, and telephone number.

6 Customer file number (if applicable) (see instructions)

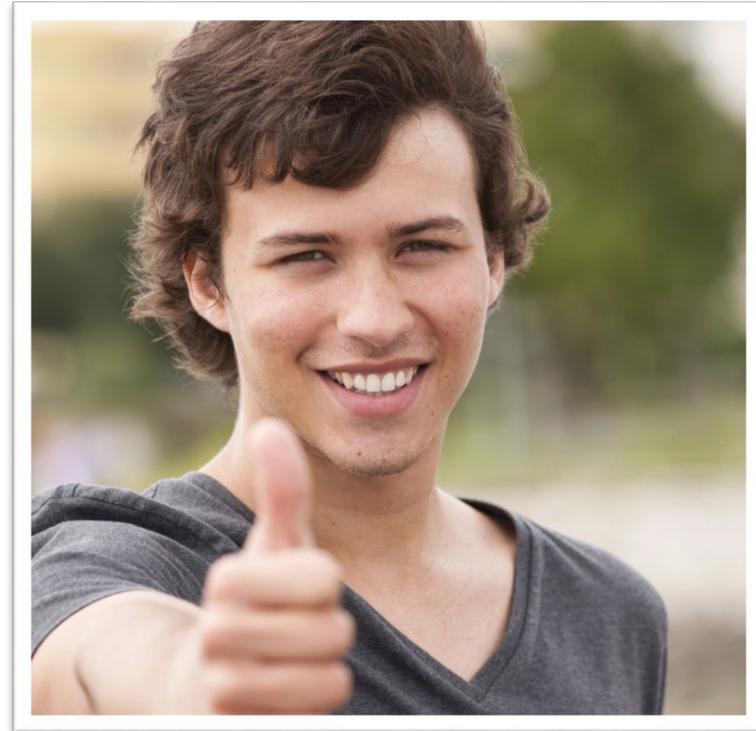
**Important:** If the tax transcript is being mailed to a third party, ensure that you have filled in lines 6 through 9 before signing. Sign and date the form in lines 10 through 12. Completing these steps helps to protect your privacy. Once the IRS discloses your tax transcript to the third party listed in line 5, the IRS has no control over what the third party does with the information. If you would like to limit the third party's authority to disclose transcript information, you can specify this limitation in your written agreement with the third party.

**Transcript requested.** Enter the tax form number here (1040, 1065, 1120, etc.) and check the appropriate box below. Enter only one tax form number per request. ▶

- Return Transcript**, which includes most of the line items of a tax return as filed with the IRS. A tax return transcript does not reflect changes made to the account after the return is processed. Transcripts are only available for the following returns: Form 1040 series, Form 1065, Form 1120, Form 1120-A, Form 1120-H, Form 1120-L, and Form 1120S. Return transcripts are available for the current year and returns processed during the prior 3 processing years. Most requests will be processed within 10 business days . . . . .
- Account Transcript**, which contains information on the financial status of the account, such as payments made on the account, penalty assessments, and adjustments made by you or the IRS after the return was filed. Return information is limited to items such as tax liability and estimated tax payments. Account transcripts are available for most returns. Most requests will be processed within 10 business days . . . . .
- Record of Account**, which provides the most detailed information as it is a combination of the Return Transcript and the Account Transcript. Available for current year and 3 prior tax years. Most requests will be processed within 10 business days . . . . .
- Verification of Nonfiling**, which is proof from the IRS that you **did not** file a return for the year. Current year requests are only available after June 15th. There are no availability restrictions on prior year requests. Most requests will be processed within 10 business days . . . . .

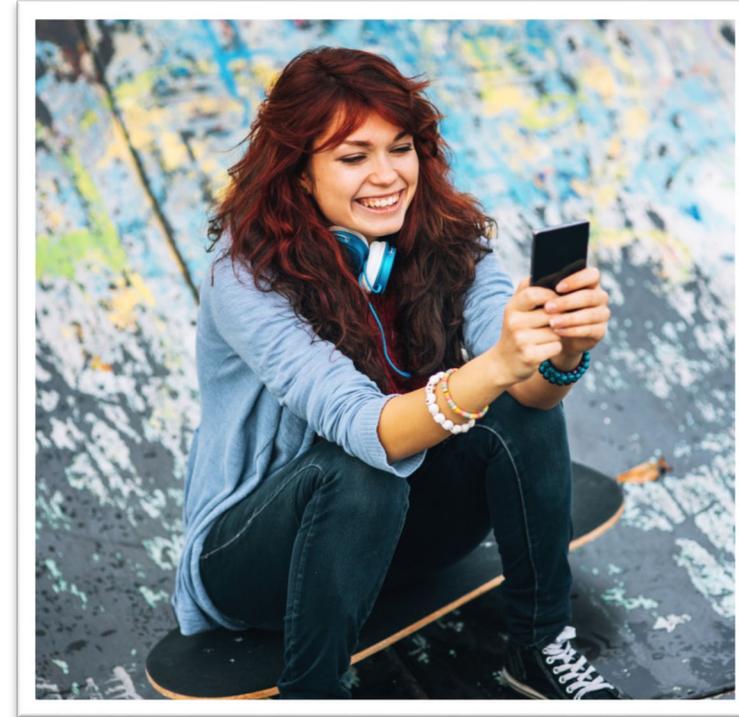
# Develop Verification Melt Strategies

- Help students understand what comes next



# Develop Verification Melt Strategies

- Verification melt texting campaign



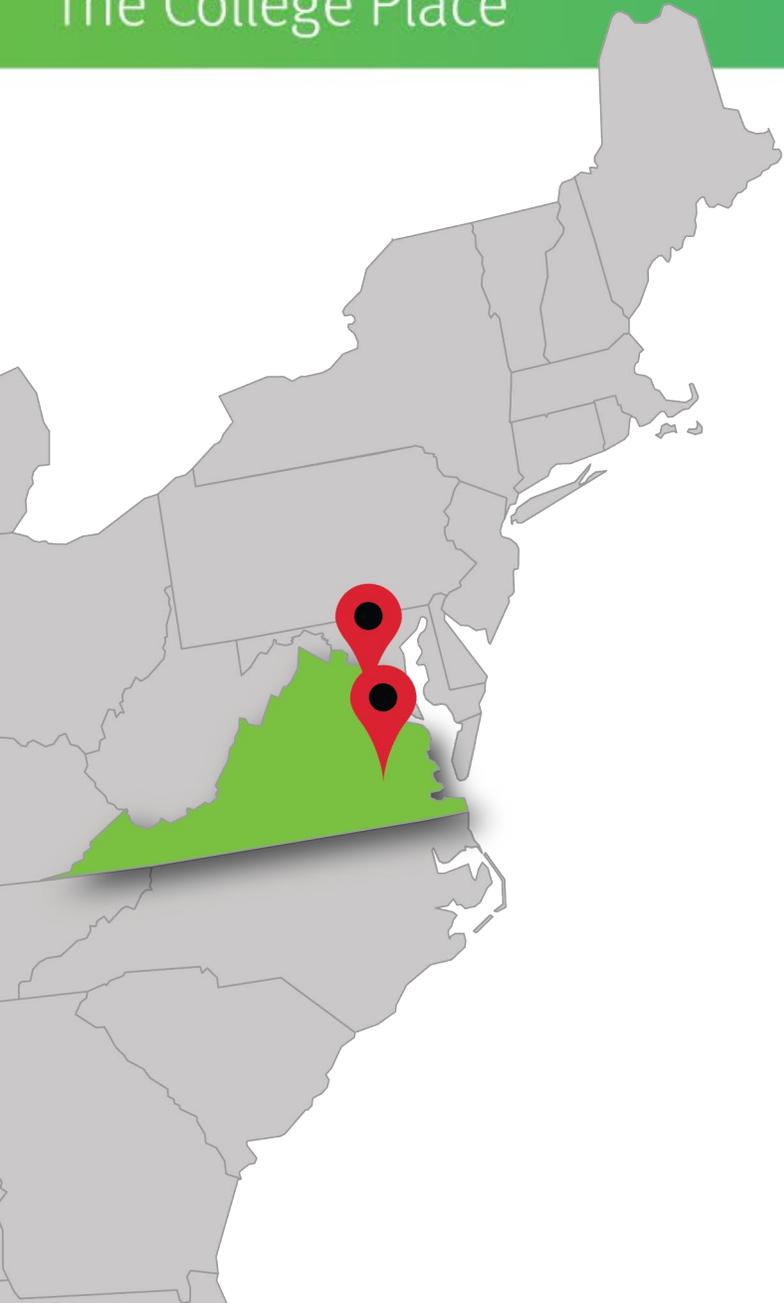
# Develop Verification Melt Strategies

1. FAFSA Completion Strategic Plan
2. Verification Melt Strategic Plan



# Need Help?

- College financial aid administrators
- FSA's Help Line
  - 800-4-FEDAID (800-433-3243)



# Contact Us

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