Federal Verification Policy, 2/10/12

Carnegie Mellon University Federal Title IV Verification
Policy and Procedural Statement

Policy Reason

The U. S. Department of Education requires that Federal Title IV applicants provide documentation to verify the accuracy of the information submitted on the Free Application for Federal Student Aid (FAFSA) each year. Federal regulations include verification as part of the Federal Student Aid (FSA) program requirements and it is required for applicants for most FSA programs with the exception of students receiving only a parent or graduate PLUS loan or an unsubsidized Stafford loan. Each university is required to have policies for verifying the reported information.

Federal Student Aid Handbook
Application & Verification Guide
Chapter 4: Verification, Updates, and Corrections
34 CFR 668.51-61

Policy and Procedural Statement

Federal verification guidelines require that applicants are selected for verification by the Central Processing System (CPS) or by the school. At Carnegie Mellon, federal verification is performed on all applicants selected by the CPS and any application that the university has reason to believe is incorrect or has conflicting documentation.

Under certain circumstances a CPS selected application may be excluded from some or all of the federal verification requirements due to the following unusual circumstances including: death of the student, not an aid recipient, applicant is eligible to receive only unsubsidized student financial assistance, applicant verified by another school or post enrollment (the student was selected for verification after ceasing to be enrolled). With the exception of the death of the student, however, none of these exemptions excuse the university from the requirement to resolve conflicting information.

Federal verification must typically be completed prior to the end of the academic year or before the student ceases enrollment, whichever occurs first. Students, who fail to comply with verification requirements, including submitting documentation within required timelines, will not have Federal Title IV funds disbursed and may have Federal Title IV funds cancelled. Carnegie Mellon considers the student to be the responsible party for providing information and completing the verification process.

Carnegie Mellon identifies the students selected for verification during the financial aid application process by viewing the FAFSA output document called the Institutional Student Information Record (ISIR). A review of the student’s financial aid application occurs after ISIR data is received and data entry of required information is completed. The verification activity will initially compare applicant data...
for accuracy and completeness and continue to resolve conflicting information. In this process Carnegie Mellon requires verification of the following items:

**For all applicants:**
- Household size
- Number in college
- SNAP Benefits (Food Stamps)
- Child Support Paid

**For non-tax filers:**
- Income earned from work

**For tax filers:**
- Adjusted Gross Income (AGI)
- U.S. income tax paid
- Wages
- Education credits
- Other untaxed income reported on tax return

To complete the verification process acceptable documentation may include IRS Tax Transcripts, IRS Tax Forms (1040, 1040A, 1040E, and requested tax schedules), W-2’s and the CSS/Financial Aid PROFILE. The completed CSS/PROFILE properly submitted is a primary source document and serves as a verification document. To resolve discrepancies in reported information students may be required to complete and submit an additional Student Verification Worksheet or other documentation.

Verification results that require changes to the applicant information and subsequent changes to the student’s financial aid package will be made prior to final disbursement of federal funds. For all students eligible for subsidized Title IV aid the university will make appropriate changes to the student information electronically through the Department of Education’s CPS to ensure each student has a correct valid ISIR. The student will be notified of this adjustment through a revised financial aid award letter.

If the verification results do not justify aid already disbursed, the student is responsible for repaying all aid for which s/he is not eligible. Failure to meet the repayment obligation will result in the student being referred by Carnegie Mellon to the U.S. Department of Education.

Verification results that reveal possible fraud or criminal misconduct in connection with the financial aid application or verification processes will result in the matter being referred by Carnegie Mellon to the Office of the Inspector General of the U.S. Department of Education for investigation.

In the event that individual circumstances and unusual situations are not addressed or defined through standard verification procedures, additional review is necessary. These cases must be sufficiently documented and may be processed in accordance with regulations as defined in Professional Judgment and Dependency Overrides Statute: HEA Sec.479A(a)(7) and Sec. 480 (d)(7).
Federal Verification Selection Compliance

Carnegie Mellon completes verification for all aid applicants selected for verification by the CPS. Carnegie Mellon also has the option to select additional applicants for verification including those it has reason to believe are inaccurate or have conflicting information.

Verification Tolerance

Verification can uncover minor errors that will not significantly affect the student’s eligibility. Regulations provide a tolerance for verification changes. A change that is less than $25 per item (defined as the verification tolerance option) between the incorrect and correct data elements is allowable and corrections are not required.

Application Requirements

Carnegie Mellon requires all students applying for financial aid to complete a comprehensive application process on an annual basis. Students are required to provide the following information and documents:

- Free Application for Federal Student Aid (FAFSA) or renewal FAFSA to the Federal Processor
- CSS/Financial Aid PROFILE
- Tax Documents or Employer/Income information for student and parent(s) submitted through CSS IDOCS
- Federal Stafford /PLUS Master Promissory Note (MPN)
- CSS Noncustodial Profile, undergraduates only- if applicable.
- Federal Student Loan Entrance Counseling.

Application Process

The financial aid application process at Carnegie Mellon is a comprehensive process that requires the student to complete both the FAFSA and the CSS/PROFILE, provide supplemental documents (as defined by the family’s circumstances) and submit supporting tax documents and income information through College Board’s Institutional Document Services (IDOCS). Within this process the university has developed a two level review tier in which all applicant data is initially compared for accuracy. The student’s FAFSA application data is compared to the data submitted by the applicant on the CSS/PROFILE and IDOCS (Forms data). When the FAFSA information and data matches the Forms data and the applicant is not selected for federal review, the file is determined complete and the applicant is ready to be packaged.

For those students selected for federal verification or determined to have conflicting information, the applicant moves to the second level for review and the federal verification process is completed. All applicant data is reviewed a second time for accuracy and an IRS Tax Transcript and additional documentation may be required to resolve any conflicting information. After the information and data
are reviewed and any conflicting information is resolved, the file is coded ‘verification complete’ and the applicant is ready to be packaged.

**Federal Title IV Funds Disbursements**

Carnegie Mellon completes federal verification for selected applicants as a requirement of completing a student’s financial aid application. Federal Title IV funds will not be disbursed until the application process has been completed and the student’s file has been coded as federal verification complete. In some instances the institution can make an interim disbursement of funds if it has no reason to believe that the application information is inaccurate. If the institution makes an interim disbursement, the verification process must be completed prior to the disbursement of any additional funds. In all instances the institution is liable for an interim disbursement if verification identifies an overpayment or the student fails to complete verification.

**CSS/Financial Aid PROFILE**

The CSS/Financial Aid PROFILE serves as a primary source document in the financial aid process and also serves as a verification document. Included with the completion of the CSS/PROFILE is the submission of supporting documents and tax schedules through IDOCS. To serve as the verification document the CSS/PROFILE must be received after the FAFSA has been completed. The university will monitor receipt of the document to assure compliance with the measure.

Students must complete the CSS/PROFILE online through a separate application process provided by College Board. Upon completion of CSS/PROFILE the student and parent confirm the accuracy of the information provided. The student and parent information is transmitted electronically to Carnegie Mellon for review.

**FAFSA Output Document**

After the FAFSA has been completed an output document will be created. The university will receive the FAFSA data electronically in a document called an Institutional Student Information Record (ISIR) and the student will receive a Student Aid Report (SAR). The output document will provide information about the student and family including a calculate Expected Family Contribution (EFC), document codes identifying specific information about the applicant data submitted, and written comments. The written messages provide additional information for the applicant to follow. The federal verification message for the student reads: “Your FAFSA has been selected for a review process called verification. Your school has the authority to request copies of certain financial documents from you and your parent(s)”. 

**Student Notification**

As part of the financial aid application process, signed and dated tax forms, schedules and documents are required. Those documents not received as part of the financial aid application process are requested through a systematic process (track emails) or specific request by office staff. All documents that are received by the university are dated and recorded in an internal data base for review. If the
student award changes as a result of the verification process, the school will notify the student with an adjusted award letter.

**Required Verification Item Documentation**

The completed CSS/PROFILE properly submitted with the required IDOC information is designed to be the primary verification document. In the federal verification process Carnegie Mellon requires verification of the following items and may require additional documentation including:

1. **Household size**: signed verification worksheet or document to include
   - The student
   - The parent(s) even if they do not live with the student
   - The parents’ other children, if the parents provide more than half of the support
   - Other people if they now live with the parents, and the parents provide more than half of the support (do not include foster children)

2. **Number in college**: signed verification worksheet or document to include
   - The student
   - Household members attending college at least half time in a degree program (excluding parent(s) of a dependent student)

3. **Adjusted Gross Income (AGI)**: reported on tax return transcript, copy of the tax return
   - **Tax Return**
     - 1040 line 37
     - 1040A line 21
     - 1040EZ line 4
   - **Tax Return Transcript**
     - Adjusted Gross Income Per Computer

4. **U.S. taxes paid**: reported on tax return transcript, copy of the tax return
   - **Tax Return**
     - 1040 line 55
     - 1040A line 35
     - 1040EZ line 10
   - **Tax Return Transcript**
     - Income Tax After Credits Per Computer
     - Tentative Tax Per Computer
     - Total Tax Liability TP Figures Per Computer

5. **Other untaxed income**: reported on tax return transcript, reported on tax return
   - Tax deferred pensions and savings plans
   - Ira deductions, SEP, Simple, Keogh and other qualified plans
   - Tax exempt interest income
   - Untaxed portions of IRA distributions
   - Untaxed portions of pensions
6. **Wages**: official income statement and tax documents
   - As listed on the W-2
   - 1040 line 7+12+18+ box 14 of IRS Schedule K-1 (Form 1065)
   - 1040a line 7
   - 1040EZ line 1

7. **SNAP Benefits (Food Stamps)**: signed verification worksheet or signed supporting documentation

8. **Child Support Paid**: signed verification worksheet or signed supporting documentation

9. **Untaxed income**: signed verification worksheet or signed supporting documentation
   - Child support
   - Housing, food, living allowances paid to military, clergy, others
   - Veterans non education benefits
   - Other untaxed income not reported (i.e. workers’ compensation, disability)
   - Money received or paid on the student’s behalf

**Verification Exemptions**

The institution is not required to verify household size if any of the following conditions apply:

- For a dependent student, the household size reported for married parents is three; or two if the parent is single, divorced, separated or widowed.
- For a married independent student, the household size is two; or one if the student is single, divorced, separated or widowed.

The institution is not required to verify the number enrolled in college if the following conditions apply:

- The reported number enrolled in college is one (the student).

**Certification of Number Enrolled in College**

Student household size and the number of family members enrolled in college are defined in the financial aid application process, review of data and federal verification. Through this process Carnegie Mellon identifies all students with siblings enrolled in colleges and universities and requires certification from the attending institution.
Students with siblings in college are notified by Carnegie Mellon that they must complete the Verification of Number Enrolled in College form and the sibling enrollment information provided is confirmed with the National Student Clearinghouse. Students who fail to complete the verification document in the defined time frame or whose sibling enrollment cannot be confirmed will have applicant data adjusted by the university. The student will be notified of any changes to the financial aid package through a revised award letter.

Contact

Accountable Department: Enrollment Services, Student Financial Aid. Questions regarding this policy or its intent should be directed to the Student Financial Aid Office, ext. 8-1946.