
Awarding of Financial Aid – Verification

Policy based on Federal Student Aid Handbook: Application and Verification Guide:

Chapter 4: 34 CFR 668.51-61.

Reason for Verification

The US Department of Education (ED) requires that Federal Title IV applicants provide documentation to verify the accuracy of the information submitted on the Free Application for Federal Students Aid (FAFSA). The verification process helps ensure that federal financial aid funds are awarded in an equitable manner. Federal regulations require universities to include verification as part of the Federal Student Aid (FSA) program requirements to participate in federal financial aid programs including Federal Pell Grants, Iraq and Afghanistan Service Grants, TEACH Grants, Direct Loans, Direct PLUS Loans, Federal Supplemental Educational Opportunity Grants (FSEOGs), and Federal Perkins Loans.

Some students are selected for verification by the U.S. Department of Education, others are selected by the school. Only a portion of students are selected for verification. Financial aid offices may not disburse federal student aid until the verification process is complete except when students are only receiving a parent or graduate PLUS loan or an unsubsidized Direct Loan. In addition, federal student aid may be disbursed prior to verification when the student/parent has filed a tax extension or and in some specific special circumstances noted below.

If an applicant uses the [IRS Data Retrieval Tool](#) to transfer federal income tax return data to the FAFSA without modification, the unmodified data elements will not be subject to verification. Accordingly, applicants who use the IRS Data Retrieval Tool are less likely to be selected for verification.

Selection of Applicants to be verified

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Northwest Nazarene University performs verification on all applicants selected by the federal Central Processing System (CPS). In addition, NNU selects student FAFSA information for verification if the university believes the information is inaccurate or has conflicting information.

First time freshmen or first time student transfers will be awarded aid prior to verification. However no federal aid can be disbursed until verification is completed except as noted above. Continuing students are not awarded federal or institutional financial aid prior to the start of the academic year until the verification process is complete. Subsequent to the commencement of the academic year NNU Institutional aid may be released prior to the completion of the verification process, but federal funds cannot be released prior to the verification process being completed. NNU generally does not make interim disbursements prior to verification.

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In order to disburse aid, verification and submission of required documents must be completed prior to the earlier of: 30 days after the student's last day of academic activity or July 1st of the academic year. Students are encouraged to complete the verification process as early as possible to alleviate issues with the payment of a student account balance.

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Students with the following unusual circumstances 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
- Applicants who are only eligible to receive unsubsidized student financial assistance
- 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.

In addition the following students are eligible for modification and waiving of some statutory and regulatory provisions under the Higher Education Relief Opportunities for Students (HEROES) Act.

- Serving on active duty during a war or other military operation or national emergency;
- Performing qualifying National Guard duty during a 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; or
- Who have suffered direct economic hardship as a direct result of a war, other military operation, or national emergency

Procedures

Northwest Nazarene University identifies students selected for verification through review of the Institutional Student Information Record. ISIRs 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. ISIRs are sent electronically to schools by the Central Processing System (CPS) and indicate selection of the student's FAFSA for verification. Changes made to the FAFSA by the student or parent may result in a student who was not previously selected for verification to be selected based on the more recent transaction.

Generally about 1/3 of the FAFSAs submitted are selected for Verification either by CPS or NNU personnel. Using the Data Retrieval tool to link IRS information to the FAFSA reduces the likelihood that a student's FAFSA will be chosen for verification.

Acceptable Documentation & Forms

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The Department of Education publishes a notice in the Federal Register annually which identifies the FAFSA information subject to verification for each award year. This includes:

Household Size

No documentation required if:

- Dependent student lists 2 and the parent is single, divorced, separated or widowed.
- Dependent student lists 3 and the parents are married or unmarried and living together.
- Independent student lists 1 and the student is single, divorced, separated or widowed.
- Independent student lists 2 and the student is married.

Acceptable documentation for all other households:

Signed statement from the applicant (and one parent, if the applicant is dependent) listing the name and age of each household member and the relationship to the applicant.

Number in College

No documentation required if:

- the number in college is 1.

Acceptable documentation:

Signed statement from the applicant (and one parent, if the applicant is dependent) listing the name and age of each household member attending a Title IV-eligible school at least half time in a degree or certificate program during the 2015-2016 award year, and the name(s) of the applicable school(s).

Child Support Paid

Acceptable documentation: Signed statement from the applicant or parent listing: Name of the individual who paid the support. Name of the child support recipient. Name and age of each child for whom support was paid. Amount of support paid during the calendar year.

SNAP Benefits (Food Stamps)

Acceptable documentation: Signed statement from the applicant (or parent, if the applicant is dependent)

certifying that the applicant or another household member received SNAP.

Other untaxed Income

Signed statement from the applicant (and one parent, if the applicant is dependent) listing the sources of other untaxed income on the FAFSA including: – Payments to tax-deferred pension and savings plans. – Child support received. – Housing, food and other living allowances paid to members of the military, clergy and others. – Veterans noneducation benefits. – Other untaxed income. – Money received or paid on the student's behalf.

For Non-Tax Filers

Income Earned from Work

Signed statement: – Indicating sources and amounts of income earned from work in 2014. – Certifying the applicant has not filed, and is not required to file, taxes for 2014.
Copy of a W-2 Form for each source of employment income received.

For Tax Filers:

Adjusted Gross Income

U. S. Income Taxes Paid

Untaxed Portion of IRA Distributions

Untaxed Portions of Pensions

Education Credits

IRA Deductions and Payments

Tax Exempt Interest Income

No documentation required if the tax filer:

Used the Internal Revenue Service Data Retrieval Tool, and the information is unchanged (02 IRS Request Flag).

If unable to use the Data Retrieval Tool: Copy of a tax return transcript available from irs.gov/transcript is necessary documentation

In addition NNU requires a verification worksheet for all students selected for verification signed by the student (and parent if the student is a dependent).

In order to disburse aid for the academic year, verification and submission of required documents must be completed prior to 30 days after the student's last day of academic activity or July 1st of the academic year, whichever is earlier.

Procedures:

Students selected for verification are notified via email (and on the NNU Portal) and are referred to the appropriate verification worksheet and documentation requirements.

Follow up requests for documentation which has not been received are sent to the student via email approximately every two weeks.

Verification documents received into the financial aid office are compiled by a front staff person until all required items are received at which time they are reviewed for completeness and accuracy. Discrepancies or incomplete items are generally verified via telephone or email with the student and/or parent. Clarification by the student/parent generally is requested to be sent via email for documentation.

The full verification packet is then reviewed by the Director of Financial Aid. If additional questions exist or additional incomplete items are noted, the FA counselor or an appropriately trained financial aid staff person telephones the student/parent for clarification and/or email confirmation.

Verification changes that result to any non-dollar item and to any dollar item of \$25 or more are submitted electronically for processing to the Department of Education's Central Processing System by the Director through the FAA Access system. Two days after submission of changes a valid ISIR is received from CPS. The verification process is completed within the NNU computer system allowing the financial aid counselor to assign Title IV funding based on the valid ISIR and then aid is disbursed. The verification process is generally completed within one week of submission of all accurate verification materials by the student.

Conflicting Information

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Published guidance indicates that NNU must resolve conflicting information before disbursing aid or making a professional judgment adjustment. If the information on a piece of documentation, such as an income tax return, is not consistent with the information on the FAFSA, it represents conflicting information. Conflicting information can be resolved by changing the FAFSA to match the documentation or changing the documentation to match the FAFSA. Thus, if the FAFSA disagrees with the income tax return, either the FAFSA or the income tax return must be corrected. A financial aid administrator has the right to require that the family submit a corrected income tax return to the IRS before verification can be completed. The financial aid administrator has a duty to resolve the discrepancy before disbursing aid.

Generally speaking, financial aid administrators only need to resolve conflicting information when the discrepancy affects eligibility or is of sufficient magnitude to materially affect the amount and types of aid. (Minor mathematical errors or low order digit transpositions are not considered conflicting information and an amended income tax return is not required unless the errors appreciably affect the income or tax information reported on the FAFSA.)

If conflicting information is noted by financial aid personnel and the file has not been selected by the Department of Education for verification, the financial aid officer will commence the verification process by self-selecting the student.

Student Notification of Verification Changes

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Students who complete the verification process are awarded federal financial aid by their financial aid counselor and are notified via email to view their financial aid on the NNU Portal site. In instances where the expected family contribution has decreased as a result of verification the student's financial aid is reviewed to determine if they have become eligible for an increase in NNU financial aid based on need.

Interim Disbursements

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NNU generally does not make interim disbursements prior to completion of the verification process.

Database Matches, Reject Codes and C-Codes

Occasionally FAFSA data may be rejected by the Department of Education due to information not matching federal databases or missing information on the FAFSA.

NNU Financial aid personnel inform students of reject codes via email at the time the ISIR is received from the Central Processing System. In addition, financial aid counselors follow up with students to resolve reject codes.

Financial Aid Counselors also review comment codes on the ISIR prior to awarded financial aid. Comment codes provide additional information about the student's FAFSA. Comment codes that require resolution by the Department of Education are discussed with the student via email, in person or telephone to reach satisfactory documentation and resolution.

Federal financial aid will not be awarded or disbursed to students who fail to resolve either FAFSA rejects or comment codes.