

FEDERAL TITLE IV VERIFICATION POLICY AND PROCEDURAL STATEMENT

Student Financial Services | Montserrat College of Art
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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 Montserrat, federal verification is performed on all applicants selected by the CPS and any application that the college 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.

Montserrat considers the student to be the responsible party for providing information and completing the verification process. Montserrat 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 Federal for accuracy and completeness and continue to resolve conflicting information. In this process Montserrat requires verification of the following items:

For all applicants:

- Household size
- Number in college
- SNAP Benefits (Food Stamps)
- Child Support Paid

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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, W-2's and the FASA. The completed FAFSA 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 Montserrat 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 Montserrat 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

Montserrat completes verification for all aid applicants selected for verification by the CPS. Montserrat 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

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as the verification tolerance option) between the incorrect and correct data elements is allowable and corrections are not required.

Application Requirements

Montserrat 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
- Tax Documents or Employer/Income information for student and parent(s) submitted through the FASA
- Federal Stafford /PLUS Master Promissory Note (MPN)
- Federal Student Loan Entrance Counseling

Application Process

The financial aid application process at Montserrat is a comprehensive process that requires the student to complete the FAFSA, provide supplemental documents (as defined by the family's circumstances) and submit supporting tax documents and income information through FAFSA or directly to the Financial Aid Office.

For those students selected for federal verification or determined to have conflicting information, the applicant moves to review and the federal verification process is completed. All applicant data is reviewed 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

Montserrat 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.

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)".

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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 initialed 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 In the federal verification process Montserrat 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 Transcript

- 1040 line 37 - Adjusted Gross Income Per Computer
- 1040A line 21 - Adjusted Gross Income Per Computer
- 1040EZ line 4 - Adjusted Gross Income Per Computer

4. U.S. taxes paid: reported on tax return transcript, copy of the Tax Return Transcript

- 1040 line 55 - Income Tax After Credits Per Computer
- 1040A line 35 - Tentative Tax Per Computer
- 1040EZ line 10 - Total Tax Liability TP Figures Per Computer

5. Other untaxed income: reported on tax return transcript,

- 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

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- 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.