

## **Policy: Financial Aid Verification**

**CITATION REFERENCE**  
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### **Policy Statement**

The College of Coastal Georgia will conduct financial aid verification in accordance with the Code of Federal Regulations.

### **Reason for Policy**

The purpose of this policy is to clarify the College’s financial aid verification requirements to ensure complete adherence with the requirements of 34 Code of Federal Regulations (CFR) Section 668.53.

### **Entities Affected By This Policy**

All members of the Financial Aid Office and students seeking financial aid are covered by this policy.

### **Who Should Read This Policy**

All members of the Financial Aid Office and students seeking financial aid should be familiar with this policy.

### **Contacts**

<b>Contact</b>	<b>Phone</b>	<b>E-Mail</b>
Financial Aid Office	(912) 279-5722	<a href="mailto:Finaid@ccga.edu">Finaid@ccga.edu</a>

### **Website Address for This Policy**

<http://www.ccca.edu/Policy/StudentAffairsPolicies.asp>

### **Related Documents/Resources**

- Federal Financial Aid Handbook (Chapter 4)

- [Financial Aid Processing Policy](#)
- [Financial Aid Record Retention Policy](#)
- [Return of Title IV Funds Policy](#)
- [HOPE Scholarship Program Reconciliation Policy](#)

## Definitions

These definitions apply to these terms as they are used in this policy:

- **Expected Family Contribution:** The term “expected family contribution” refers to an estimate of the parents’ and / or student’s ability to contribute to postsecondary education expenses. Generally speaking, the lower the expected family contribution, the higher the financial aid award from the College.
- **Verification:** The term “verification” refers to a review process in which the Financial Aid Office determines the accuracy of the information provided on the student’s financial aid application.

## Overview

Verification is a process that all colleges and universities receiving federal aid are required to complete. Students must complete verification in order to be eligible for need-based financial aid. The verification process is completed by collecting tax information and comparing it to the information reported on a student’s Free Application for Federal Student Aid (FAFSA). This is not done to find fraudulent FAFSA applicants, but to find and correct common mistakes made by students and parents. When an error is found, the Financial Aid Office will make a correction to the student’s FAFSA information.

### I. Requirement for Policies and Procedures

Pursuant to 34 CFR § 668.53, the College is required to establish and use written policies and procedures for verifying information contained in a student financial aid application.

- a. Mandated Information. The College’s policies and procedures are required to include the following information:
  - The time period within which an applicant shall provide the documentation;

- The consequences of an applicant’s failure to provide required documentation within the specified time period;
  - The method by which the College notifies an applicant of the results of verification if, as a result of verification, the applicant’s expected family contribution (EFC) changes and results in a change in the applicant’s award or loan;
  - The procedures the College requires an applicant to follow to correct application information determined to be in error; and
  - The procedures for making referrals under 34 CFR § 668.16.
- b. Procedural Requirements. Additionally, the College’s procedures must provide that it shall furnish, in a timely manner, to each applicant selected for verification a clear explanation of:
- The documentation needed to satisfy the verification requirements; and
  - The applicant’s responsibilities with respect to the verification of application information, including the deadlines for completing any actions required and the consequences of failing to complete any required action.

## II. Selection for Verification

The College has the flexibility to define the term “applicant” for purposes of verification. The College defines an “applicant” as a student who has been tentatively admitted to the institution. *Accordingly, it is the policy of the College that no financial aid applications will be processed or verified for students who have not been tentatively admitted to the College.* For students tentatively admitted, however, applications may be selected for verification in one of two ways.

## III. Quality Assurance Program

The College’s Financial Aid Office participates in the Quality Assurance Program (QAP). As an authorized participant in the QAP, the Financial Aid Office is exempt from the federal requirement of verifying 30% of all students. Instead, the Financial Aid Office verifies students that meet verification criteria identified by the office.

- a. Criteria. The Financial Aid Office utilizes the following criteria to determine which students will be subject to verification by the College:
- For *dependent students*, the following criteria are used:
    - Parent income of less than \$30,000 and taxes paid in excess of \$500; or

- Parent income of less than \$1,000.
  - For *independent students*, the following criteria are used:
    - Student income of less than \$30,000 and taxes paid in excess of \$500; or
    - Student income is less than \$1,000 and other untaxed income is less than \$5,000.
  - Additionally, for *independent students*, verification will occur based upon any of the following characteristics:
    - Under twenty-four (24) years of age and have children they support or legal dependents;
    - Emancipated minors;
    - If the student is in a legal guardianship;
    - If categorized as being an orphan, ward of the court, or in foster care; or
    - Homeless or at risk of being homeless.
- b. Identification of Students. Students who meet the verification criteria outlined above are identified when their FAFSA application is loaded into the College's system. Selected students are required to submit information to complete the verification process, as discussed more fully below. Disbursement rules generally prohibit any student selected for verification from being awarded federal aid prior to the completion of the verification process.
- c. College Selection. The College may also select additional applications for verification beyond those required, and in these cases the institution decides which items to verify: it can choose any that must be verified on CPS-selected applications, or it can choose different items. Further, if the College has reason to believe that any information on an application used to calculate an EFC is inaccurate, the College must require the applicant to verify the information that it has reason to believe is inaccurate. Students with these applications are considered to be selected for verification by the institution, even though it may not be verifying the same data as for CPS-selected applications.

#### IV. **Verification Exclusions**

A selected application may be exempt from some or all of the verification requirements due to unusual circumstances. Except in the case of the student's death, however, none of these

exemptions excuse the institution from the requirement to resolve conflicting information. If it is determined that any of the below exclusions apply, the Financial Aid Office shall document the basis for the exclusion.

- a. Incarceration. A selected application does not have to be verified if the student is in jail or prison at the time of verification.
- b. Recent Immigrants. A selected application does not have to be verified if the student is an immigrant who arrived in the United States during calendar years 2008 or 2009.
- c. Spouse Unavailable. The College is not required to verify spousal information (or to obtain the appropriate signature for verification purposes) if any of the following conditions apply:
  - The spouse is deceased or mentally or physically incapacitated;
  - The spouse is residing in a country other than the United States and cannot be contacted by normal means; or
  - The spouse cannot be located because his or her address is unknown, and the student cannot obtain it.

Because this exemption only applies to the spouse's data, the application must still be verified according to all other requirements.

- d. Parents Unavailable. The College is not required to verify a dependent student's application if any of the following conditions apply:
  - The student's parents are deceased or mentally or physically incapacitated. If both parents are dead, the student is an orphan and thus is an independent student. If the parents die after the student has applied, the student must update his or her dependency status;
  - The parents are residing in a country other than the United States and cannot be contacted by normal means; or
  - The parents cannot be located because their address is unknown, and the student cannot obtain it.
- e. Death of the Student. If the College makes an interim disbursement during verification and the student dies before it is completed, the College is not required to continue verification to justify the first disbursement. Additionally disbursements by the College are prohibited, except for Federal Work Study (FWS) funds already earned, to any of the student's

beneficiaries. Finally, the College may not originate a Direct loan, certify a Federal Family Educational Loan (FFEL), or deliver proceeds from either one to the student's beneficiaries.

f. Applicant Verified by Another Institution. The College does not have to verify the selected application of a student who completed verification for the current award year at another institution before transferring. However, to document a student's eligibility for this exclusion, the College must get a letter from the institution that completed the verification. This letter must include the following information:

- A statement that the student's application data have been verified;
- The transaction number of the verified application; and
- If relevant, the reasons why the institution was not required to recalculate the student's EFC.

g. Pacific Island Resident. The College is not required to verify the selected application of a student who is either:

- A legal resident of Guam, American Samoa, or the Commonwealth of the Northern Mariana Islands, or
- A citizen of the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau.

To qualify for this exclusion, a dependent student's parents must also meet the same criteria. As documentation, the Financial Aid Office shall note the permanent mailing address in the student's file.

h. Not an Aid Recipient. The College is not required to verify a student who will not receive federal student aid (FSA) for reasons other than his failure to complete verification. This category includes students ineligible for aid from the FSA programs and those who withdraw without receiving aid.

#### V. **Notification of Selection**

A student will be notified on the Student Aid Report when his or her application is selected for verification by CPS, while the College will be notified via the Institutional Student Information Record. Documents needed for verification (discussed more fully below) that have not already been provided by the student will be requested via "reminder" letters from the Financial Aid Office.

- a. First Notice. The first “reminder” letter will be sent by the College to the student via either electronic mail or hard copy upon a determination that verification is necessary.
- b. Second Notice. The College will send a second “reminder” letter by either electronic mail or hard copy to the student no later than thirty (30) days later after the initial letter.
- c. Third Notice. The College will send the student a third “reminder” letter by either electronic mail or hard copy thirty (30) days after the second notice has been sent.
- d. Failure to Provide Requested Information. If a student fails to furnish all documents that have been requested for verification within a reasonable period of time, his or her file will become inactive and the student will not be awarded any need-based aid (discussed more fully below). For purposes of this policy, a “reasonable period of time” is considered to be not later than thirty (30) days after the third “reminder” letter is sent.

#### VI. **Items to Be Verified**

If a student is selected for verification as indicated above, he or she is required to verify various pieces of information that are specified in the Code of Federal Regulations.

- a. Information to Be Verified. Subject to certain exceptions outlined in 34 CFR § 668.56(b), (c), (d), and (e), the College requires an applicant selected for verification to submit documentation verifying or updating the following general information that is used to determine the applicant’s EFC:
  - Adjusted gross income (AGI) for the base year, if base year data was used in determining eligibility, or income earned from work for a non-tax filer.
  - United States income tax paid for the base year, if base year data was used in determining eligibility.
  - For an applicant who is a dependent student, the aggregate number of family members in the household or households of the applicant's parents, if (a) the applicant's parent is single, divorced, separated or widowed and the aggregate number of family members is greater than two; or (b) the applicant's parents are married to each other and not separated and the aggregate number of family members is greater than three.
  - For an applicant who is an independent student, the number of family members in the household of the applicant if (a) the applicant is single, divorced, separated, or widowed and the number of family members is greater than one; or (b) the applicant is married and not separated and the number of family members is greater than two.

- The number of family members in the household who are enrolled as at least half-time students in postsecondary educational institutions, if that number is greater than one.
  - The following untaxed income and benefits for the base year if base year data was used in determining eligibility (a) Social Security benefits if the College has reason to believe that those benefits were received and were not reported or were incorrectly reported; (b) child support if the College has reason to believe that child support was received; (c) United States income tax deduction for a payment made to an individual retirement account or Keogh account; (d) interest on tax-free bond; (e) foreign income excluded from United States income taxation, if the College has reason to believe that foreign income was received; (f) the earned income credit taken on the applicant's tax return; and (g) all other untaxed income subject to United States income tax reporting requirements in the base year that is included on the tax return form, excluding information contained on schedules appended to such forms.
- b. Verification of Other Data Elements. Additionally, the College may require an applicant to verify any other data elements that the College specifies.

#### VII. **Appropriate Verification Documentation**

Pursuant to 34 CFR § 668.57, a student selected for verification is required to submit acceptable documents in order to verify or update any information that is required. Section 668.57 provides specific examples of documentation that is appropriate for submission to meet verification requirements. While a review of § 668.57 is strongly recommended, examples of documents that may generally be used to meet verification requirements include, but are not limited to, the following:

- a. AGI, Income Earned from Work and United States Income Tax Paid. The College requires that an applicant selected for verification to verify AGI and United States income tax paid by submitting to it, if relevant, the following types of documents:
- A copy of the income tax return of the applicant, his or her spouse, and his or her parents. The copy of the return must be signed by the filer or the return or by one of the filers of a joint return.
  - For a dependent student, a copy of each Internal Revenue Service (IRS) Form W-2 received by the parent whose income is being taken into account if (a) the parents filed a joint return; and (b) the parents are divorced or separated or one of the parents has died.



- For an independent student, a copy of each IRS Form W-2 he or she received if the independent student (a) filed a joint return; and (b) is a widow or widower, or is divorced or separated.
  - In certain defined circumstances, identified in 34 CFR § 668.57(a)(2), a copy of an IRS form that lists tax account information.
  - Certain other specified documents that, pursuant to 34 CFR § 668.57(a)(3), may be accepted in lieu of an income tax return or an IRS listing of tax account information.
- b. Number of Family Members in the Household. The College requires an applicant selected for verification to verify the number of family members in the household by submitting to it a statement signed by the applicant and one of the applicant's parents (if the applicant is a dependent student), or the applicant (if the applicant is an independent student), listing the name and age of each family member in the household and the relationship of that household member to the applicant.
- c. Number of Family Household Members Enrolled in Postsecondary Institutions. Pursuant to certain exceptions, the College requires an applicant selected for verification to verify annually information included on the application regarding the number of household members in the applicant's family enrolled on at least a half-time basis in postsecondary institutions. The College requires the applicant to verify the information by submitting a statement signed by the applicant and one of the applicant's parents, if the applicant is a dependent student, or by the applicant only if the applicant is an independent student, listing the following information:
- The name of each family member who is or will be attending a postsecondary educational institution as at least a half-time student in the award year;
  - The age of each student; and
  - The name of the institution attended by each student.

If the College has reason to believe that the information included on the application regarding the number of family household members enrolled in postsecondary institutions is inaccurate, the institution shall require the following:

- The statement described above from the individuals outlined; and
- A statement from each institution named by the applicant in response to the requirement of this section that the household member in question is or will be attending the institution on at least a half-time basis, unless the institution the student is attending determines that such a statement is not available because the

household member in question has not yet registered at the institution he or she plans to attend or the institution has information itself that the student will be attending the same institution as the applicant.

d. Untaxed Income and Benefits. The College will require an applicant selected for verification to verify:

- *Untaxed income and benefits* by providing a copy of the United States income tax return signed by the filer or one of the filers, if a joint return, or the IRS listing of tax account information if this was collected by the College to verify AGI; or if no tax return was filed or is required to be filed, a statement signed by the relevant individuals certifying that no tax return was filed or is required to be filed and providing the sources and amount of untaxed income and benefits specified in § 668.56.
- *Social Security benefits* if the College has reason to believe that those benefits were received and were not reported, or that the applicant has incorrectly reported Social Security benefits received by the applicant, the applicant's parents, or any other children of the applicant's parents who are members of the applicant's household, in the case of a dependent student, or by the applicant, the applicant's spouse, or the applicant's children in the case of an independent student. The applicant shall verify Social Security benefits by submitting a document from the Social Security Administration showing the amount of benefits received in the appropriate calendar year for the appropriate individuals listed above or, at the College's option, a statement signed by both the applicant and the applicant's parent, in the case of a dependent student, or by the applicant, in the case of an independent student, certifying that the amount listed on the applicant's aid application is correct.
- *Child support* received by submitting to it (a) a statement signed by the applicant and one of the applicant's parents in the case of a dependent student, or by the applicant in the case of an independent student, certifying the amount of child support received; and (b) if the institution has reason to believe that the information provided is inaccurate, the applicant must verify the amount of child support received by providing a document such as (i) a copy of the separation agreement or divorce decree showing the amount of child support to be provided; (ii) a statement from the parent providing the child support showing the amount provided; or (iii) copies of the child support checks or money order receipts.

#### VIII. **Updating Information**

A student applying for financial aid is required to update certain information outlined in 34 CFR § 668.55.

a. Update Required. A student applying for financial aid is required to verify the following information when a change has occurred:

- A student applying for financial aid is required to update the number of family members in the applicant's household and the number of those household members attending postsecondary educational institutions.
- A student applying for financial aid is required to update his or her dependency status.

If the number of family members in the applicant's household or the number of those household members attending postsecondary educational institutions changes for a reason other than a change in the applicant's marital status, an applicant who is selected for verification shall update the information contained in his or her application regarding those factors so that the information is correct as of the day the applicant verifies the information.

b. No Update Required. Alternatively, a student applying for financial aid is not required to verify the information contained in the application in an award year if:

- The applicant previously submitted an application for assistance for that award year;
- The applicant updated and verified the information contained in that application; and
- No change in the information to be updated has taken place since the last update.

c. Change in Marital Status. If, as a result of a change in the applicant's marital status, the number of family members in the applicant's household, the number of those household members attending postsecondary education institutions, or the applicant's dependency status changes, the applicant shall not update those factors or that status.

d. Changes Subsequent to Award. If an applicant has received Federal Pell Grant, campus-based, Federal Stafford Loan, or Federal Direct Stafford / Ford Loan or program assistance for an award year, and the applicant subsequently submits another application for assistance under any of those programs for that award year, and the applicant is required to update household size and number attending postsecondary educational institutions on the subsequent application, the College:

- Is required to take that newly updated information into account when awarding for that award year further Federal Pell Grant or campus-based assistance or certifying a Federal Stafford Loan application, or originating a Direct Subsidized Loan; and

- Is not required to adjust the Federal Pell Grant or campus-based assistance previously awarded to the applicant for that award year, or any previously certified Federal Stafford Loan application or previously originated Direct Subsidized Loan for that award year, to reflect the newly updated information unless the applicant would otherwise receive an overaward.
- e. New Application Required. Subject to certain exceptions, if an applicant's dependency status changes after the applicant applies to have his or her EFC calculated for an award year, the applicant must file a new application for that award year reflecting the applicant's new dependency status regardless of whether the applicant is selected for verification. A new application is NOT required in either of the following circumstances:
- If the College has previously certified a Federal Stafford Loan application for an applicant, the applicant shall not update his or her dependency status on the Federal Stafford Loan application. If the College has previously originated a Direct Subsidized Loan for a borrower, the institution shall not update the borrower's dependence status on the loan origination record.
  - A change in the applicant's marital status occurs, as outlined in Paragraph IV.c, above.

#### IX. **Change in Application Information**

When a student changes information that was contained in his or her financial aid application, the College is required to follow certain procedural steps that are outlined in 34 CFR § 668.59

- a. Resubmission for Federal Pell Grant Program. For the Federal Pell Grant, if the information on an application changes as a result of the verification process, the College shall require the applicant to resubmit his or her application information to the Secretary of the Department of Education for corrections if:
- The College recalculates the applicant's EFC, determines that the applicant's EFC changes, and determines that the change in the EFC changes the applicant's Federal Pell Grant; or
  - The College does not recalculate the applicant's EFC.
- b. No Resubmission Necessary. The College is not required to make an applicant resubmit his or her application information, recalculate an applicant's EFC, or adjust an applicant's Federal Pell Grant, if as a result of the verification process, the College finds:
- No errors in non-dollar items used to calculate the applicant's EFC;

- No dollar amount in excess of \$400, as calculated by the net difference between the corrected sum of AGI plus untaxed income minus United States taxes paid and the uncorrected sum of AGI plus untaxed income minus United States taxes paid. If no Federal Income Tax Return was filed, income earned from work may be used in lieu of AGI.
- c. If No Recalculation is Necessary. For the Federal Pell Grant, if the College does not recalculate an applicant's EFC, the College shall calculate and disburse the applicant's Federal Pell Grant award on the basis of the applicant's original EFC.
- d. If Recalculation is Necessary. If the College recalculates an applicant's EFC because of a change in application information resulting from the verification process, the College shall:
- Require the applicant to resubmit his or her application to the Secretary of Education;
  - Recalculate the applicant's Federal Pell Grant award on the basis of the EFC on the corrected Student Aid Record (SAR) or Institutional Student Informational Record (ISIR); and
  - Disburse any additional funds under that award only if the applicant provides the College with the corrected SAR or ISIR and only to the extent that additional funds are payable based on the recalculation.
- e. If Recalculation Results in Increase in Award. If the College recalculates an applicant's EFC because of a change in application information resulting from the verification process and determines that the change in the EFC increases the applicant's award, the College:
- May disburse the applicant's Federal Pell Grant award on the basis of the original EFC without requiring the applicant to resubmit his or her application information to the Secretary of Education; and
  - Shall disburse any additional funds under the increased award reflecting the new EFC if the College receives the corrected SAR or ISIR and in accordance with all applicable regulations on the subject.
- f. Campus-Based or Federal Direct Stafford / Ford Direct Loan Programs. For the campus-based and Federal Direct Stafford/Ford Direct Loan programs, if the information on an application changes as a result of the verification process, the College shall:
- Recalculate the applicant's EFC; and

- Adjust the applicant's financial aid package for the campus-based, and Federal Stafford Loan or FFEL, or Federal Direct Stafford/Ford Direct Loan programs to reflect the new EFC if the new EFC results in an overaward of campus-based funds or decreases the applicant's recommended loan amount.
- g. No Recalculation Necessary for Campus-Based or Federal Direct Stafford / Ford Direct Loan Programs. The College is not required to recalculate an applicant's EFC or adjust his or her aid package if, as a result of the verification process, the College finds:
- No errors in non-dollar items used to calculate the applicant's EFC;
  - No dollar amount in excess of \$400 as calculated by the net difference between the corrected sum of AGI, plus untaxed income minus U.S. taxes paid and the uncorrected sum of AGI plus untaxed income minus United States taxes paid. If no Federal Income Tax Return was filed, income earned from work may be used in lieu of AGI.
- h. Verification Results in Reduction of Award. If, as a result of verification, a loan amount is reduced, the College shall comply with the procedures outlined in Paragraph IX, below, in terms of recovery of funds.
- i. Receipt of Funds Based on Potentially Erroneous Information. If the applicant has received funds based on information that may be incorrect and the College has made a reasonable effort to resolve the alleged discrepancy, but cannot do so, the College shall forward the applicant's name, social security number, and other relevant information to the Secretary of Education.
- X. **After Documentation is Complete**

Once the Financial Aid Office has received all necessary verification documents from the student, the information will be compared to the SAR or ISIR that is being reviewed for payment. If all of the student's information is correct and there are no outstanding issues or conflicting information, the College may award and disburse aid for which the student is eligible.

XI. **Selection After Disbursement**

A student's application might be selected for verification after corrections are submitted and after the student has already been paid based on the previous unselected CPS transaction. In these instances, the Financial Aid Office must verify the student's application before making further disbursements. If verification does not justify aid already disbursed, then the student is responsible for repaying all aid for which he or she is not eligible, though he or she may keep any Stafford loan money received and FWS wages earned.

## XII. Failure to Provide Verification Documentation

Pursuant to 34 CFR § 668.60, if an applicant fails to provide the requested documentation within a reasonable period of time established by the College, the College is generally prohibited from disbursing any federal funds. Thus, any student who refuses to complete the requirements for verification will not be eligible for any need-based financial aid.

- a. Reasonable Period of Time. As discussed in Paragraph III, above, for purposes of this policy, a “reasonable period of time” is considered to be not later than thirty (30) days after the third “reminder” letter is sent.
- b. Campus-Based and Federal Direct Staff / Ford Loan Programs. For purposes of the campus-based and Federal Direct Stafford/Ford Loan programs, if an applicant fails to provide the requested documentation in a reasonable period of time, the College may not:
  - Disburse any additional Federal Supplementary Educational Opportunity Grant (FSEOG) funds to the applicant;
  - Continue to employ or allow an employer to employ the applicant under FWS;
  - Certify the applicant’s application or originate the applicant’s Direct Subsidized Loan; or
  - Process Federal Stafford Loan or Direct Subsidized Loan proceeds for the applicant.
- c. Federal Pell Grant. For purposes of the Federal Pell Grant:
  - An applicant may submit a verified SAR to the College or the College may receive a verified ISIR in accordance with applicable deadlines. If the College receives a verified SAR or ISIR during the established additional time period, and the EFC on the two SARs or ISIRs are different, payment must be based on the higher of the two EFCs.
  - If the applicant does not provide to the College the requested documentation and, if necessary, a verified SAR, or the College does not receive a verified ISIR, within the appropriate time periods, the applicant (a) forfeits the Federal Pell Grant for the award year; and (b) shall return any Federal Pell Grant payments previously received for that award year to the Secretary.

## XIV. Late Disbursements

Generally, a student ceases to be eligible for aid once he or she has finished the term and is no longer enrolled. However, a student may submit verification documentation and receive a late

disbursement after that time if the Department processed a SAR or ISIR with an official EFC while he or she was still enrolled. Also, if there was a change in the student's EFC due to verification completed after he was enrolled, any Pell grant awarded would be based on the higher EFC.

#### XV. **Verification Tolerance**

Verification can sometimes uncover minor errors that will not significantly affect the student's eligibility, so the regulations provide a tolerance for verification changes. Specifically, this tolerance is \$400: if the total difference between the incorrect and correct values for certain items is more than \$400, the information must be corrected. To calculate the difference, first add the original (incorrect) AGI and untaxed income amounts. From that sum subtract the original United States income tax paid to get the uncorrected total. Do the same for the correct values: add the correct AGI and untaxed income and subtract the correct United States income tax paid to get the corrected total. If the difference between the uncorrected total and the corrected total is \$400 or less, the errors are within tolerance; you may award the student aid without submitting a correction or recalculating the EFC. The use of the tolerance is optional, and the College is entitled to have the student submit corrections for reprocessing. Note, however, that there is no tolerance for errors in non-dollar items. If the original application has an error in any non-dollar item, such as household size, the student or the College must correct it.

#### XVI. **Verification Status Codes**

When the College disburses a Pell grant, the institution must report through Common Origination and Disbursement (COD) the student's verification status, even if he was not selected for verification. The following verification status codes shall be used in reporting this information:

**V**: This code means the Financial Aid Office has verified the student, including both those selected by the CPS and those the College chose to verify based upon its own internal criteria.

**W**: This code means the student was selected for verification by the CPS or the College, and the College chose to pay a first disbursement of Pell without documentation. This code must be updated once verification is complete, or COD will reduce the Pell grant to zero.

**S**: This code means the CPS selected the student for verification, but the College did not verify him or her because he or she satisfied one of the exclusions described earlier, because the College already reached the 30% verification threshold, or because the College institution participates in the Quality Assurance Program and the student's application did not meet the College's verification criteria.

**Blank**: The College will report a blank if verification was not performed because neither the CPS nor your institution selected the student.



#### XVII. Recovery of Funds

If the College discovers, as a result of the verification process, that an applicant received under the Federal Pell Grant or FEOSG more financial aid than the applicant was eligible to receive, the College shall eliminate the overpayment in one of the following ways:

- a. Adjustment. First, the College may eliminate the overpayment by adjusting subsequent financial aid payments in the award year in which the overpayment occurred.
- b. Reimbursement. Second, the College may eliminate the overpayment by adjusting subsequent financial aid payments in the award year by reimbursing the appropriate program account by:
  - Requiring the applicant to return the overpayment to the College if the College cannot correct the overpayment; or
  - Making restitution from its own funds, by the earlier of the following dates, if the applicant does not return the overpayment: (a) sixty days after the applicant's last day of attendance; or (b) the last day of the award year in which the College disbursed Federal Pell Grant or FSEOG funds to the applicant.
- c. Stafford Loan Overpayments. If the College determines as a result of the verification process that an applicant received Stafford Loan proceeds for an award year in excess of the student's financial need for the loan, the College shall withhold and promptly return to the lender or escrow agent any disbursement not yet delivered to the student that exceeds the amount of assistance for which the student is eligible, taking into account other financial aid received by the student. However, instead of returning the entire undelivered disbursement, the College may choose to return promptly to the lender only the portion of the disbursement for which the student is ineligible. In either case, the College shall provide the lender with a written statement describing the reason for the returned loan funds.
- d. Direct Subsidized Loan Overpayments. If the College determines as a result of the verification process that a student received Direct Subsidized Loan proceeds for an award year in excess of the student's need for the loan, the College shall reduce or cancel one or more subsequent disbursements to eliminate the amount in excess of the student's need.

#### XVIII. Referrals to the Office of Inspector General

Pursuant to 34 CFR § 668.16, the College will make referrals for investigation to the Office of Inspector General (OIG) of the Department of Education in any case in which fraud or other criminal activity is reasonably suspected.

- a. Credible Information Regarding Applicant. After conducting the review of an application for financial aid, if any credible information indicating that an applicant for Title IV, Higher Education Act (HEA) program assistance may have engaged in fraud or other criminal misconduct in connection with his or her application is uncovered, that information will be referred to the OIG for investigation. The type of information the College must refer is that which is relevant to the eligibility of the applicant for Title IV, HEA program assistance, or the amount of the assistance. Examples of this type of information include:
- False claims of independent student status;
  - False claims of citizenship;
  - Use of false identities;
  - Forgery of signatures or certifications; and
  - False statements of income.
- b. Credible Information Regarding Others. Any credible information indicating that any employee, third-party servicer, or other agent of the College that acts in a capacity that involves the administration of the Title IV, HEA programs, or the receipt of funds under those programs, may have engaged in fraud, misrepresentation, conversion or breach of fiduciary responsibility, or other illegal conduct involving the Title IV, HEA programs, will be referred to the OIG for investigation. The type of information that the College must refer is that which is relevant to the eligibility and funding of the College and its students through the Title IV, HEA programs.

#### XIX. **Verification Timeframe**

Once all required information has been received for verification purposes, the College will compare that information to the information contained in the FAFSA.

- a. Information Correct. If the information is correct, verification is complete and the student's financial aid will be awarded.
- b. Corrections Needed. If the College needs to make corrections to the FAFSA, the processing and packaging of financial aid will be delayed until the correction is processed by the Federal processor and sent back to the College.

Verification will typically take only a few days once a student has submitted ALL of the required documents, if all of the FAFSA information was correct. Failure to ensure correct FAFSA information or to submit ALL of the required documentation will delay the verification process.

**XX. Quality Control**

To ensure the College’s verification policy is being executed appropriately, Crystal reports will be run bi-weekly to identify students designated for verification. The reports utilize the institution’s verification criteria and match them to student tracking groups. Discrepancies identified in the report will be acted upon to make certain that the Office of Financial Aid is in compliance with Federal regulations and this policy.

**Responsibilities**

The responsibilities each party has in connection with this policy on financial aid processing are:

Party	Responsibility
Financial Aid Office	Ensure compliance with this policy.

**Forms**

None

**Appendices**

None