

Houston Training Schools, Inc.
908 W. Main St.
La Porte, TX 77571
Phone: 281-867-9099

Verification Policy

Effective January 2021

Every year a number of students who are eligible for financial aid are randomly selected for verification by the U.S. Department of Education by the FAFSA Central Processing System (CPS). If a student is selected for federal verification, he/she will be asked to complete a Verification Worksheet and must provide additional information before financial aid can be disbursed to the student account. This documentation may include but is not limited to federal income tax transcript and W-2 forms, proof of untaxed income, housing allowances, etc.

Students will be notified by the financial aid office of all documents required to fulfill this federal requirement and will be provided with appropriate verification worksheet (V1 -V6) to complete. If after review by the financial aid office, there are any changes to the financial aid package the student will be notified in writing.

Because students sometimes make errors on their application, colleges have procedures for verifying the reported information. CPS selects which applications are to be verified, but the school also has the authority to verify additional students.

Applications to be Verified

The school must verify applications selected by the CPS of students who will receive (or have received) student financial assistance. These include the Pell Grant, Direct Loan, and FSEOG programs.

Verification Tracking Groups

Students who are selected for verification will be placed in one of the five following groups. The group determines which FAFSA information must be verified for the student.

Standard Verification Group. Tracking flag V1. Students in this group must verify the following if they are tax filers:

Adjusted gross income	U.S. income tax paid
Untaxed portions of pensions	IRA deductions and payments
Tax-exempt interest income	Education credits
Household size	Number in college
Untaxed portions of IRA distributions	

Students who are not tax filers must verify the following:

Income earned from work
Number in college
Household size

Reserved for future use by the Department. Tracking flag V2

Reserved for future use by the Department. Tracking flag V3

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Custom Verification Group. Tracking flag V4. Students must verify high school completion status and identity/statement of educational purpose.

Aggregate Verification Group. Tracking flag V5. Students must verify high school completion status and identity/statement of educational purpose in addition to items in the Standard Verification Group

Reserved for future use by the Department. Tracking flag V6

Reporting results for verification tracking flags V4 and V5

The school is required to report through FAA access to CPS online website, the outcome of verifying high school completion status and identity/statement of educational purpose for applications with tracking flag V4 and V5.

Data Retrieval Tool (DRT)

Students and parents are encouraged to use the IRS Data Retrieval Tool (DRT) to import data from their tax return and not change it. It is the fastest, easiest, and the most secure method of meeting verification requirements. If students cannot or will not use the IRS Data Retrieval, either at initial FAFSA filing or through the correction process, they must provide an IRS tax return transcript for the student and spouse or parents, as applicable.

Acceptable Documentation

If an applicant is selected to verify any of the following information, an institution must obtain the specified documentation.

Adjusted Gross Income (AGI), income earned from work, or U.S. income tax paid.

An institution must require an applicant selected for verification of AGI, income earned from work or U.S. income tax paid to submit to it—

- A copy of the income tax return or an Internal Revenue Service (IRS) form that lists tax account information of the applicant, his or her spouse, or his or her parents, as applicable for the specified year. The copy of the return must include the signature (which need not be an original) of the filer of the return or of one of the filers of a joint return;
- For a dependent student, a copy of each IRS Form W-2 for the specified year received by the parent whose income is being taken into account if—
 - The parents filed a joint return; and
 - The parents are divorced or separated or one of the parents has died; and
 - For an independent student, a copy of each IRS Form W-2 for the specified year he or she received if the independent student—
 - Filed a joint return; and
 - Is a widow or widower, or is divorced or separated.

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An institution may accept, in lieu of an income tax return or an IRS form that lists tax account information, the information reported for an item on the applicant's FAFSA for the specified year if the Secretary has identified that item as having been obtained from the IRS and not having been changed.

An institution must accept, in lieu of an income tax return or an IRS form that lists tax account information, the documentation set forth below of this section if the individual for the specified year—

- Has not filed and, under IRS rules, or other applicable government agency rules, is not required to file an income tax return;
- Is required to file a U.S. tax return and has been granted a filing extension by the IRS; or
- Has requested a copy of the tax return or an IRS form that lists tax account information, and the IRS or a government of a U.S. territory or commonwealth or a foreign central government cannot locate the return or provide an IRS form that lists tax account information.

An institution must accept—

- For an individual described above of this section, a statement signed by that individual certifying that he or she has not filed and is not required to file an income tax return for the specified year and certifying for that year that individual's—
 - Sources of income earned from work as stated on the FAFSA; and
 - Amounts of income from each source. In lieu of a certification of these amounts of income, the applicant may provide a copy of his or her IRS Form W-2 for each source listed in the bullet above.

For an individual described in above of this section (Has Requested a copy of the tax return or an IRS form that lists tax account information)—

- A copy of the IRS Form 4868, “Application for Automatic Extension of Time to File U.S. Individual Income Tax Return,” that the individual filed with the IRS for the specified year, or a copy of the IRS's approval of an extension beyond the automatic six-month extension if the individual requested an additional extension of the filing time; and
- A copy of each IRS Form W-2 that the individual received for the specified year, or for a self-employed individual, a statement signed by the individual certifying the amount of the AGI for the specified year; and

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For an individual described in the above section (Has Requested a copy of the tax return or an IRS form that lists tax account information)—

- A copy of each IRS Form W–2 that the individual received for the specified year; or
- For an individual who is self-employed or has filed an income tax return with a government of a U. S. territory or commonwealth, or a foreign central government, a statement signed by the individual certifying the amount of AGI and taxes paid for the specified year.

An institution may require an individual described above (Has Requested a copy of the tax return or an IRS form that lists tax account information) to provide to it a copy of his or her completed and signed income tax return when filed. If an institution receives the copy of the return, it must reverify the AGI and taxes paid by the applicant and his or her spouse or parents.

If an individual who is required to submit an IRS Form W–2, is unable to obtain one in a timely manner, the institution may permit that individual to set forth, in a statement signed by the individual, the amount of income earned from work, the source of that income, and the reason that the IRS Form W–2 is not available in a timely manner.

An institution may accept in lieu of a copy of an income tax return signed by the filer of the return or one of the filers of a joint return, a copy of the filer's return that includes the preparer's Social Security Number, Employer Identification Number or the Preparer Tax Identification Number and has been signed, stamped, typed, or printed with the name and address of the preparer of the return.

Number of family members in household

An institution must require an applicant selected for verification of the number of family members in the household to submit to it a statement signed by both the applicant and one of the applicant's parents if the applicant is a dependent student, or only 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.

Number of family household members enrolled in eligible postsecondary institutions.

An institution must require an applicant selected for verification of the number of household members in the applicant's family enrolled on at least a half-time basis in eligible postsecondary institutions to submit a statement signed by both the applicant and one of the applicant's parents, if the applicant is a dependent student, or by only the applicant if the applicant is an independent student, listing—

- The name of each family member who is or will be attending an eligible 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 that each student is or will be attending.

If the institution has reason to believe that an applicant's FAFSA information or the statement provided under the section (Number of family household members enrolled in eligible postsecondary institutions) regarding the number of family household members enrolled in eligible

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postsecondary institutions is inaccurate, the institution must obtain a statement from each institution named by the applicant in response to the requirement of section (The name of the institution that each student is or will be attending) 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 indicating that the student will be attending the same institution as the applicant.

Other Information

If an applicant is selected to verify other information specified in the annual Federal Register notice, the applicant must provide the documentation specified for that information in the Federal Register notice.

Completing the Process

A student selected for verification must complete it. The school has the authority, and in some instances are required, to withhold disbursement of any FSA funds until she does. Adopting this policy substantially reduces the incidence of overpayments.

Notification to Students

The school will notify students in person and prior to enrollment, of the required verification documents they must submit within 30 days after enrollment. They will be given a verification worksheet that details which documents to submit. They must also be informed that disbursements of any FSA funds will be withheld until all documentation is submitted.

An applicant whose FAFSA information is selected for verification is required to complete verification before the institution exercises any authority under section 479A(a) of the HEA to make changes to the applicant's cost of attendance or to the values of the data items required to calculate the EFC.

After Documentation is Complete

When all necessary verification documents have been obtained from the student, they should be compared to the ISIR that is being reviewed for payment. If all the student's information is correct and there are no outstanding issues or conflicting information, the school may award and disburse aid for which the student is eligible. If verification reveals errors or inconsistencies, the student may have to make corrections or update information. Financial Aid Officer must inform the prospect or student to do corrections on the fafsa.ed.gov website and eligibility must be re-calculated for Title IV funds. If the re-calculation does not change eligibility, no further action is required. If the corrections result in a change to the Electronic Student Aid Report (SAR) that will change the amount of the PELL Grant, a corrected Electronic Student Aid Report (SAR) must be obtained. This can be done electronically through the school. All corrections due to verification requirements must be accomplished before an actual Financial Aid & Funding Form is made. If the change to the award is made due to verification, the student will be notified by a revised Financial Aid & Funding Form. No funds will be disbursed until corrections have been made. When the corrected ISIR is received, the student will be notified in person if their EFC and Title IV amounts change.

Deadlines and Failure to Submit Documentation

An applicant selected for verification must complete the verification process before any funds are disbursed. Verification is complete when the school has all requested documentation. For Pell grants, the student must have corrected any errors or shown that the information is correct, and the school must have her valid correct SIR or SAR. If a student fails to provide the required documentation by the schools deadline of 30 days after enrollment, do not disburse Pell, Direct Loan, or FSEOG funds or certify a Direct loan application.

Referral of Fraud Cases

Refers to the Office of Inspector General of the Department of Education for investigation—

After conducting the review of an application, any credible information indicating that an applicant for Title IV, HEA program assistance may have engaged in fraud or other criminal misconduct in connection with his or her application. The type of information that an institution 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 are—

- False claims of independent student status;
- False claims of citizenship;
- Use of false identities;
- Forgery of signatures or certifications; and
- False statements of income; and

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Any credible information indicating that any employee, third-party servicer, or other agent of the institution 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. The type of information that an institution must refer is that which is relevant to the eligibility and funding of the institution and its students through the Title IV, HEA programs.

Professional Judgement

The school must complete verification for a selected student before exercising professional judgement to adjust any values that are used to calculate the EFC.