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ABSTRACT

New procedures for the Basic Educational Opportunity Grant Program that must be followed for the 1978-79 academic year are presented. Financial aid administrators must follow these procedures to validate Office of Education selected Student Eligibility Reports. A uniform method of validating both Student Eligibility Reports not selected by the Office of Education and optional data elements is also presented. Background information that will be helpful in understanding the 1979-80 Basic Grant Validation project and examples of instances where validation is not necessary even if the Student Eligibility Report is flagged for validation is provided. Procedures related to making and withholding payment of basic grants and the method by which a financial aid administrator refers cases to the Office of Education, and the validation procedures for schools participating in the alternate disbursement system are discussed. A sample validation form, sample letters sent to students, and materials on edit checks are appended. (SW)

Basic Educational Opportunity Grant

Validation Procedures 1979-80

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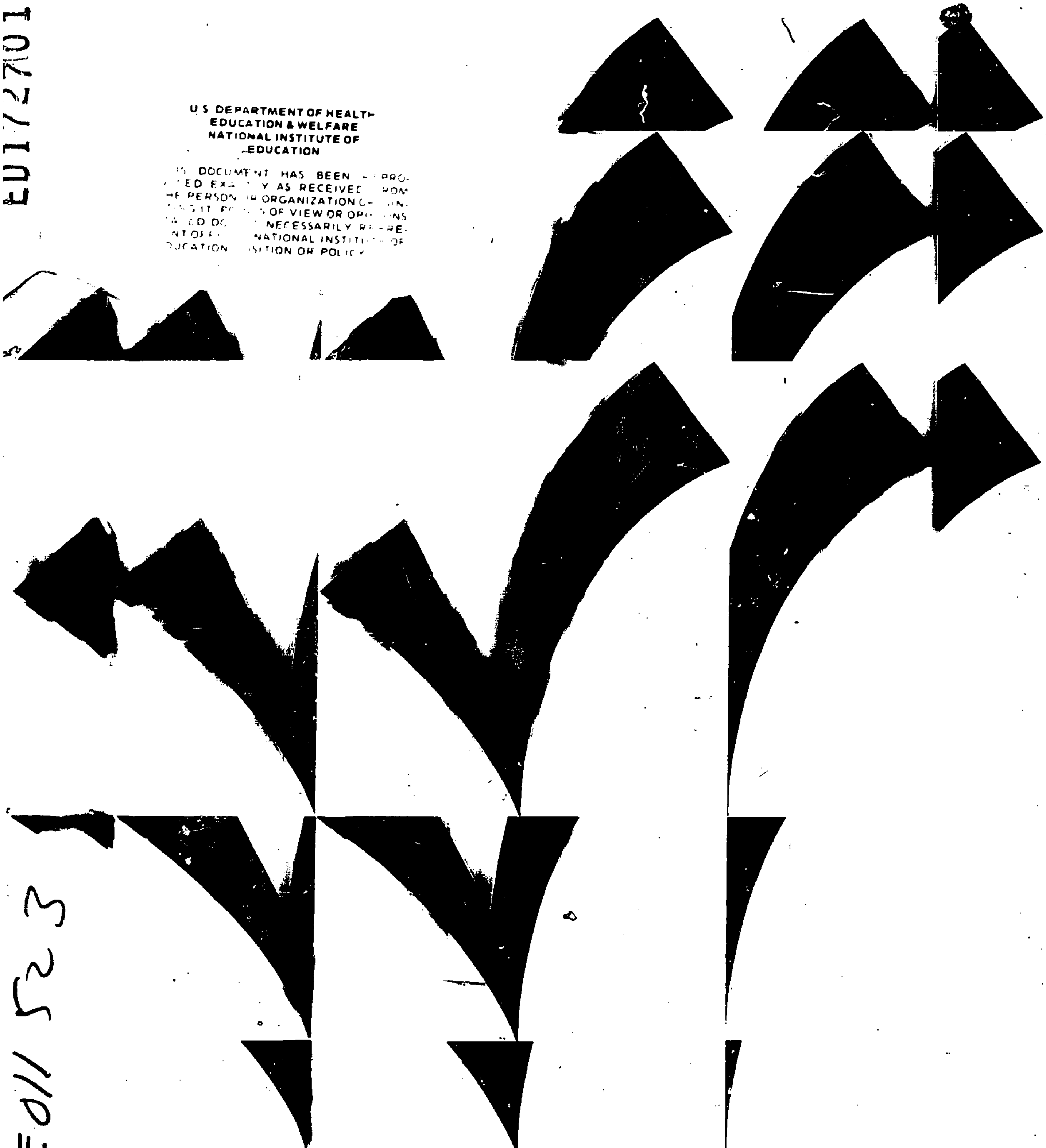

Department of Health, Education and Welfare
Office of Education
Bureau of Student Financial Assistance
Washington, D.C. 20202

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Chapter IV

*Sections added or substantially revised.

INTRODUCTION

The Basic Educational Opportunity Grant Program (BEOG) was enacted in 1972 as part of the Education Amendments of 1972. The program is authorized under Sub Part 1, Part A of Title IV of the Higher Education Act of 1965.

BEOG was designed to expand access to postsecondary education by providing eligible applicants with a basic level of Federal financial aid to help defray the costs of postsecondary education. BEOG is an entitlement program in that all applicants who are determined eligible are assured of receiving their Basic Grant [illegible] for attendance at any eligible institution of postsecondary educatic

Since the inception of the program, participating in [illegible] tions have, for the most part, assumed the responsibility for c[illegible] ting and disbursing student awards as well as keeping records [illegible] essary for documenting these payments.

Prior to the 1978-79 academic year, the validation of Basic Grant applicant reported data was conducted centrally by the Office of Education. The central validation effort included a limited number of applicants and was conducted, in most cases, after the applicants had received payment of their Basic Grant award. For many reasons this central validation proved unsuccessful.

Therefore, beginning with the 1978-79 academic [illegible] e Office of Education instituted the pre-award validation [illegible] hich was conducted by participating institutions. By movi[illegible] ation to the institutional level, the Office of Education w[illegible] increase significantly the scope of the validation effort. T[illegible] ns requiring institutional validation of Basic Grant applicant re[illegible] data became effective on February 27, 1979. Beginning with that [illegible] all Student Eligibility Reports selected for validation by the Of[illegible] Education must be validated before further Basic Grant paym[illegible] re disbursed. A revised Handbook which outlines the procedur[illegible] alidating 1978-79 Student Eligibility Reports was publishe[illegible] ecember, 1978.

This Handbook discusses the procedures that fin[illegible] id administrators must follow to validate Office of Education sele[illegible] dent Eligibility Reports submitted for payment for the 1979-80 [illegible] ic year. It also provides financial aid administrators with [illegible] m method of validating both Student Eligibility Reports no[illegible] cted by the Office of Education, and optional data elements

CHAPTER I

This chapter provides background information that will be helpful in understanding the 1979-80 Basic Grant Validation project. In addition, it contains examples of instances where validation is not necessary even if the SER is flagged for validation.

Application Process

The 1979/80 Basic Grant Program allows a variety of financial aid documents to provide the information necessary to generate an SER. These documents are: the College Scholarship Service Financial Aid Form (FAF), the American College Testing Family Financial Statement (FFS), the Pennsylvania Higher Education Assistance Agency PHEAA/BEOG Application, the Student Aid Application Form for California (SAAC), and the traditional Basic Grant application.

EDIT PROCEDURES

In an attempt to assure equitable treatment of all Basic Grant applicants in determining their eligibility, a system of edit checks is built into the processing system. As applications are edited, those not meeting established criteria are either returned to the applicant for verification or processed with a printed edit check message on the SER. Currently more than 250 statements relating to edit checks may be printed on the Student Eligibility Report (see Appendix A for a list of some of the more common statements).

In use for the first time in 1978-79 were additional edit checks that apply to SER corrections submitted by applicants. Comments are printed on the corrected SER when amounts in certain data fields have been changed beyond specified parameters (see Appendix B for a partial list of comments).

Edit checks have been part of the application processing system since the inception of the Basic Grant Program. However, in 1978/79 modifications were made to these checks to provide better controls for the system as a whole. Those applications with missing, questionable, or inconsistent data generated Student Eligibility Reports which required applicants to supply missing information, and to correct or confirm data appearing to be inconsistent.

For 1979/80 the Office of Education has continued, with some modifications, this system of tightened edits. The financial aid administrator should note any edit comments appearing on an SER and follow up as necessary, whether the SER has been selected for validation or not.

Questionable data may also appear on the SER of an applicant who has not been selected for validation. In this case the financial aid administrator is encouraged to use the validation techniques discussed in this Handbook to analyze the data reported on the student's SER

SELECTION FOR VALIDATION

Approximately 5.6 million students will apply for Basic Grant assistance for the 1979-80 award period. No more than 300,000 of the eligible applicants are anticipated to be selected for Validation. Applicants will again be selected both by random sample and by pre-established criteria.

The pre-established criteria are designed to select applications having the highest probability of incorrect critical information. No more than 240,000 applications will be selected in this fashion, with the remaining 60,000 selected at random over the processing year.

The pre-established criteria used for identifying applications for validation have been developed through previous validation studies. Each of the criteria has been assigned a point value and those applications with the greatest accumulation of points will be selected for validation. The point values and/or sample size may be adjusted to assure that the sample does not contain a disproportionate number of applications from a specific category or period of time.

It should be noted, however, that even though an applicant is selected, there is no certainty that the applicant's data is inaccurate. The financial aid administrator should make no judgments regarding the applicant or any data inaccurately reported on the SER.

Once a SER has been selected for validation, it will be mailed to the applicant with a letter (see Appendix C) from the Office of Education explaining the validation process. The letter will also point out the necessity of contacting the financial aid office to obtain further information on specific validation procedures at their school.

The selected SER's will be flagged with an asterisk next to the eligibility index. An accompanying statement indicating that validation by a financial aid administrator is required will also appear in Section

2. (See Appendix B). The asterisk and a statement requiring validation will also appear on all subsequent SER's processed for the selected applicant during 1979/80.

EXEMPTIONS FROM VALIDATION

Financial aid administrators may make BEOG payments to applicants presenting a flagged SER without validating only in the following instances:

1) The applicant and the applicant's family are legal residents of the Trust Territory of the Pacific Islands, Guam, American Samoa, or the Northern Mariana Islands. In these cases the Financial Aid Administrator must note in the applicant's file the family's permanent mailing address. If the Financial Aid Administrator has reason to believe that the information on the SER is incorrect, this exemption does not apply.

2) The applicant presents an SER with an eligibility index based on the filing of a Supplemental Form. A message will appear on this SER informing the Financial Aid Administrator that the applicant has been selected previously (see Appendix B). The asterisk will still appear next to the eligibility index. Validation is irrelevant and should be terminated if the financial aid administrator discovers that the applicant is eligible to file a Supplemental Form, the applicant submits a Supplemental Form before March 15, 1980, and the resulting SER shows eligibility for payment. Validation must continue if: a) during validation it is discovered that an applicant is eligible to file a Supplemental Form and the deadline for doing so has passed; or b) the financial aid administrator possesses documents that show the applicant did not meet the conditions for filing a Supplemental Form. If the applicant filed a Supplemental Form after having been selected for validation, the reason for filing the Supplemental Form should be closely reviewed before payment is made.

3) The applicant has transferred from another school where the validation process was previously completed. If the financial aid administrator at the second school chooses not to revalidate, (s)he must request that the financial aid administrator who originally validated the application send a cover letter indicating that the SER has been validated, and enclose a photocopy of the corrected reprocessed SER. The second financial aid administrator should then check the SER submitted by the student to be sure that it is the same as the photocopy of the valid SER. The letter and photocopy should be kept in the student's file as proof of validation. In cases where the first school has erred in its validation procedures, only that institution will be held liable, and only for the amount of the overpayment.

4) The applicant has claimed eligibility for the National Disaster Area Asset Adjustment.

For the 1979/80 academic year, applicants are permitted to revise the amounts of assets reported on their original application under certain conditions. Revision is permitted if the applicant, or the applicant's parents, suffered a loss of, or damage to, previously reported assets since the time the original application was submitted. This loss must be due to a disaster which occurred in an area declared a National Disaster Area by the President. Applicants correct the amounts of assets in Section I of the SER and also complete a special instruction/certification sheet.

Since the revised asset values are likely to be considerably less than those originally reported, many applicants will experience a significant decrease in the amount of their eligibility index. For this group of applicants, the reason for these revisions will be known by the Office of Education, and therefore, these applicants should not be placed in the same category as other applicants who may correct their asset amounts. For this reason, applicants who meet the specific condition for revising assets will not be selected for institutional validation. However, it is possible that the applicants filing under this condition will be reviewed separately by the Office of Education to assess the validity of their condition and reported data.

5) The applicant is incarcerated. These applicants will be exempt from the validation process, due to the difficulty in obtaining the necessary documents to comply with the validation requirements. In these cases the financial aid administrator must note in the applicant's file that the flagged SER was presented while the applicant was incarcerated. Validation of incarcerated applicants may be pursued on an individual basis at the professional discretion of the Financial Aid Administrator.

CHAPTER II

This chapter first provides an outline of the procedures for validation of required data elements and then a detailed discussion of each of the required data elements.

PROCEDURE FOR VALIDATION

Below are listed some typical institutional procedures.

Throughout the entire process, the expertise, responsibility, and judgment of the financial aid administrator will be critical factors. We cannot emphasize this too strongly.

Although this is not an exhaustive list, the typical procedures at the institutional level are:

1. Read the "Agreement Covering Institutional Participation in Programs of Financial Assistance" for the Federal Student Financial Assistance Programs, and the Basic Grant regulations regarding verification of information on the SER especially § 190.77.

2. Become familiar with the contents of the Student Financial Aid Handbook and this Validation Handbook.

3. Determine the sufficiency of the documentation provided by the applicant. Applicants must provide:

   A) If the applicant is independent, a copy of the applicant's 1040 or 1040A Federal Income Tax return. If the applicant is married and independent, the documentation submitted must include the spouse's (as well as the applicant's) Income Tax return, or if a joint return was filed complete information on their aggregate income, expenses, and assets. The institution may require the applicant to submit a certified copy from the IRS before making payment.

   B) A copy of the parents' 1040 or 1040A Federal Income Tax return if the applicant qualifies as dependent. Copies that are not signed, dated or have commercial preparer stamps are acceptable, unless the financial aid administrator has reason to believe the copies are invalid.

   The institution may require the applicant to submit a certified copy from the IRS. Institutions routinely requiring State Income Tax forms of students may not use these for validation purposes where a Federal return is available.

C) If there is a comment on the applicant's SER relating to Social Security benefits (see Appendix B, Comment #2), the applicant must provide the financial aid administrator with a statement from the Social Security Administration as to how much the applicant and the applicant's parents received from the Social Security Administration in 1978. The Validation Form for 1979/80 has a detachable sheet which the applicant (and the applicant's parents, if dependent) should fill out completely and take or mail to the nearest Social Security Administration Office. Validation is not complete for these students until a notice from Social Security is in the applicant's file. (A more detailed description of the Social Security match and validation procedures is in the "Required Validation Items" section of this Handbook.)

D) If there is a comment on the applicant's SER relating to Veterans educational benefits (see Appendix B, Comment #3), the applicant should provide the financial aid administrator with documentation regarding educational benefits received from the Veterans Administration. This documentation must be in the applicant's file before the second half of the applicant's expected disbursement can be disbursed. (A more detailed description of the Veterans Administration match and validation procedures is in the "Required Validation Items" section of this Handbook.)

E) A completed Validation Form. Use of the Validation Form provided by OE is not required. However, an alternate format must include the following:

1) A statement of the applicant's relationship to the parent using the Basic Grant definition of the term "parent".

2) A statement listing the names, ages and relationship of all persons in the household who receive at least half of their support from the applicant's parents or the applicant (and spouse), or were claimed as income tax exemptions by the applicant's parents or the applicant (and spouse) during 1978.

3) A statement of those in the household who at the time of validation are, or are expected to be, in postsecondary school on at least a half-time basis during 1979-80 academic year and the location of the school(s).

4) A statement explaining how the livelihood of the household was maintained during 1978, if the applicant has reported total family income of less than $1,000. <u>Professional judgment should be exercised in the evaluation of this</u>

statement. If any question arises, the financial aid administrator should call (202) 245-2724 for assistance.

All statements must be signed by the applicant and parent or spouse where applicable.

These validation procedures are designed to ensure that certain SER data elements agree with the various validation sources provided. They make no judgment concerning the accuracy of these sources themselves. For example, tax returns may be filed in good faith with the Internal Revenue Service, but still be in fact incorrect.

4. If any documentation is missing, inform the applicant that (s)he must supply it before validation continues.

   A) If applicant claims (s)he is unable to obtain documentation, the applicant must provide a statement describing the efforts made to obtain it and the reason for not being able to obtain it. Using professional judgment the financial aid administrator should then evaluate the statement. Exceptions should be granted only in accordance with procedures in this Handbook. If there are mitigating circumstances other than those outlined in the Handbook, the financial aid administrator should call (202) 245-2724 for assistance.

   B) If the applicant refuses to provide documentation, inform the applicant that no payments will be disbursed. If the applicant insists on receiving his/her award, and continues to refuse to provide documentation, continue to withhold payment and refer the case to the Office of Education. (See the "Referral to the Office of Educaiton" section of this Handbook for details.)

5. Attempt to validate the SER presented by the applicant using information and documentation the applicant provides. Once all documentation is received, compare the applicant's SER to the documentation to determine whether the SER is correct. The validation process may include an interview or other follow-up with the applicant, as necessary.

The following lists the required data elements and the documentation required to verify these elements.

Required Data Elements	Documents Used to Verify
Adjusted Gross Income (Box 23)	Federal Income Tax Return (line 31 of Form 1040 or line 10 of 1040A)
Federal Income Taxes Paid (Box 26)	Federal Income Tax Return (line 54 of Form 1040 or line 13 of 1040A); appropriate tax table if IRS computes the tax
Household Size Number in Postsecondary	Validation Form (Item 4) or a reasonable facsimile
Dependency Status (Boxes 13, 14, and 15)	Validation Form (Items 1 & 9)

The following are required data elements if a comment referring to them is on an applicant's SER.

Social Security Benefits (included with Non-Taxable Income in Box 20)	Statement from the Social Security Administration and Validation Form (Item 5)
Veteran's Benefits (Boxes 40 & 41)	Document from the Veterans Administration

6. If it is necessary to correct the SER as a result of the validation process, the applicant must make each correction to reflect the exact amount appearing on the validation document. To make a proper correction, the applicant must cross out the incorrect information and enter the correct information above it. The applicant and parent/spouse must then sign the certification on the reverse side of the copy of the Student Eligibility Report on which the corrections were made.

7. The applicant should send the corrected SER to Basic Grants, P.O. Box H, Iowa City, Iowa 52240 for reprocessing. The financial aid administrator must keep a photocopy of the corrected SER on file for future reference.

8. Once the SER is returned to the applicant and presented to the financial aid administrator for payment, the financial aid administrator should compare the reprocessed SER with the photocopy of the corrected SER. If additional data elements have been changed during the correction process, the financial aid administrator should check the validity of the changes.

9. Sign the certification statement in section 4 of the SER and process it for payment in the usual manner. The signature of the financial aid administrator in section 4 will (1) certify eligibility and (2) indicate that the financial aid administrator has validated the SER and is satisfied that it is correct.

10. Retain all pertinent documents in the applicant's file. These records are subject to audit under the Basic Grant regulations. They are also subject to the Basic Grant regulations concerning confidentiality of information and retention of records. Do not send these documents to OE, unless you are referring the case to OE for resolution.

11. Validate all subsequent SERs submitted by the same applicant during the 1979/80 academic year. Once an applicant is selected for validation, all SERs produced after that point will be flagged, even if they reflect legitimate corrections. (The SER generated by a Supplemental Form is an exception to the validation requirement, as discussed in Chapter I.) Although the required data elements listed must be validated, other items may be examined as necessary.

12. In some situations, it will be necessary to refer certain cases to the Office of Education, Division of Certification and Program Review, for resolution. This process is discussed in detail in the "Referral to the Office of Education" section of this Handbook.

13. Although only required data elements must be validated, and only for selected applicants, the financial aid administrator may wish to extend the validation procedures to the SERs of other applicants. The information obtained through validation should be used, as appropriate, in recalculating an applicant's need for other aid programs.

REQUIRED VALIDATION ITEMS

The following is a detailed discussion of data items that must be validated. Under each item the discussion will include (1) a description of that item, (2) the preferred documents to be used to verify the item, and (3) acceptable alternative documents.

Second Picture Concept

In completing an application for a Basic Grant an applicant establishes a first picture of his household circumstances and financial resources from actual as well as projected data. Actual data should include the total household income, the unreimbursed elementary and secondary tuition paid and unusual expenses incurred during the base year, as well as the current value of all real estate holdings, investments and other assets. However, projected data is not solely dependent upon base year figures and relies on estimates regarding veterans' benefits, household size, number in postsecondary education and certain of the questions establishing dependency status.

The submission of projected data may require an applicant to predict information affecting need well in advance of enrollment. The resulting Student Eligibility Report may not accurately reflect an applicant's circumstances, because significant changes may have occurred between the date of the original application and the subsequent submission of the Student Eligibility Report for validation. In order to minimize the problems associated with assessing the validity of these projections where such changes have occurred, the validation procedure should aim at establishing a second picture of the applicant's need. Consequently, any applicant who is selected for validation, whether by the Office of Education or an institution, must update any projected information which is incorrect at the time of validation.

A financial aid administrator may require any applicant who was not originally selected for validation to update projected data only if the applicant's data will be validated according to the procedures outlined in this Handbook. Once an applicant has undergone validation during an award period, the financial aid administrator can neither require the applicant to further correct projected data which later becomes incorrect, nor allow an applicant to update projected data at his own option. The only exception to this is if the information as originally validated is subsequently proven to have been incorrect at the time of validation. Data which was previously estimated must be verified as correct as of the time of validation. Parental assets and applicant resources are not projected data, and may be updated only if the amounts reported on the SER were incorrect when the application was filed.

Applicants' Status (Validation Form Item 1)

The first major step in the validation process requires the applicant to reaffirm his/her dependent or independent status on which the SER selected for validation was based. The answers provided will give the applicant direction as to how remaining items on the Form should be completed. Both the applicant and the financial aid administrator should refer to the definition of "parent" on the first page of the Form before responding to the questions. The definition is also printed below.

Definition of Parent

For validation purposes the term "parent" is defined to be the applicant's mother or father, or adoptive parents. Foster parents and guardians are not defined as "parents". If both of the applicant's natural or adoptive parents are deceased, the applicant should be considered independent.

If the applicant's parents are divorced or separated, the information for the parent who has or had custody of the applicant must be provided. If no custody was awarded, or if the parents have or had equal custody of the applicant, information provided should be for that parent with whom the applicant lived for the greater period of time during the twelve months prior to filing the original Basic Grant Application or its equivalent.

Step-Parents

If the applicant's parents are divorced, or if the mother/father is widowed, and the parent has remarried, the financial information of the step-parent may need to be reported. The step-parent's information (together with the parent's information) should be reported if the applicant either (a) did or will live with the step-parent (and parent) for more than six weeks during 1978, 1979, or 1980 or (b) did or will receive more than $750 in financial assistance from the step-parent in 1978, 1979, or 1980.

With this definition of parent in mind, the financial aid administrator now must see how the questions in Item 1 are answered by the applicant to determine the applicant's status.

These questions are:

1. Did or will the applicant live with a parent for more than six weeks during any of the years 1978, 1979, or 1980?

2. Did or will the applicant receive more than $750 worth of assistance from a parent during 1978, 1979, or 1980?

3. Did or will the parents claim the applicant as an exemption on the parents' Federal Income Tax Return for the years 1978, 1979, or 1980?

An applicant who answers "yes" to any of these questions (Item 1 on the Validation Form), is considered a dependent applicant and must provide documents pertaining to the parents' household. An applicant who answers "no" to all the questions in Item 1, is considered an independent applicant and must provide documents pertaining to the applicant's household.

To verify the status of the applicant who is dependent, the financial aid administrator should check the parent's Federal Income Tax Return on which the student may have been claimed as an exemption. For those who were not claimed as tax exemptions in 1978 but may be claimed in 1979 or 1980 or may live with the parent or be provided more than $750 in support, the parent's and applicant's signatures on the certification statement in Item 8 are sufficient to validate the dependent applicant's status.

Item 9 on the Validation Form is used to verify an independent applicant's status. There is additional information on independent student verification under the section entitled "Parental Disclaimer Statement".

<u>Household Size and Number in Postsecondary School</u> (Validation Form Item 4)

Both the size of the household during 1979/80 and the number of household members attending postsecondary institutions on at least a half-time basis during 1979/80 must be verified. In both cases this information should accurately reflect the household circumstances at the time of validation. Household size is defined as the number of people supported by the parents in the case of a dependent applicant, or supported by the applicant (and spouse) in the case of an independent applicant, during the award period for which the applicant receives a Basic Grant. The number in postsecondary education is defined as the number of household members who will be enrolled in post-secondary education at least half-time during the award period for which the applicant receives a Basic Grant. When completed properly, Item 4 should include all members of the household during the 1979/80 academic year, with those members attending postsecondary education during the 1979/80 academic year designated by the names and locations of their educational institutions. If changes are reported in either of these two data elements, the financial aid administrator may need to recalculate the applicant's need for other forms of Federal aid.

Since the financial aid administrator must rely primarily on an applicant's statements for the validation of household size and number in postsecondary education, special scrutiny must be applied to assure that the applicant provides adequate verification of these data elements. Any additions to the previously reported numbers may be allowed only if there is documentation to support their likelihood. Family members who were expected to be included as members of the household can be counted only if they will live in the household and receive at least half of their support from the applicant's parents or the applicant (and spouse) at the time of validation.

Other persons may be included in the household size only if they live in the same household with the applicant's parents, or the applicant (and spouse), and receive more than half of their support from the applicant's parents, or the applicant (and spouse), during the 1979/80 academic year. In order to eliminate any doubts in this regard the financial aid administrator may want to explore any apparent inconsistencies by personal or telephone interview with the applicant.

Household Size. In some cases household size may be substantiated by referring to the first page of the Federal Income Tax Return (Form 1040 or 1040A), where family members are listed. In addition to the line(s) naming the taxpayer(s), the appropriate lines to examine are 6c and 6d on Form 1040 or 5c and 5d on Form 1040A, which contain the name(s) of any dependent(s) claimed.

The total number of exemptions claimed on the tax return and the persons named on the return may not agree with the 1979/80 Basic Grant household size. One reason for this is that some conditions permitting Federal Income Tax exemption (for example, taxpayers who are blind or over 65 years of age) bear no relationship to the Basic Grant definition of household size. Also, the 1979/80 Basic Grant application asks for household size for the coming 1979/80 year, whereas the tax returns reports 1978 information. For reasons such as these, the return may not be a conclusive validation source in some cases.

If validation of household size cannot be accomplished by use of the Tax Return, either because a return was not filed or because the return provided does not contain sufficient information, a review of other documents/forms, such as other financial aid applications, may be of assistance in determining the reasonableness of the information reported on the SER. You may also wish to hold an interview with the applicant. During an interview, the financial aid administrator should document findings, the reason for the discrepancy, and file it with the other validation documents after completing the interview.

Number in Postsecondary Education. As with expected household size above, a review of other financial aid applications may help the financial aid administrator in judging the reasonableness of the information reported for this item. The financial aid administrator should pay particular attention to the age of the family member expected to be in attendance at a postsecondary school. A common mistake by applicants is to report in Box 18 of the SER all family members in school, regardless of the level.

When an applicant submits documentation for validation prior to actual enrollment, the number in postsecondary education must include the applicant even though (s)he may not yet be in active attendance. If other members of the same household will attend a postsecondary school during the 1979/80 academic year, but are not yet in active attendance at the time of validation, the applicant must submit documentation that supports this claim of intended enrollment. Letters granting acceptance to the other household member from the admissions office, the registrar, or a similar source at the school where future attendance is planned would suffice to fulfill this requirement. Other forms of documentation, including receipts for dormitory deposits, tuition downpayments or preregistration fees, may be substituted at the discretion of the financial aid administrator, provided they include the date at which active attendance is to commence, and the name and location of the postsecondary school.

If at the time of validation household members originally reported as attending a postsecondary school are actively attending the same postsecondary school, documentation is not required. Proper completion of Validation Form Item 4 including the name and location of the postsecondary school is sufficient, unless the financial aid administrator has a reasonable cause to believe otherwise.

Revision in the 1979/80 Application

A question has been added to the 1979/80 application to determine if the income figures reported for the 1978 tax year were estimated or if the data came from a completed tax return. If an applicant presents a non-flagged SER with estimated data reported, the financial aid administrator is not required to validate the information shown. However, institutions are strongly encouraged to request the 1978 tax return when the filing status box (SER Box 21) is marked estimated (EST). It may be that the estimated tax return figures reported will disagree with the actual tax return that is filed. If this is the case and the discrepancy results in a change in Effective Family Income outside the tolerance range, the SER will have to be corrected before payment may be made. Payment may be withheld only if the applicant refuses to provide the necessary documentation, or if a discrepancy is noted.

Parents' Federal Income Tax Return (Validation Form Item 2)

The parents' Federal Income Tax Return, Form 1040 or 1040A, is required for dependent applicants who have been selected for validation.

Although photocopies of the required tax form(s) are acceptable, as a matter of institutional policy the financial aid administrator may choose to require the parent(s) to secure official copies of the Federal Income Tax Return directly from the Internal Revenue Service. These official copies may also be used to document the need analysis that has been performed for other aid programs. If further clarification of the information on the tax return is needed, the financial aid administrator may request copies of any schedules filed with the tax return.

IRS Form 1040 or 1040A is ordinarily the only acceptable document for validation of the Adjusted Gross Income and Federal Income Tax Paid. The parent should be cautioned not to submit W-2 forms in lieu of the 1040 or 1040A. In instances where Federal income tax forms are unobtainable, there are acceptable alternatives which are discussed in the section on Adjusted Gross Income below. However, the response, "I don't have a copy" is n... by itself an acceptable reason to defer to alternative documen...

Applicant's Federal Income Tax Retur... ...idation Form Item 3)

Independent applicants must submit co... of their Federal Income Tax Returns (Form 1040 or 1040A), in o... to verify the Adjusted Gross Income and Federal Income Tax ... Items of the Student Eligibility Report. At the discretion of the financial aid administrator the validation procedure may be satisfactorily completed using only copies of pages one and two of the Federal Income Tax Return when other pages are unobtainable or the delays involved in obtaining other pages impede the expeditious completion of validation. In addition, if an independent applicant was married at the date of the original application a copy of the spouse's income tax form must be submitted if they filed separately.

Although photocopies of the required tax form(s) are acceptable, as a matter of institutional policy the financial aid administrator may choose to require the applicant to secure official copies of the Federal Income Tax Returns directly from the Internal Revenue Service. These official copies may also be used to document the need analysis that has been performed for other aid programs.

IRS Form 1040 or 1040A is ordinarily the only acceptable document for validation of the Adjusted Gross Income and Federal Income Tax Paid for the independent applicant. The applicant should be cautioned not to submit W-2 forms in lieu of the 1040 or 1040A. However, in instances where Federal income tax forms are unobtainable, there are acceptable alternatives which are discussed below in the section on Adjusted Gross Income.

Although the Adjusted Gross Income and Federal Income Tax Paid of the dependent applicant are not reported as part of the application process and need not be verified as part of the validation process, the income tax forms of the dependent applicant may be requested in order to validate the SER. Two purposes are served by requesting the dependent applicant's income tax form: (1) assets and savings of the applicant that should have been reported on the SER can be identified, and (2) the applicant who in reality may be independent, but is trying to claim dependence, may be identified. The financial aid administrator should note that if a dependent applicant's Tax Form is unavailable, as in cases where there would be a long delay in getting copies of the Tax Form from IRS, payment of a Basic Grant should be released if all other required documents are on file. This applies only to dependent applicant's Tax Forms.

Adjusted Gross Income (Box 23)

Copies of the Federal Income Tax Return(s) of the parent(s), for the dependent applicant, or the applicant (and spouse), for the independent applicant, must be submitted to verify the Adjusted Gross Income (AGI) reported on the SER. Federal Income Tax Return(s) are the most desirable and evidential instruments of validation of AGI and ordinarily should be the only acceptable documents. For validation purposes, pages 1 and 2 of Form 1040 will provide all required data; but Schedules A and B, as well as other pages, will provide valuable insight into the income situation and be useful in the validation of other data elements.

When validating AGI of the dependent applicant, the amount reported on the SER should be the parent(s) income and this amount should compare with Line 31 of the 1978 Internal Revenue Service Form 1040 or Line 10 of the IRS Form 1040A. When validating AGI of the independent applicant the amount reported on the SER should be the income of the applicant (and spouse), and this amount should compare with Line 31 of the 1978 Internal Revenue Service Form 1040 or Line 10 of the 1978 IRS Form 1040A.

The financial aid administrator should be aware that some parents or independent applicants may not have filed an income tax form because their income was below the level at which a Federal Income Tax Return must be filed. This unreported income should be included in SER Box 23 as Adjusted Gross Income as well as in the appropriate box for portions earned.

The financial aid administrator should note that the sum of portions earned by mother/father or applicant/spouse (SER boxes 24 and 25) may not equal the total amount of AGI (SER box 23). This will occur because of interest payments, dividends business losses, etc., which affect AGI but not portions earned through employment. The presence of interest payments, dividends, and business losses in AGI may be clues that there are business or investment assets present which need to be investigated by the financial aid administrator and reported.

Note: If portions earned by mother/father or applicant/spouse are changed for any reason during the validation process, the financial aid administrator should insure that the change is reflected in AGI as well. Conversely, if AGI is corrected the financial aid administrator should be sure that the amounts reported for portions earned are corrected as necessary.

Alternate Documentation

Under certain circumstances obtaining a copy of the 1040 or 1040A may be impossible or involve unreasonably extensive delays. When the Form 1040 or 1040A has not been filed, as in the case of persons granted an extension, the financial aid administrator should ascertain why none was filed and request alternative supporting documentation. Similarly, the financial aid administrator should request alternate documentation only when the delay encountered arises from: (1) the current absence of the parents from the United States; (2) the deaths of both parents; (3) an unknown address for the parents; (4) the physical or mental inability of the parents to provide the tax forms. Possible alternatives include State income tax forms that may indicate adjusted gross income or valid W-2 forms from which AGI can be estimated. Under these circumstances, a statement from someone other than the filer, such as an accountant or other qualified person, certifying probable AGI and probable Federal Income Taxes paid, could be acceptable. If the financial aid administrator is satisfied with the validity of the documentation, this SER data element can be validated. Payment may not be released to the applicant until the tax form or an acceptable alternate is provided.

Federal Income Tax Paid (Box 26 on the SER)

The documents that will aid in the validation of Federal income tax paid are the same as the documents used to validate Adjusted Gross Income.

To verify the Federal income tax paid on Adjusted Gross Income, the amount on line 54 of form 1040 (or line 13 of Form 1040A) for 1978 should be compared with the amount in SER box 26.

The tax to be validated in the case of a dependent applicant is the parents' Federal income tax paid. In the case of the independent applicant, validate the applicant's own Federal income tax paid and that of a spouse, as applicable.

It is likely there will be variations between the Federal income tax reported on the SER and that found on Form 1040 and 1040A whenever the Multiple Data Entry document or Basic Grant application is filed before the Federal income tax return is completed.

Common errors in reporting of the actual Federal income tax include (a) the total amount withheld for the year, (b) the partial amount of such tax actually paid when the return is filed, (c) a zero tax when no payment is due at the time of filing because the Federal income tax already had been paid through withholding.

In all cases the financial aid administrator should be aware that the requested figure is the actual amount paid in Federal Income Taxes for 1978.

Alternate Documentation

Although the SER may indicate Adjusted Gross Income and Federal Income tax paid for 1978, it is possible that no tax return(s) will have been filed. The best alternate supporting document would be a notarized letter or a statement from a qualified person (accountant or other professional tax preparer identified by business stationery) giving the reasons for failure to file and estimating closely the 1978 income and Federal income tax. State tax returns or W-2 forms also may provide enough information for Federal income tax to be estimated. These exceptions should be exercised only in rare instances.

Total Income Less Than $1,000 (Validation Form Item 6)

An income of some sort is necessary to support the households of independent and dependent applicants alike. A cash income of less than $1,000 is minimal and should be verified. Therefore, Item 6 is intended to assist in identifying all resources that should be reported on the SER. The financial aid administrator should evaluate the applicant's statement using judgment and discretion. If the explanation is reasonable, the financial aid administrator should discontinue the inquiry. If the explanation is not reasonable, further follow-up is necessary: such as, checking information reported on other need analysis forms, requesting the applicant to correct the SER, or interviewing the applicant. The results of this interview should be filed with the other validation documents.

Some applicants, particularly the independent applicants, will report in this item that their source of support was Federal or institutional educational financial assistance. In many instances, this will be readily verifiable in the financial aid office. Educational assistance should not be included as income for the Basic Grant Program.

Certification of Unusual Circumstances (Validation Form Item 7)

Every effort must be made by the independent applicant or the dependent applicant's parent(s) to provide all required information and documentation listed in the Validation Form. Sometimes unusual or difficult circumstances prevent compliance with the validation requirements. Item 7 provides the applicant with the opportunity to provide a written explanation of all efforts made to obtain the required information and the reasons the information has not been provided. The financial aid administrator should carefully review the explanation to determine the validity of these efforts.

The financial aid administrator should note, however, that there is no exception to the requirement that the parent and the applicant provide documents for the validation of the dependent applicant's SER. A parent's signature on the application certifies the willingness of the parent to provide any documents requested. Therefore, if at some later date the parent refuses to provide such documents, the applicant would not be eligible for Basic Grant funds until the parent provides the necessary documents.

Parental Disclaimer Statement (Validation Form Item 9)

This statement is used to validate an independent applicant's status. If the applicant answered "no" to all the questions in #1 on the validation form, the financial aid administrator should request that the applicant have the parent sign the certification and have it notarized.

When an applicant answers "no" to all of these questions, and thereby claims financial independence, the financial aid administrator should be especially careful in assuring that the applicant has maintained this status as defined by these questions since the time of his original application. Particular attention should be given to the amount of income claimed by the applicant in relation to the household size to be certain that it is sufficient to provide for adequate support. When it appears insufficient the applicant should be questioned closely as to the source and amount to determine if it is derived even indirectly from the parents and exceeds $750.

The financial aid administrator should be aware, however, that if an independent applicant is not able to obtain a parental signature in Item 9 or refuses to do so, an award cannot be withheld if all other validation requirements have been met. In these cases, the financial aid administrator should check other needs analysis forms to verify the consistency of reported information. In addition, the financial aid administrator may wish to conduct a personal interview with the applicant. In this case, the institution should note the results of the interview and file them with the other validation documents.

VALIDATION OF SOCIAL SECURITY AND VETERAN'S EDUCATIONAL BENEFITS

Beginning with the 1979-80 academic year, the Office of Education is instituting a system of routine computer matches between the Basic Grant application file and the files of the Social Security and Veterans Administrations. These matches will be conducted as the Basic Grant applications are processed. Certain applicants identified through these matches will subsequently be selected by OE for validation at the institutional level.

Below are descriptions of each match and the procedures for validation.

VA Match

The records that will be provided by the Veterans Administration will include beneficiaries under the GI Bill and the Survivors' and Dependents' Educational Benefits Programs, that meet the following conditions:

-activity with VA within the last 3 years
-delimiting date after 8/31/79
-remaining entitlement greater than 4 months
-undergraduate enrollment

The records will be a listing based on entitlement during 1979/1980 but will not list benefit amounts.

Basic Grant applicants will have their SER's returned to them, before eligibility is calculated for verification or correction under two conditions related to potential mis-reporting of VA benefits:

1) those Basic Grant applicants who reported $0 Veterans benefits (boxes 41 and 42 on SER) and who appear on the VA tape; and

2) a portion of Basic Grant applicants who report less than ½ time VA benefits.

After this SER is returned by the applicant, if the amount reported for Veteran's benefits is still below the ½ time VA amount , eligibility will be calculated and the applicant will be selected for validation.

Procedures for Validation

Applicants selected for validation as a result of the VA match will receive a comment on their SER instructing them to take a copy of their 1979/80 VA award letter to their financial aid office (see Appendix B). This award letter will contain the amount to be received each month based on enrollment status and family size and period of time that this amount will be received (e.g., $311 per month from Sept. 1, 1979 - June 30, 1980. In this case the applicant would be receiving $2799 for the year.) Applicants who have lost their award letters may provide a copy of one check received from VA for the 1979/80 award period, and a statement signed by the applicants (and parents, if dependent) declaring the number of months that they will receive Veterans educational benefits.

There may also be cases when an applicant will be identified through the VA match and will claim that: 1) the VA entitlement has been used up; or 2) no application was filed for VA benefits for 1979/80. In each of these cases, the applicant must provide a notarized statement verifying this claim. If the applicant is dependent, this statement must be signed by both the applicant and a parent. In those cases where an applicant has been identified through the VA match, but has claimed that no benefits will be received, the financial aid administrator should accept the notarized statement. However, the applicant should be counselled that the Office of Education may do a follow-up match with the 1979/80 VA recipient file.

In most cases, applicants will not have received their VA award letter before their first Basic Grant payment is due. Therefore, if the applicant has completed the validation process <u>except</u> for VA, the institution must disburse partial payment of the applicant's Basic Grant award. However, the amount disbursed to the applicant before (s)he submits the VA documentation <u>cannot exceed ½ of the applicant's expected disbursement, as determined by the institutions.</u> Verification of receipt or nonreceipt of VA benefits must be on file at the institution before any further payments may be disbursed. Of course, if the applicant must correct other data elements on the SER, the financial aid administrator cannot disburse the interim payment(s) until the corrected reprocessed SER has been received.

Unfortunately, for the following reasons, not all applicants receiving benefits will be identified through this match.

1. First year VA recipients

   Applicants receiving VA Educational Benefits for the first time historically do not apply to VA until August or September or later. The records received from VA were extracted from their file in early Spring. Therefore, for the most part, first year applicants will not be listed in these records.

2. Timing of VA Records

   Because of the lengthy negotiations with the Veterans Administration concerning this computer match, the Office of Education did not receive the VA records until after application processing for 1979/80 had begun. Therefore, all of the applicants whose applications for Basic Grants were processed and whose eligibility was calculated prior to our receipt of the VA records have not been matched. Any applicant who makes corrections to a SER will be compared with the VA records when those corrections are processed.

Therefore, any time a financial aid administrator believes that an applicant is receiving VA Educational benefits which are not reported on his/her SER, the financial aid administrator should request documentation from the applicant.

Social Security Match

As Basic Grant applications are processed, the amount reported in the Social Security benefits field (on CSS and BEOG forms), or the non-taxable income field (on ACT and PHEAA forms) will be compared against the sum of the applicant and family benefits according to the Social Security records. For independent applicants, the comparison will be against only the amount of the applicant benefit on the Social Security tape.

Those applicants who failed to report the full amount of their Social Security benefits and whose non-reporting affects their Basic Grant award, will have their SERs returned to them, before eligibility is calculated, for verification or correction of data. When this SER is returned, if the amount reported for non-taxable income is still significantly less than that appearing in the Social Security records, the applicant will be selected for institutional validation.

Procedures for Validation

Those applicants who are selected for validation as a result of this match will need to obtain from Social Security a verification of benefits received in 1978. To help the applicant obtain this verification we have developed, together with the Social Security Administration, the Social Security Verification Form which is an attachment to the Validation Form.

This form is a tear-off attachment to the Validation Form so that the applicant will not have to take the entire Validation Form to Social Security. This will avoid releasing any information which is not necessary for the verification of Social Security benefits.

In order to allow the release of Social Security benefits information for all members of the household listed in Section IV of the Social Security Verification Form, dependent applicants must be sure to obtain the signatures of both parents. For the same reason married independent applicants must be sure to obtain their spouses' signatures. Since members of the same household may receive benefits on the basis of different claims, dependent applicants must include the Social Security numbers of both parents, and married independent applicants must include the spouse's Social Security number, so that benefits received by any member of the household may be checked under any potential claim numbers. The applicant must be certain that the name filled in on the line marked "name" in the disclosure statement in Section III is the name of the person who will actually obtain the pertinent information from the Social Security Administration. Although the Social Security Verification Form may be mailed to the Social Security Office, it is advised that the applicant take it to the nearest local Social Security office to avoid any delays that might result from the Verification Form being returned to the wage earner on whose account benefits are claimed. It is not necessary for the applicant to take the Social Security Verification Form to the same local office through which household members applied for their benefits.

Once the applicant has returned the completed Social Security Verification Form, the financial aid administrator should determine the total amount of Social Security benefits received by all members of the applicant's household listed in Validation Form Item 4. This amount should be entered on line 1 of Validation Form Item 5 and added to the amounts received from other sources of non-taxable income during 1978. This total should be compared to the amount shown in Box 20 of the SER. The procedures describing how to apply the tolerances will indicate whether the SER must be returned for reprocessing before payment can be made.

There will be very few circumstances (as estimated by the Social Security Administration and BSFA Staff) where the amounts in the Social Security records will not reflect the amount <u>paid</u> to the family in 1978. This will occur because the information in the Social Security records is benefits due rather than benefits actually paid. In these cases the applicant will indicate, in Section II of the Social Security Verification Form, that all benefits listed in Section IV were not received, and the reason for believing that there is a discrepancy. The Social Security Administration will then conduct a "folder search" to determine the actual amount of benefits paid to the family. The time needed for a folder search by the Social Security Administration may be as long as 4 months. Consequently, in order to prevent extended delays in the payment of an applicant's Basic Grant award, the Office of Education will allow the institution to disburse payment when a folder search is necessary, if the applicant has otherwise completed the validation process.

After disbursing payment, the financial aid administrator must complete Section 4 of the applicant's SER, and forward a photocopy of it and the Validation Form, with the Social Security Verification Form to:

Basic Grant Program
U.S. Office of Education
P.O. Box 23185
Washington, D.C. 20013
ATTN: Social Security

The Office of Education will then continue the validation in cooperation with the Social Security Administration. If the results of the "folder search" indicate that there will be no change in the amount of the Basic Grant award, the Office of Education will so notify the institution. However, if it appears that the amount of the Basic Grant award will change, the Office of Education will notify both the institution and the applicant that corrections must be made to the applicant's SER in order to avoid repayment of the total amount disbursed. In such cases the financial aid administrator must make no further payments until the applicant submits a corrected reprocessed SER. When the applicant presents the corrected reprocessed SER, the financial aid administrator must adjust within the 1979/80 award period any subsequent payments to compensate for previous overawards. If all funds to which the applicant is entitled have been disbursed already, the financial aid administrator must attempt to collect the amount of the overpayment, or refer the case to the Office of Education for further action when collection attempts fail.

The applicant is liable for the entire amount received if the corrected reprocessed SER is not presented to the financial aid administrator by the date specified in the notification by the Office of Education that changes must be made on the SER. If the financial aid administrator cannot collect the total amount received, the case must be referred to the Office of Education for collection.

CHAPTER III

VALIDATION OF OPTIONAL DATA

Procedure

The validation process requires certain data elements to be verified in all cases in which an SER has been selected for validation. The financial aid administrator may choose to validate other data elements in addition to those required for validation, especially if there is reason to believe the information is incorrect, or if it appears inconsistent with the verified data. Validation of these optional elements should be pursued particularly when an edit comment regarding them appears on the SER. Validation of optional data elements may be pursued on an individual basis at the professional discretion of the financial aid administrator. Discrepancies requiring correction are to be determined by the same criteria used in the validation process for the required data elements. The same payment procedures apply as well. The financial aid administrator may withhold payment until the applicant has submitted all necessary documentation and the validation of the optional data is completed. Where an institution chooses to validate any optional data item on a SER, and withhold payment from the applicant until completion, payment must be withheld from all applicants for whom they choose to validate optional data items.

Documentation:

Optional Data Elements	Documents Used to Verify
Non-Taxable Income (Optional only for those applicants Without the Social Security verification message on the SER)	Validation Form (Item 5)
Medical/Dental Expenses	1040 Schedule A - lines 2 and 6 a,b,c., canceled checks, cash receipts, statement from physician/dentist/ hospital
Casualty/Theft Losses	1040 Schedule A - line 29, U S. Casualty Loss Form 4684 line 13, police report, insurance claim
Unreimbursed Elementary/ High School Tuition	canceled checks, cash receipts, statement from school

Home Value	appraisal, tax assessment notice
Home Mortgage	mortgage company statement, copy of statement of Loans on property, purchase contract
Investments and Real Estate Value	U.S. Tax Form 4562 line 4, 1040 schedule B - line 8, purchase contracts, appraisal from agent, statement from broker,
Business Value	1040 Schedule D - lines 3 & 11, statement from real estate office, purchase agreements, inventory assessment
Business Debts	1040 Schedule C - line 16, Form 1065 - line 16, copy of mortgage statement, copy of statements of loans against business
Farm Value	1040 Schedule F - line 28, appraisal from real estate agent, copy of ownership agreement, statement of inventory
Farm Debts	1040 Schedule F - line 31, mortgage statement, copy of outstanding loans or debts
Cash/Savings/Checking Account	bank books bank statements
Applicant's Resources	bank books bank statements

Non-Taxable Income (Validation Form Item 5)

Non-taxable Income, Box 20 on the Student Eligibility Report, is required to be validated only if a Social Security Benefits edit comment appears on the SER. The comment instructs the applicant to provide documents verifying Social Security Benefits. The applicant must submit to the school the SSA Verification Form completed by the SSA district office, and complete Item 5 on the Validation Form.

However, if a comment requesting documentation of Social Security does not appear on the flagged SER, then validation of non-taxable income is at the discretion of the financial aid administrator. In deciding whether to validate non-taxable income, the financial aid administrator should especially compare the household size (SER Box 17) with the amount of the adjusted gross income (SER Box 23), to assure that the income reported is sufficient for support. When the financial aid administrator elects to validate non-taxable income, Item 5 on the Validation Form must list all sources and the amounts received during 1978. The applicant may validate non-taxable income simply by listing the source and amount in Validation Form Item 5. The financial aid administrator may request further documentation of sources and amounts of non-taxable income.

Note: Non-Taxable Income is collected differently on separate forms. On the Basic Grant and CSS application forms the non-taxable income is divided into two separate categories, Social Security benefits and other non-taxable income. The ACT and PHEAA forms have only one category for non-taxable income. No matter which form is used in applying for a Basic Grant, Social Security benefits received during the base year should be included with other non-taxable income in Box 20 on the SER. Next year on the application and the SER non-taxable income will be divided into the two categories.

Medical/Dental Expense (Box 28 on the SER)

The financial aid administrator may feel it is necessary to verify unusally high medical and dental expenses for 1978, especially those that are disproportionately high in relation to family income. If the medical/dental expenses reported are less than 20% of the Adjusted Gross Income plus Non-taxable Income, there is no need to verify, for it will not have an effect on the calculation of the Eligibility Index.

Medical or dental expenses for Basic Grant purposes are defined as prescribed medicine, drugs, fees to hospitals, doctors, dentists, nurses, etc., and other related expenses e.g., eye glasses, hearing aids, dentures, etc. The amount to be verified is the portion of the bill paid by a household member and not covered by insurance. If, for example, the applicant/parent incurred a hospital expenses in 1978 in the amount of $2500 and during 1978 they paid $800 of the total $2500 and medical insurance covered the remainder, then the amount to be reported is only $800. Verification is necessary only if the amount paid ($800) exceeds 20% of the Effective Family Income.

Casualty/Theft Losses (Box 29 on the SER)

The financial aid administrator may feel it is necessary to verify unusually high casualty/theft losses for 1978, especially those that are disproportionately high in relation to family income. Casualty/theft losses are considered as that part of each loss over $100 not covered by insurance, that were caused by theft, vandalism, fire, or storm, and car, boat and other accidents or similar events. Casualty/theft losses may be verified in Schedule A line 29 of Form 1040 if deductions are itemized. If no Form 1040 is filed, but an FAF, FFS, or similar document is available, the parent's or independent applicant's explanation of this item may be considered for its reasonableness. If further documentation seems necessary, the financial aid adminstrator may request that the applicant or family obtain statements of insurance claims, and reimbursements, if any, or copies of police reports that verify losses. Such statements need not be notarized unless there is some reason to doubt their authenticity. Any claims of casualty/theft losses above 20 % of effective family income can have a substantial effect on a applicant's Eligibility Index; therefore, a correction beyond the tolerance level requires an applicant to obtain a corrected Student Eligibility Report before payment is made.

The other acceptable document for verification of casualty/theft loss is the United States Casualty Loss Form 4684 (line 12).

Unreimbursed Elementary/High School Tuition (Box 30 on the SER)

It may be necessary to request documents to verify elementary/high school tuition and fees paid by applicant/parent for 1978 if the amount reported is unusually high, or is inconsistent with reported household size. Unreimbursed Elementary/High School tuition is the amount of elementary, junior high and senior high school tuition and fees the applicant/parents paid in 1978 for all dependent children (other than applicant) included in the household. Any amounts which were paid by scholarships or other forms of student aid are not to be reported in box 30 of the SER.

Cancelled checks, cash receipts and statements from schools can be used as verifiers of these tuitions and fees. Unreimbursed Elementary/High School Tuition can have a substantial effect on an applicant's Eligibility Index; therefore, any changes in Box 30 of the Student Eligibility Report beyond the tolerance level must be corrected and the applicant must have a corrected SER before payment is made.

Home Value (Box 31 on the SER)

Home value, Box 31 on the Student Eligibility Report, may be validated. Home value is the market value of the applicant's/parents' home; that is, the amount for which the home might have been sold at the time that the application was signed. Several documents may be used to verify home value: appraisal statements, statements from local real estate office or hall of records or tax assessment notices. The applicant/parent may not report valuations such as Assessed Value, Insured Value, Taxed Value, etc. Appraisals by qualified personnel are the most accurate verifiers of home value, but are generallly not routinely or easily available.

Tax Assessment notices are probably the most common and readily accessible method of verifying home value. These notices must be used with caution since they generally reflect a home value that is based on a percentage of the market value, and they are only accurate if assessments are updated by the tax assessing body on a regular basis. Since the assessment percentage is generally uniform throughout a geographical area (county, township, state), an approximation of the market value of the home can be derived if the percentage is known. Example: The home is assessed at $28,000. The county rate of assessment is 40% of the market value. The value of the land is assessed for its "true" market value of $10,000. Therefore, the value of the home plus the land is $80,000. ($28,000 ÷ .40 = $70,000. $70,000 + $10,000 = $80,000)

Home Mortgage (Box 32 on the SER)

Home Mortgage, Box 32 on the Student Eligibility Report, may be validated. The following documents can be used as verifiers of home mortgage: monthly mortgage statements, copy of statement of loans on property, and purchase contract. Personal or consumer loans or any debts that are not related to the home are not to be included as home mortgage.

Investments/Real Estate Value (Box 33 on the SER)

Investments/Real Estate Value, Box 33 on the Student Eligibility Report may be validated. This amount is the total of the market value (the amount for which the assest may be currently sold) of independent applicant/parent investments (including trust funds, stocks, bond, and other securities) and market value of other real estate (farm and business excluded). This amount should reflect the total value as of the date the application was signed. The amount of Investments/Real Estate Value can be located on the 1040 Schedule B, line 8. Further documentation may be necessary if there is reason to believe that the investment value reported on the 1040 had substantially changed between the time of filing the 1040 and the date of application for a Basic Grant.

Investments/Real Estate Value can also be verified by documentation such as U.S. Tax Form 4562 line 4, purchase contracts, statements from appraisal agent and statements from stock broker.

Investments/Real Estate Debts (Box 34 on the SER)

Investments/Real Estate Debts, Box 34 on the Student Eligibility Report may be validated. The amount reported in Box 34 must be in relationship to Box 33 on the SER. The amount to be verified is the total debts on investments and real estate excluding the home, farm or business releted debts. Verifiers of Investments/Real Estate debts are: 1040 Schedule C-line 16, 1040 Schedule D line 1-2, statements from mortgage company, statement from broker and purchase contracts.

Business Value (Box 35 on the SER)

Business Value, box 35 on the Student Eligibility Report, may be validated. Business Value for Basic Grant purposes is the market value of applicant's/parents' business (including value of land, building, machinery, equipment, inventories, etc.) as of the time the application was signed. If applicant's/parents are not the sole owners the amount to be verified is only that amount of their share of the business market value. The financial aid administratcr may request verification documentation such as: statements from real estate offices, purchase agreements, inventory assessments and the 1040 Schedule D lines 3 & 11.

Business Debts (Box 36 on the SER)

Business Debts, box 36 on the Student Eligibility Report, may be validated. The amount to be verified is the unpaid mortgage or related debts for which the business assets were used as collateral. The financial aid adminstrator can use as verifiers the 1040 Schedule C line 16, Form 1065 - line 16, copy of mortgage statement or copy of statement of loans against business. If applicants'/parents are not the sole owners, only verify the amount of their share of total business debts.

Farm Value (Box 37 on the SER)

Farm Value, Box 37 on the Student Eligibility Report, may be verified. Farm Value for Basic Grant purposes is the market value of applicant's/parents' farm (including value of land, buildings, machinery, equipment, animals, etc.) at the time the application was signed. Exclude the value of home; home value is to be reported in Box 31 on the SER. If applicant/parents are not the sole owners, the amount to be verified is only that amount of their share of the farm market value. Farm assets are reported on the 1040, Schedule F, line 28. Further documentation may be necessary if there is reason to believe that the farm value reported on the 1040 had substantially changed between the date of filing the 1040 and the date of application for a Basic Grant. Other acceptable documentation for verification purposes are: statements from an appraiser, a copy of an ownership agreement, and statements of inventory.

Farm Debts (Box 38 on the SER)

The amount to be verified for Farm Debts is the unpaid mortgage or related debts for which the farm assets were used as collateral. If applicant/parents are not the sole owners, only verify the amount of their share of total farm debt. Farm debts are reported on the 1040 Schedule F, line 31. Other acceptable documentation for verification purposes are mortgage statements and copies of outstanding loans or debts.

Cash/Savings/Checking Account (Box 39 on the SER)

Cash/Savings/Checking Accounts, Box 39 on the SER, may be validated differently depending on the applicant's dependency status. For dependent applicants, Box 39 must include parents' cash, and amounts in savings and checking accounts at the time of application to the Basic Grant Program. For independent applicants, Box 39 must include the total amount of the applicant's (and spouse's) cash, savings and checking accounts at the time of the application for the Basic Grant. Amounts held by an independent applicant which were received through educational loans or grants are excluded. In verifying Box 39 the documents that can be used are bank books and bank statements.

Applicant's Resources (Box 40 on the SER)

Box 40 relates to dependent applicants only. The amount to be verified is the amount of the applicant's resources at the time of the application for the Basic Grant. This amount should include the dependent applicants' cash, and amounts in savings, and checking account and the net value of other assets, including investments, real estate and trust funds. Verifying documents are: bank books, bank statements, purchase contracts and other such documents. Note: Amounts received through educational loans or grants are excluded.

CHAPTER IV

This chapter discusses procedures related to making and withholding payment of Basic Grants. It also discusses the method by which a financial aid administrator refers cases to the Office of Education, and the validation procedures for schools participating in the Alternate Disbursement System.

PAYMENT PROCEDURES

After the applicant has submitted the necessary documentation, the financial aid administrator must check the amounts reported on the flagged SER against the supporting information provided by the applicant. This comparison may yield different results for different applicants. The subsequent tolerance level to be applied will vary in accordance with the results of this comparison. In all cases where corrections are necessary, the validation procedure cannot be considered completed until the applicant submits the reprocessed SER.

If it is necessary that the applicant present a reprocessed SER prior to the disbursement of the award payment, the financial aid administrator should:

A) request the applicant to correct the SER so that it agrees exactly with documentation.

B) require the applicant and parent or spouse (whichever is applicable) to sign the reverse side of the corrected SER.

C) require the applicant to send the signed and corrected SER to Basic Grants, P.O. Box H, Iowa City, Iowa 52240.

D) upon presentation of the reprocessed SER, check to make sure the proper corrections have been made and disburse payment to the applicant in the usual manner.

The Office of Education copy of the validated SER that has been corrected and reprocessed is to be submitted with the Progress Report.

Tolerances

The system of tolerances developed for the 1979/80 academic year is designed to allow an applicant to make corrections on the SERs without requiring the SER to be reprocessed if the corrections result in a negligible change in the applicant's scheduled award. In determining the proper procedure to be followed in applying these tolerances, the financial aid administrator must take into account the number and nature of the data elements corrected, the applicant's original eligibility index, and the applicant's dependency status. Charts illustrating the tolerances and how to apply them are included as an additional reference. On each of the charts the same abbreviations are used: AGI (Adjusted Gross Income), NTI (Non-taxable Income), TxPd (Taxes Paid), and EFI (Effective Family Income).

When corrections are made, payment may be disbursed to the applicant prior to the presentation of the reprocessed SER only under the circumstances described in this Handbook. The applicant must submit the corrected reprocessed SER to the financial aid administrator before payment can be disbursed, whenever changes are made in an applicant's dependency status, a dependent applicant's resources, or in the assets of an independent applicant with no dependents. Payment may not be made prior to the presentation of the corrected reprocessed SER, if there are any changes in household size or the number in postsecondary school. The only exception to reprocessing a SER with corrections in household size and number in postsecondary school is when the original eligibility index is zero, and will not change as a result of the corrections. Corrections to assets need not be made when the net assets (home value, investments, savings, etc., minus debts against them) of a dependent applicant's parents, or of an independent applicant having dependents, are less than $25,000.

When a discrepancy between the documented data and the data on the SER presented by the applicant appears, the proper tolerance depends upon which of the following descriptions best coincides with the conclusion of the financial aid administrator.

1. If after comparing an applicant's reported data to documentation the financial aid administrator finds there is only one correction to make on the SER in any one of the following data items: Adjusted Gross Income, Non-Taxable Income, Taxes Paid, Medical/Dental, Casualty/Theft, Elementary/High School Tuition, and Veteran's Educational Benefits, (Box 41 & Box 42), that applicant is allowed a $500 tolerance if dependent, or a $100 tolerance if independent on any one of these data items. If it is found that the change is less than the allowed tolerance, no corrections are required and the SER need not be sent for reprocessing. When a change in one of these data items will increase the Basic Grant award to which an applicant may be entitled, payment can be made according to the eligibility index on the SER selected for validation without correction and reprocessing. If an applicant subsequently submits a correction before the regular Basic Grant deadlines, the Basic Grant award may be adjusted to reflect the lower eligibility index on the reprocessed SER, as long as the SER agrees with the documentation on file at the institution.

In all cases the documentation must be retained in the applicant's file for audit and program review purposes.

2. For applicants whose original eligibility index is zero, and whose SER requires corrections, Chart B or Chart C may be used to determine whether the eligibility index will remain zero, depending upon the applicant's eligibility for the full employment expense offset. If it is determined that the eligibility index will remain zero the SER need not be reprocessed, and payment can be made. Chart A contains a step-by-step explanation of how to use Charts B and C. A sample case has also been provided as an aid in using these charts.

3. If there are multiple corrections, and AGI, NTI, and TxPd are the only data elements changed, a net tolerance is applied to the resulting Effective Family Income (AGI + NTI - TxPd). Dependent applicants are permitted a net change of $500 in Effective Family Income (see Chart D), while independent applicants are permitted a $100 net change in Effective Family Income (see Chart E). If the corrections made by the applicant exceed these tolerance levels, the corrected SER must be reprocessed before any payment can be disbursed.

EXPLANATION OF ZERO EI CHARTS

CHART A

Use the Zero EI Charts only:

1. If EI is 0.
2. If applicant's dependency status has not changed.
3. For dependent applicants with corrected parental net assets worth less than 25,000.
4. For dependent applicants with no applicant resources, as corrected.
5. For independent applicants with dependents having net assets worth less than 25,000 after correction.
6. For independent applicants having no dependents and no assets after correction.

If you cannot use these charts, go to procedure which is used for students whose original EI is greater than 0.

Step 1

Determine Effective Family Income using validated figures;

AGI+NTI-TxPd=EFI

Step 2

Use Chart B or Chart C?

Is applicant eligible for full $1,500 Employment Expense Offset?

If yes, use Chart B
If no, use Chart C

A dependent applicant is eligible for the full $1500 employment expense offset only if both parents are employed and each is earning at least $3000 annually, or the head of the household is not married and earned at least $3000 during 1978.

An unmarried independent applicant is eligible for the full $1500 employment expense offset only if the applicant has at least one dependent besides himself and earned at least $3000 in 1978. A married independent applicant is eligible for the full $1500 employment expense offset only if both the applicant and spouse are employed and each earned at least $3000 during 1978.

Step 3

For both Charts:

To left of chart locate line that corresponds to validated household size. Then locate the point where the Effective Family Income Figure from Step 1 meets with the household size.

Step 4

If that point is on the line, EI will remain zero. Payment can be made. SER need not be reprocessed.

If that point is not on the line, and the change in Effective Family Income is greater than $500, the applicant's SER must be reprocessed before payment can be made.

USE THIS CHART ONLY IF APPLICANT IS ELIGIBLE
FOR FULL EMPLOYMENT EXPENSE OFFSET

ZERO EI CHART B

Household Size	EFI*
2	5950
3	6900
4	8350
5	9550
6	10,650
7	11,600
8	12,700
9	13,750
10	14,750
11	15,750
12	16,750
13	17,750

*Effective Family Income (AGI + NTI - TxPd)

USE THIS CHART IF APPLICANT IS NOT ELIGIBLE
FOR FULL EMPLOYMENT EXPENSE OFFSET

ZERO EI - CHART C

Household Size	EFI*
1	3,450
2	4,450
3	5,400
4	6,850
5	8,050
6	9,150
7	10,100
8	11,200
9	12,250
10	13,250
11	14,250
12	15,250
13	16,250

*Effective Family Income (AGI + NTI - TxPd)

SAMPLE for Zero EI Charts

The following is a sample case to show how to use the Zero EI Charts.

	Data From Original SER	Data From Corrected SER
Dependency Status	Dependent	Dependent
Household Size	6	5
Number in Post-secondary Education	3	1
AGI	$7,000	$2,000
NTI	0	$6,000
TxPd	$500	0
Net Assets (Assets minus debts)	0	$10,000

No Other Changes On SER

In this case the applicant has erroneously reported household size, number in postsecondary institutions, taxes paid, assets, AGI and NTI. Only one parent works.

Therefore, working from the corrected SER, find the applicant's Effective Family Income (AGI + NTI - TxPd), $2000 + $6 000 -$0 = $8,000. Then determine the correct household size. Use Chart C because the applicant was not eligible for a full $1,500 employment expense offset. On Chart C, find the line for the correct household size (5), and see if the Effective Family Income figure ($8,000) is along that line. Since it is along the line, it is apparent that the applicant's EI will remain 0 and the applicant can receive payment.

If a correction is needed in dependent applicant's resources, the SER would have to be reprocessed before payment could be made. Similarly, if the corrected net assets are above $25,000, the SER would have to be reprocessed.

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CHANGES ALLOWED IN EFFECTIVE FAMILY INCOME (EFI) FOR DEPENDENT APPLICANTS

CHART D

USE THIS PROCEDURE ONLY:	Step 1	Step 2	Step 3	Step 4
1. For dependent students 2. If changes are in only NTI, AGI, and TxPd. Exception: Corrections to assets may also be present if net parental assets are less than $25,000 after correction.	Determine Effective Family Income using Original Reported Figures. $AGI_1 + NTI_1 - TxPd_1 = EFI_1$	Determine Effective Family Income using Validated Figures. $AGI_2 + NTI_2 - TxPd_2 = EFI_2$	Subtract Original Effective Family Income from Validated Effective Family Income. $EFI_2 - EFI_1 =$ Change in Income	If Change in Income is a positive amount and is greater than $500, reprocessed SER must be received before payment can be made. If Change in Income is a negative amount or less than $500, payment can be made, SER does not need to be sent for reprocessing.

CHANGES ALLOWED IN EFFECTIVE FAMILY INCOME FOR INDEPENDENT APPLICANTS

CHART E

USE THIS PROCEDURE ONLY:

1. For independent applicants
2. If there are changes in only NTI, AGI, and TxPd.

   Exception: Corrections to assets may also be present for independent applicants with dependents whose net assets, after correction, are less than $25,000.

Step 1	Step 2	Step 3	Step 4
Determine Effective Family Income using Original Reported Figures	Determine Effective Family Income using Validated Figures	Subtract Original Effective Family Income from Validated Effective Family Income.	If Change in Income is a positive amount and is greater than $100, reprocessed SER must be received before payment can be made.
$AGI_1 + NTI_1 - TxPd_1 = EFI_1$	$AGI_2 + NTI_2 - TxPd_2 = EFI_2$	$EFI_2 - EFI_1 =$ Change in Income	If Change in Income is a negative amount or less than $100, payment can be made, SER does not need to be sent for reprocessing.

90-DAY PAYMENT EXTENSION FOR VALIDATED STUDENTS

Only those applicants selected for Validation by the Office of Education or the institution and who are validated according to the procedures outlined in this handbook are eligible for this payment extension.

Extension Deadlines

Regular Disbursement System. An applicant who is undergoing validation and who leaves school because of graduation withdrawal or completion of an academic term is eligible for payment if he or she submits a corrected, reprocessed valid SER to the institution within 90 days of the end of the academic term in which the applicant was last enrolled or within 90 days after June 30, 1980, whichever comes first. At institutions without traditional academic terms, the corrected, reprocessed valid SER must be submitted to the institution within 90 days of the applicant's last date of enrollment, or within 90 days after June 30, 1980, whichever comes first Institutions must disburse payments to applicants who meet the conditions described above.

Alternate Disbursement System. An applicant undergoing validation who leaves school is eligible for payment if a valid SER and OE Form 304 Student Report to BEOG are received at P.O. Box K, Iowa City, Iowa 52240 on or before 90 days after the academic term in which the applicant was last enrolled, or September 30, 1980, whichever comes first. If the applicant's institution does not have traditional academic terms the SER and OE Form 304 must be received on or before 90 days of the applicant's last date of enrollment, or by September 30, 1980, whicheve comes first.

Submission for Corrections

There may be cases when applicants who are undergoing validation will need to have their SER's reprocessed after the established corrections deadline date of May 15. In order to have these SER's processed, the RDS schools must forward the signed corrected SER and a copy of all documentation to:

Student Validation Branch
P.O. Box 23185
Washington, D C. 20013
ATTN: Validation Corrections

Institutions should use this procedure only for applicants who are being validated according to the procedures outlined in the Validation Handbook. Each transmittal should include the last date of the applicant's enrollment during the 1979/80 academic year.

The signed SER's and documentation must be postmarked by August 5, 1980 and received in the Validation Branch by August 15, 1980. This is the last day that we can receive corrections, have them reprocessed and mailed to the applicant, so the applicant can submit the corrected SER to the institution by September 30. Any applicant whose period of enrollment ends before June 30 should have the corrected SER and all documentation sent to the Student Validation Branch at least 8 weeks before the 90 day extension expires. For example, if an applicant's academic year ends on May 23, (s)he would have to have the SER mailed to the Student Validation Branch and received by July 10, and must submit the corrected, reprocessed SER to the institution by August 23.

Applicants attending ADS schools must allow at least one extra week to get a signed 304 Form from the institution to forward to BEOG for payment.

When an applicant takes advantages of the 90-day extension, the amount of the Basic Grant award may not exceed what was due according to the Eligibility Index on the SER that was selected for validation, and submitted to the educational institution within the normal deadline dates (see §190.66 of the Basic Grant regulations). It does not matter whether the corrected reprocessed SER shows an eligibility index that has decreased because of necessary corrections. Example: An applicant chosen for validation submits a flagged SER with an eligibility index of 1000. If after completing the validation procedure, the corrected reprocessed SER has an eligibility index of 50, the payment disbursed must still be based on the eligibility index of 1000. If after completing the validation procedure the corrected reprocessed SER has an eligibility index of 1500, the payment disbursed must be based on the eligibility index of 1500.

After the 90 day extension, the applicant forfeits all right to payment. In addition, the applicant must repay any funds already disbursed.

Each institution should establish a tickler file dated from the time applicant being validated withdraws (if known) or the end of the academic term, so that the last date that the applicant may submit the reprocessed SER is readily known. In addition, institutions should maintain copies of the documentation submitted to the Student Validation Branch for audit and program review purposes.

WITHHOLDING PAYMENT OF THE BASIC GRANT AWARD

Some procedures regarding the withholding of a Basic Grant award vary according to the circumstances surrounding how the applicant was selected for validation. The following paragraphs outline these various procedures.

1. Applicants Flagged for Validation on Student Eligibility Report. Payment must be withheld until all required data items have been validated in accordance with the guidelines stated in this Handbook. If the financial aid administrator decides to pursue the validation of the optional data items, payment may not be made until the applicant has provided the requested documents to verify the optional data items. If the financial aid administrator notices a discrepancy in a data item not required for validation, payment may not be made until the applicant has resolved the discrepancy.

2. Applicants not Flagged on Student Eligibility Report but Institution is Aware of Conflicting Documents. This circumstance occurs when the financial aid administrator discovers written documentation (e.g. 1040, need analysis forms) that conflicts with information appearing on the SER. In these cases, the financial aid administrator must withhold payment until the discrepancy is resolved. If the conflicting information is not apparent until after an initial payment has been made, no further payments may be issued until the discrepancy is resolved.

3. Institution Routinely Verifies Basic Grant Applicant Data Regardless of Whether There is a Known Discrepancy. Payment may not be withheld beyond the normal payment period unless the applicant refuses to provide documentation. Once the applicant provides documentation, however, payment may not be withheld unless there is a discrepancy between the documentation submitted by the applicant and data on the SER. In this case, no further payment may be made until the discrepancy is resolved.

4. Financial Aid Administrator Has Reasonable Grounds to Believe that Misreporting Has Taken Place But Has No Documentation. In these instances, payment may not initially be withheld. However, if:

   a. the applicant refuses to provide documentation or if the documentation provided confirms a discrepancy, further payments must be withheld until the validation is resolved.

   b. the applicant submits documentation, but the financial aid adminstrator suspects the validity of the documentation (e.g., an explanatory statement is signed and notarized, but the financial aid administrator has information from a reliable third party which conflicts with this) and the applicant continues to claim the documentation is valid, the financial aid administrator should make payment to the applicant and refer the case to the Office of Education for resolution.

Note: In all the above cases, if it is not possible for the FAA to resolve discrepancies between submitted documentation and information on the SER, referral to the Office of Education is appropriate.

REFERRAL TO THE OFFICE OF EDUCATION

Before a financial aid administrator refers a validation case to OE, (s)he should try to resolve any discrepancies between information on the SER and the submitted documentation by discussing the discrepancies with the applicant. Only if resolution of the discrepancies is not possible should the case be referred to OE.

If validation cannot be resolved by the f nancial aid administrator, the case need not be referred to the Office of Education for resolution if all of the following conditions are met:

a. the financial aid administrator has attempted to follow the procedures as outlined in this Validation Handbook; and

b. no payment of Basic Grant funds has been made for academic year 1979/80; and

c. the applicant does not want to pursue the validation and does not want to receive a Basic Grant for 1979/80.

If these conditions are met, no Basic Grant payments may be made to the applicant for the 1979/80 academic year. If the applicant has applied for Title IV campus-based aid, the financial aid administrator must closely review the applicant's eligibility for those programs, and withhold other Federal funds if appropriate. Any time an applicant is suspected of fraud, or intent to defraud the Government, this should be reported to the Office of Education. If validation cannot be resolved and the applicant requests payment or has received payment for 1979/80, referral to the Office of Education is appropriate.

1. If there are any questions about whether or not a case should be referred to OE, the financial aid administrator should call (202) 245-2724 for assistance. When calling, the financial aid administrator should be sure to identify the case as an OE selected SER or an institutionally selected validation case.

2. When the case is referred, the financial aid administrator will need to provide the following information.

   a. the applicant's name, social security number and date of birth

   b. the applicant's address, both current and permanent if they are different

   c. the applicant's phone number (if available)

   d. the institution's name, BEOG ID number, telephone number

   e. whether the institution is participating under the Regular Disbursement System or Alternate Disbursement System

f. the status of the case including

- explanation of which item(s) could not be validated and reason
- the amount of any disbursements for 1979/80 which have been made to the applicant
- list of items that have been validated successfully

g. a photocopy of the SER

h. photocopies of all documents obtained to date (including copies of documents that suggest discrepancies, e.g., need analysis). Originals of documents as well as the resolution letter from the Office of Education should be kept with the applicant's other Basic Grant records.

i. any additional information pertinent to the case

All the above information should be forwarded to:

Basic Grant Program
U.S. Office of Education
P.O. Box 23185
Washington, D.C. 20013
ATTN: Institutional Referral

If the applicant disagrees with a decision of the financial aid administrator regarding validation, and wishes to have that decision reconsidered, the case should be referred to the Office of Education. Applicants may contact the Office of Education directly at which time the Office of Education will contact the school for information; or, the applicant may request that the financial aid administrator provide the pertinent information to the Office of Education.

After the case is referred, the financial aid administrator should notify OE if: (1) the applicant's address changes; (2) the applicant drops out of school; (3) the applicant reenrolls in another school (if this information is known); (4) the applicant wishes not to proceed with the validation; or (5) the applicant subsequently resolves the validation with the school.

Since the applicant forfeits all right to the Basic Grant award if validation is not completed within 90 days following the academic year or last term of enrollment, financial aid administrators should refer problem cases to the Office of Education as soon as t becomes apparent that the educational institution cannot reach a satisfactory resolution. Waiting until the end of the academic year or last term of enrollment does not allow the Office of Education and the applicant sufficient time to resolve problems, so that the applicant may receive whatever payment is due.

VALIDATION OF SER'S FOR APPLICANTS ATTENDING SCHOOLS ON THE ALTERNATE DISBURSEMENT SYSTEM

The Office of Education will be conducting the validation process for those applicants attending schools which participate under the Alternate Disbursement System (ADS). However, all applicants selected for validation will receive a comment on their 1979/80 SER's indicating that the information provided on their SER's must be verified prior to receiving their awards and instructing them to contact their financial aid administrator for assistance. (A copy of this letter is in Appendix C.)

Therefore, financial aid administrators at ADS schools who are contacted by applicants selected for validation are requested to do the following:

1. Inform the applicant that a copy of the Student Eligibility Report, the supporting documentation, and a completed 1979/80 Validation Form must be sent to the following address:

   Basic Grant Program
   U.S. Office of Education
   P.O. Box 23185
   Washington, D.C. 20013
   ATTN: ADS

   A copy of the validation form will be sent to each applicant upon selection for validation. In addition, a supply of these forms will be sent to each ADS institution.

2. Inform the applicant that no payment will be made until validation has been completed. Also advise the applicant that documentation must be provided as soon as possible so as not to delay receipt of the Basic Grant Award.

3. Inform the Office of Education, by calling (202) 245-2724, that the financial aid administrator has been contacted by the applicant and that the applicant will be submitting documents.

4. A copy of the SER should be kept in the applicant's file until the financial aid administrator is notified by OE that the case is resolved. When the case is resolved: (1) the applicant will be instructed to present the new SER and Form 304 (which is a request for payment from the Federal Government) to the school: (2) the school will be notified that validation is completed and the Form 304 should be

completed and expedited as usual. In cases where an applicant has been requested to verify Veteran's Educational Benefits, the Office of Education may advise the financial aid administrator that, while the Veterans' Administration verification is pending up to ½ of the applicant's award has been released, and that both the applicant and the educational institution will be notified when validation is completed.

If the financial aid administrator or an applicant have any further questions regarding the 1979/80 validation effort, they should call (202) 245-2724 for assistance.

APPENDIX A

SER COMMENTS RELATING TO EDIT CHECKS

1. REVIEW THE AMOUNTS IN BOXES 20, 23, 24, 25 AND 26 IN SECTION 1 ABOVE BECAUSE THEY APPEAR TO BE INCONSISTENT.
   ARE THESE AMOUNTS CORRECT? CIRCLE ONE: YES NO

   IF YOU CIRCLED YES, SIGN AND RETURN THE LAST COPY OF THIS REPORT.
   IF YOU CIRCLED NO, PROVIDE THE FOLLOWING:
   PARENTS' 1978 TOTAL NON-TAXABLE INCOME . . . .$__________
   NUMBER OF EXEMPTIONS CLAIMED ON 1978 U.S. INCOME TAX RETURN(S) . . . .#__________
   PARENTS' 1978 ADJUSTED GROSS INCOME $__________
   INCOME EARNED BY FATHER . . . . $__________
   INCOME EARNED BY MOTHER . . . . $__________
   PARENTS' 1978 U.S. INCOME TAX PAID (LINE 47 OF IRS FORM 1040, OR LINE 13 OF 1040A) . . . .$__________
   PARENTS' 1978 U.S. ITEMIZED DEDUCTIONS . . . .$__________

2. YOU HAVE REPORTED INCOMES FOR BOTH FATHER AND MOTHER. HOWEVER, YOUR PARENTS' MARITAL STATUS IS INDICATED AS OR ASSUMED TO BE XXXXXXXX. TWO INCOMES SHOULD BE REPORTED ONLY IF YOUR PARENTS ARE MARRIED.
   IF YOUR PARENTS ARE MARRIED, WRITE MARRIED IN BOX 16 OF SECTION 1, SIGN AND RETURN THE LAST COPY OF THIS REPORT.
   IF YOUR PARENT IS NOT MARRIED, THERE IS A PROBLEM WITH THE INCOME INFORMATION YOU HAVE PROVIDED AND YOU NEED TO XXXXXXXX (call number provided for) ASSISTANCE.
   IF YOUR PARENTS HAVE BECOME DIVORCED OR SEPARATED SINCE YOU ORIGINALLY FILED FOR A 1979-80 BASIC GRANT, YOU SHOULD FILE A SUPPLEMENTAL FORM AND APPLICATION.

3. YOUR APPLICATION WAS NOT SIGNED BY YOU AND/OR YOUR PARENT. BOTH YOU AND YOUR PARENT MUST SIGN THE CERTIFICATION STATEMENT ON THE BACK OF THE LAST COPY OF THIS REPORT AND RETURN THAT COPY. IF YOUR PARENT(S) IS NOT AVAILABLE FOR A SIGNATURE A FINANCIAL AID OFFICER OR HIGH SCHOOL COUNSELOR MAY SIGN IN PLACE OF YOUR PARENT(S) ONLY UNDER ONE OF THE FOLLOWING CONDITIONS:
   - YOUR PARENT(S) IS NOT CURRENTLY IN THE U.S.
   - THE CURRENT ADDRESS OF YOUR PARENT(S) IS NOT KNOWN.
   - YOUR PARENT(S) HAS BEEN DETERMINED PHYSICALLY OR MENTALLY UNABLE TO PROVIDE A SIGNATURE.

4. REVIEW THE AMOUNTS IN BOXES 31, 33, 35, 37, 39, AND 40 IN SECTION 1 ABOVE BECAUSE IT APPEARS YOU MAY HAVE REPORTED THE SAME ASSET VALUE MORE THAN ONCE. IF THESE AMOUNTS ARE CORRECT, YOU DO NOT NEED TO TAKE ANY FURTHER ACTION ON THIS ITEM. IF YOU HAVE LISTED THE VALUE OF ANY ASSETS MORE THAN ONCE, MAKE THE APPROPRIATE CHANGES ON THE LAST COPY OF THIS REPORT, SIGN AND RETURN IT.

5. REVIEW THE AMOUNTS IN BOXES 23 AND 27 IN SECTION 1 ABOVE BECAUSE ITEMIZED DEDUCTIONS APPEAR TO BE UNUSUALLY HIGH IN RELATION TO ADJUSTED GROSS INCOME. IF THESE AMOUNTS ARE CORRECT, YOU DO NOT NEED TO TAKE ANY FURTHER ACTION ON THIS ITEM. IF THESE AMOUNTS ARE INCORRECT, MAKE THE APPROPRIATE CHANGES ON THE LAST COPY OF THIS REPORT, SIGN AND RETURN IT.

6. YOU ARE NOT ELIGIBLE TO RECEIVE A BASIC GRANT (BEOG) IN 1979-80. YOUR ELIGIBILITY INDEX IS ________ BASED ON THE FORMULA APPLIED TO THE INFORMATION SUBMITTED ON YOUR APPLICATION. AN APPLICANT'S ELIGIBILITY INDEX MUST BE LESS THAN 1601 TO BE ELIGIBLE FOR A GRANT. SUBMIT THIS REPORT TO YOUR FINANCIAL AID OFFICE AT YOUR SCHOOL SINCE YOUR SCHOOL MAY NEED IT FOR THEIR RECORDS, AND ASK ABOUT OTHER STUDENT AID PROGRAMS FOR WHICH YOU MAY BE ELIGIBLE.

7. YOU INDICATED YOU WILL RECEIVE A BACHELOR'S DEGREE BEFORE JULY 1, 1979. THEREFORE, YOU ARE NOT ELIGIBLE FOR A BASIC GRANT (BEOG) AND NO FURTHER ACTION IS NECESSARY ON YOUR PART. IF YOU WILL NOT RECEIVE A BACHELOR'S DEGREE OR ITS EQUIVALENT BEFORE JULY 1, 1979, YOU SHOULD CORRECT BOX 8 IN SECTION 1 ABOVE, OR ENTER IT CORRECTLY ON A NEW APPLICATION IF REQUESTED BELOW.

8. TO RECEIVE A BASIC GRANT (BEOG) AWARD, YOU MUST ENROLL IN AN ELIGIBLE SCHOOL. BE SURE TO CHECK WITH THE SCHOOL YOU PLAN TO ATTEND IN 1979-80 REGARDING ITS ELIGIBILITY FOR THE BASIC GRANT PROGRAM.

COMMENTS RELATING TO EDITS FOR THE CORRECTION AND VALIDATION PROCESS

1. YOUR APPLICATION HAS BEEN SELECTED FOR REVIEW AND PAYMENT OF A BASIC GRANT (BEOG) WILL NOT BE MADE UNTIL YOU PROVIDE DOCUMENTS THAT VERIFY YOUR OR YOUR FAMILY'S FINANCIAL SITUATION. YOU MUST SUBMIT THIS REPORT IMMEDIATELY TO YOUR FINANCIAL AID OFFICE AT THE SCHOOL YOU PLAN TO ATTEND DURING ACADEMIC YEAR 1979-80.

2. IN ADDITION TO THE ABOVE, YOU MUST PROVIDE DOCUMENTS TO VERIFY YOUR AND/OR YOUR FAMILY'S SOCIAL SECURITY BENEFITS.

3. IN ADDITION TO THE ABOVE, YOU MUST VERIFY YOUR 1979-80 VETERAN'S EDUCATIONAL BENEFITS BY PROVIDING A COPY OF THE AWARD LETTER YOU WILL BE RECEIVING FROM THE VETERANS ADMINISTRATION.

4. THIS REPORT IS THE RESULT OF A CORRECTION MADE TO YOUR RECORD WHICH HAS BEEN SELECTED FOR VERIFICATION. YOU MUST SUBMIT THIS REPORT IMMEDIATELY TO YOUR FINANCIAL AID OFFICE FOR REVIEW.

5. ALTHOUGH THIS REPORT IS A DUPLICATE OF A REPORT SUBMITTED PRIOR TO BEING SELECTED FOR VERIFICATION, YOU STILL MUST SUBMIT THIS REPORT IMMEDIATELY TO YOUR FINANCIAL AID OFFICE FOR REVIEW.

6. YOUR PREVIOUS APPLICATION BASED ON 1978 INFORMATION WAS SELECTED FOR VERIFICATION. ALTHOUGH THIS REPORT IS BASED ON 1979 INFORMATION, IT IS ALSO SUBJECT TO REVIEW AND MUST BE SUBMITTED IMMEDIATELY TO YOUR FINANCIAL AID OFFICE.

7. OUR RECORDS INDICATE THAT YOUR PREVIOUS APPLICATION SHOWED THAT YOU WERE DEPENDENT ON YOUR PARENTS AND THEIR FINANCIAL INFORMATION WAS REPORTED. HOWEVER, YOUR CURRENT APPLICATION

SHOWS THAT YOU WERE INDEPENDENT OF YOUR PARENTS. PLEASE REVIEW YOUR ANSWERS TO THE QUESTIONS IN BOXES 13, 14, AND 15 CAREFULLY TO MAKE SURE THEY ARE CORRECT. IF THEY ARE NOT CORRECT, THIS REPORT IS NOT VALID FOR PAYMENT OF A BASIC GRANT (BEOG) AWARD.

APPENDIX C: Letters to Selected Applicants

There are two letters for Appendix C. The first is being sent to students before the Validation Forms became available. The second letter will be sent to students with a Validation Form attached.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
BUREAU OF STUDENT FINANCIAL ASSISTANCE
WASHINGTON, D.C. 20202

Dear Basic Grant Applicant:

The Office of Education is selecting a sample of Basic Grant applications for review to determine the accuracy of the information reported and to help assure that Basic Grants are distributed fairly. Your application has been selected for this review and the enclosed 1979/80 Student Eligibility Report is not valid for payment until the information reported on it is verified by the financial aid office at the institution you plan to attend. You must provide the documentation described below to verify the information reported on your application. You may also be requested to provide other information by your financial aid office.

The documents you must provide to your financial aid office include:

1. A statement answering the following questions:

   A. Did or will you live with your natural or adoptive parents for more than 6 weeks in 1978, 1979, or 1980;

   B. Did or will your natural or adoptive parents claim you as an income tax exemption in 1978, 1979, or 1980;

   C. Did or will you receive assistance worth more than $750 from your natural or adoptive parents in 1978, 1979, or 1980?

2. If you answered yes to any of the questions in #1 you are a dependent student and you must provide a copy of your parents' 1978 Federal Income Tax Form 1040 or 1040A or 1978 Puerto Rican Tax Return.

3. If you answered no to all questions in #1, you are an independent student and you must provide a copy of your (and your spouse's) 1978 Federal Income Tax Form 1040 or 1040A or 1978 Puerto Rican Tax Return.

4. A statement listing the names, ages, and relationship of all people in your or your parents' household. Dependent students must have their parents sign this statement.

5. A statement listing the household members who are or will be enrolled in a post high school on at least a half-time basis in the 1979/80 academic year and the names of the schools they will be attending. Dependent students must have their parents sign this statement.

6. If your Student Eligibility Report contains a message requiring documentation of Social Security Benefits, you will need to obtain from the Social Security Administration a statement of total 1978 benefits received by you and your parents (or spouse). You will also be required to list amounts and sources of all other non-taxable income received in 1978. If you are

dependent student, before you go to Social Security your parents must authorize release of benefit information for themselves and any children in your family who are under 18 years old. If you are an independent student your spouse must release his/her benefit information.

7. If your Student Eligibility Report contains a message requiring verification of VA educational benefits, you will need to provide your financial aid office with documentation. This documentation can be either a copy of the 1979/80 award letter you will be receiving from VA or some other verification of the amount you will be receiving each month such as a copy of a check from VA. If you will not be using your VA educational benefits in the 1979/80 academic year, you will need to provide your financial aid office with a notorized statement signed by you (and your parent's if dependent) verifying that fact.

   The information necessary to verify your VA educational benefits will probably not be available until September or October. Therefore, if you have provided all of the other documentation requested in this letter, you will be able to receive up to ½ of your Basic Grant award prior to providing VA verification to your financial aid office. You will, however, need to provide your award letter (or notorized statement) before you will be able to receive the second half of your Basic Grant award.

To avoid any unnecessary delay in receiving your Basic Grant award, you should immediately take the documentation requested in this letter to your financial aid office. If any of the information on the Student Eligibility Report does not agree with the documentation you are providing, you will be required to correct the inaccurate data. The Student Eligibility Report may need to be reprocessed before any Basic Grant payments can be disbursed to you. Once the validation is completed and your financial aid office has determined that the information entered on your Student Eligibility Report is accurate, your award will be calculated and you will receive any payments for which you are eligible.

The financial aid office at your school is performing this validation at the direction of the Office of Education. Remember, you cannot receive your Basic Grant until you submit the documents to your financial aid office. If you do not provide the required information within the established time period you will not receive your 1979/80 Basic Grant award. If you have any questions regarding the deadline dates or this review, please contact your financial aid office or call us toll free on 800-638-2628.

Sincerely,

Richard A. Hastings

Richard A. Hastings
Acting Deputy Director,
Division of Certification and
Program Review

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
BUREAU OF STUDENT FINANCIAL ASSISTANCE
WASHINGTON, D.C. 20202

Dear Basic Grant Applicant:

The Office of Education is selecting a sample of Basic Grant applications for review to determine the accuracy of the information reported and to help assure that Basic Grants are distributed fairly. Your application has been selected for this review and the enclosed 1979/80 Student Eligibility Report is not valid for payment until the information reported on it is verified by the financial aid office at the institution you plan to attend. You must provide the documentation requested to verify the information reported on your application. You may also be requested to provide other information by your financial aid office.

Enclosed is a copy of the 1979/80 Validation Form. You should read all of the instructions on the form carefully before answering any of the questions.

If your Student Eligibility Report contains a message requiring documentation of Social Security benefits, you will also need to complete the Social Security Verification Form (attached to the Validation Form). This form must then be taken (or mailed) to the nearest Social Security office where they will provide the amount of Soc al Security benefits received by each member of your household. Be sure that all signatures and Social Security Numbers requested are on the form when you take it to the Social Security Administration.

If your Student Eligibility Report contains a message requiring verification of Veterans educational benefits, you will need to provide your financial aid office with documentation. This documentation can be either a copy of the 1979/80 award letter you will be receiving from VA or some other verification of the amount you will be receiving each month such as a copy of a check from VA for the 1979/80 academic year. If you will not be using your VA educational benefits in the 1979/80 academic year, you will need to provide your financial aid office with a notarized statement signed by you (and your parents if dependent) verifying that fact.

The information necessary to verify your VA educational benefits will probably not be available until September or October. Therefore, if you have provided all of the other documentation requested on the Validation Form, you will be able to receive up to ½ of your Basic Grant award prior to providing VA verification to your financial aid office. You will, however, need to provide your award letter (or notarized statement) before you will be able to receive the second half of your Basic Grant award.

To avoid any unnecessary delay in receiving your Basic Grant award, you should immediately take the completed Validation Form to your financial aid office. If any of the information on the Student Eligibility Report does not agree with the documentation you are providing, you will be required to correct the inaccurate data. The Student Eligibility Report may need to be reprocessed before any Basic Grant payments can be disbursed to you. Once the validation is completed and your financial aid office has determined that the information entered on your Student Eligibility Report is accurate, your award will be calculated and you will receive any payments for which you are eligible.

The financial aid office at your school is performing this validation at the direction of the Office of Education. Remember, you cannot receive your Basic Grant until you submit the documents to your financial aid office. If you do not provide the required information within the established time period you will not receive your 1979/80 Basic Grant award. If you have any questions regarding the deadline dates or this review, please contact your financial aid office or call us toll free on 800-638-6700.

Sincerely,

Richard Hastings
Acting Deputy Director,
Division of Certification and
Program Review

Enclosures

References for 1978 Puerto Rico Income Tax Return

Below is a listing of data elements on the 1979-80 SER with the corresponding place on the 1978 Puerto Rico Income Tax Return.

Data Elements	1978 Puerto Rico Income Tax Return
Exemptions Claimed (Box 22)	Schedule 9
Adjusted Gross Income (Box 23)	Schedule 2, Item 5, Line 19
Income Earned by Father/Applicant (Box 24)	Schedule 2, Item 3
Income Earned by Mother/Spouse (Box 25)	Schedule 1, Item D
Tax Paid (Box 26)	Schedule 4, Item 20
Medical/Dental Expenses (Box 28)	Schedule 8, TOTAL Column (a)
Casualty/Theft Losses (Box 29)	Schedule 3, sum of lines 32 and 36

Validation Form

Basic Educational Opportunity Grant Program

For Validation of Information Reported on the Application for a Basic Grant for 1979-80

THIS FORM AND ALL REQUIRED DOCUMENTATION MUST BE SUBMITTED TO THE FINANCIAL AID OFFICE AT THE INSTITUTION YOU WILL BE ATTENDING DURING 1979-80.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
BUREAU OF STUDENT FINANCIAL ASSISTANCE
WASHINGTON, D.C. 20202

FEDAC R 14
EXP. 4/80

No grant may be awarded unless a completed validation form has been received at the institution in which you are enrolled (20 U.S.C. 1070a(b)(2)).

WARNING: ANY PERSON WHO KNOWINGLY MAKES A FALSE STATEMENT OR MISREPRESENTATION ON THIS FORM SHALL BE SUBJECT TO A FINE, OR TO IMPRISONMENT, OR TO BOTH, UNDER THE PROVISIONS OF THE UNITED STATES CRIMINAL CODE.

BASIC GRANT APPLICANT:

Your institution is performing this validation in accordance with § 190.77 of the Basic Grant Regulations.

This form will be used to verify the information reported on your 1979-80 Student Eligibility Report. You must provide the information requested on this form, and, if necessary, correct your Student Eligibility Report, before payment of a Basic Grant award can be made to you for 1979-80.

Some of the items allow for a response directly on the form while other items require that specific documents (e.g. 1040's) and appropriate signatures be provided.

NOTE: You may be required to provide documentation other than that requested on this form.

Applicant's Social Security Number

Applicant's Name
Last Name / First Name / MI

Applicant's Mailing Address
Number and Street

City / State / Zip Code

OE FORM 623 2/79
REPLACES EDITION OF 5/78, WHICH MAY BE USED.

Please read the following definition of "parent", then complete the form according to the instructions provided.

DEFINITION OF "PARENT"

The term "parent", for purposes of this validation, is defined to be your mother and/or father, or adoptive parents. Foster parents and guardians are not defined as "parents". The three questions in number 1 below should be answered in regard to your mother and father. If you answer **YES** to **any** questions, **your parents'** financial and household information must be used to complete this form. If you answer **NO** to **every** question with regard to your mother and/or father, **your** financial and household information must be provided.

If your parents are divorced or separated, provide information for the parent who has or had custody of you. If no custody was awarded, or if parents have or had equal custody of you, provide the information for the parent that you lived with for the greater period of time during the twelve months prior to filing your original Basic Grant application or its equivalent.

If your parents are divorced, or if your mother/father is widowed, and your parent has remarried, the financial information of your step-parent must be reported (together with your parent's information) if either (a) you did or will live with your step-parent (and parent) for six weeks or more during 1978, 1979, or 1980; or (b) you did or will receive $750 or more in financial assistance from your step-parent in 1978, 1979, or 1980

1. APPLICANT'S STATUS. The following questions are to be answered using the above definition of the term "parent."

For any of the years 1978, 1979, or 1980

(a) Did you or will you live with a parent for a period of time longer than six weeks?	Yes ☐	No ☐
(b) Did you or will you receive assistance worth $750 or more from a parent?	Yes ☐	No ☐
(c) Were you or will you be listed as an exemption on a parent's Federal income tax return?	Yes ☐	No ☐

2. ATTACH TO THIS FORM A COPY OF ALL PAGES OF YOUR PARENTS' 1978 FEDERAL INCOME TAX RETURN (FORM 1040 or 1040A). (Your parents' 1040 need not be provided if you answered NO to all questions in number 1). If your parents filed separate returns in 1978, then a copy of **all** pages of **each** return must be provided. If your parents have not kept a copy of the 1978 tax return, they may send a request to the regional office of the Internal Revenue Service or a copy may be obtained from the accountant or other person who prepared it. Also, please note that the financial aid office may require you to supply an official Internal Revenue Service copy as part of your application for institutional or Federal financial aid programs. If this is the case, you will be notified at the appropriate time.

3. ATTACH TO THIS FORM A COPY OF ALL PAGES OF YOUR (AND YOUR SPOUSE'S) FEDERAL INCOME TAX RETURN(S) (FORM 1040 or 1040A). (Your 1040 need not be provided if you answered YES to any question in number 1). If you and your spouse filed separate returns in 1978, then a copy of all pages of each return must be provided. If you have not kept a copy of the 1978 tax return, you may send a request to the regional office of the Internal Revenue Service, or a copy may be obtained from the accountant or other person who prepared it. Also, please note that the financial aid office may require you to supply an official Internal Revenue Service copy as part of your application for institutional or Federal financial aid programs. If this is the case, you will be notified at the appropriate time.

4. HOUSEHOLD SIZE AND NUMBER IN POSTSECONDARY SCHOOL. If you answered yes to any question in number 1, complete the chart based on your parents' household. If you answered no to all questions in number 1, complete the chart based on your household.

List below the name, age, and relationship of **all** persons for whom you or your parents are providing more than one-half support.

Be sure to include in this listing the parent(s) (if applicable), the applicant, and all other persons living at home being supported.

List the name and location of the college or other post-high school for all those family members who are or will be in attendance at least half-time in 1979-80.

NAME	AGE	RELATIONSHIP	SCHOOL ATTENDED

5. NON-TAXABLE INCOME. Complete this section only if: (A) your SER instructs you to provide documentation of Social Security benefits; or (B) your financial aid office requests this verification.

If you answered YES to any question in number 1, complete this section based on your parent's income information. If you answered NO to all questions in number 1, complete this section based on your (and spouse's) income information.

Total Amount Received in 1978	Source	Total Amount Received in 1978	Source
1. ________	Social Security (attach SSA verification form)	5. ________	Interest on tax free bonds
2. ________	Welfare	6. ________	Untaxed portions of pensions and capital gains
3. ________	Child Support	7. ________	Other ________ Source
4. ________	VA non-educational benefits	________	**Total Non-taxable** Income received in 1978

6. TOTAL INCOME LESS THAN $1,000. If the total income from all sources (taxable and nontaxable) is less than $1,000, explain the circumstances that enabled the members of your household/or your parent's household to live during 1978.

____

____

____

____

7. If you or your parent have tried to obtain the information required for any part of this form and are unable to do so, describe here specifically (by item number) the efforts you have made and the reasons you are unable to comply. Also, use this space to provide any other pertinent information. Use additional pages and attach them if necessary.

WARNING: Any person who knowingly makes a false statement or misrepresentation on this form shall be subject to a fine, or to imprisonment, or to both, under the provisions of the United States Criminal Code.

8. Please read the following statement and sign it. You (the applicant) must sign the statement in **all** cases. Your parent also must sign if you answered YES to any question in number 1. Your spouse also must sign if any information on your spouse has been provided in response to this form.

I/We have read and followed all applicable instructions in this form. I/We certify that the information above is true and correct to the best of my/our knowledge and belief.

APPLICANT

Applicant's Spouse

Parent

Date Signed

NOTE: If your Student Eligibility Report requests verification of Social Security benefits, you must complete the attached Social Security Verification Form.

9. Your parent should complete the following certification and **have it notarized**, **if** you answered NO to all questions in number 1 on this form, **and if** your date of birth (box 5 on SER) is after 1955.

I certify that I am the parent of ______________ (Applicant's Name) and that the answers to all three questions in number 1 above are true and correct to the best of my knowledge and belief.

Notary's Signature

Parent's Signature

Parent's Address

( )

Parent's Telephone Number

Date Signed

NOTE: If your Student Eligibility Report requests verification of Social Security benefits, you must complete the Social Security Verification Form attached.

Submit this form and all requested documents to the financial aid office at the institution you plan to attend during 1979-80. If the information you have provided on this form is different from the information on your 1979/80 Student Eligibility Report, contact your financial aid office for further instructions.

Social Security Verification Form

Basic Grant Applicant: IF YOUR STUDENT ELIGIBILITY REPORT REQUIRES YOU TO PROVIDE VERIFICATION OF SOCIAL SECURITY BENEFITS, YOU MUST:

1. Complete Sections I, III and IV below according to the instructions.
2. Check Section II to see if it applies to you.
3. Take this form to any Social Security Office – They will complete Sections marked "For Social Security Use Only".
4. Attach this form to your Validation Form and take it to the financial aid office at the institution you will be attending in 1979/80.

Section I

APPLICANT'S NAME ______________________________

SOCIAL SECURITY NUMBER ______________________________

ADDRESS ______________________________

Name of school applicant will be attending in 1979/80

____

School Address

____

Section II

Indicate in this Section if you or any member of your household (as listed on this form in Section IV below) received notices from Social Security regarding an adjustment in 1978 benefits due to a previous overpayment. Attach copies of those notices if you have them.

____

____

____

____

____

FOR SOCIAL SECURITY USE ONLY

Folder Search Being Conducted – Yes ☐ No ☐

____

Signature and Title of Authorized Social Security Official

____

Address of District Office

____

Telephone Number Date

Section III – Release of Information

If you answered YES to any question in number 1 on the Validation Form, this release statement must be signed by you and **both** of your parents. If you answered NO to all questions in number 1 on the Validation Form, this release statement must be signed by you and your spouse (if applicable). Follow the instructions below carefully.

The name of the person taking this form to Social Security must be entered in the space marked "name". If your parents are signing this release for minor children, they must put a check mark (√) in the release column in Section IV below next to the names of the children for whom they are signing. Social Security will release information for only those persons with a (√) check next to their names. If this is left blank you will not be able to get the information necessary to complete this validation.

"I give the Social Security Administration authority to disclose to ______________________
Name
the amount of 1978 Social Security benefits paid for myself and my minor children." (Parents may sign for children under 18.)

____
APPLICANT'S SIGNATURE

______________________ ______________________
SPOUSE'S SIGNATURE SPOUSE'S SOCIAL SECURITY NUMBER

______________________ ______________________
MOTHER'S SIGNATURE MOTHER'S SOCIAL SECURITY NUMBER

______________________ ______________________
FATHER'S SIGNATURE FATHER'S SOCIAL SECURITY NUMBER

Applicant: Unless this release has the proper signatures and social security numbers, the Social Security Administration will be unable to provide you with the information necessary to complete your validation.

Section IV.

Repeat names of household members listed in number 4 on the Validation Form.

	Release
1. ______________________	______
2. ______________________	______
3. ______________________	______
4. ______________________	______
5. ______________________	______
6. ______________________	______
7. ______________________	______
8. ______________________	______

FOR SOCIAL SECURITY USE ONLY

Amounts Payable

1. ______________________
2. ______________________
3. ______________________
4. ______________________
5. ______________________
6. ______________________
7. ______________________
8. ______________________