

Conflicting Information

Conflicting Information
Including the 2017-18 399 C-Flag

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Federal Student Aid | PROUD SPONSOR of the AMERICAN MIND®
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Agenda

- What is conflicting information?
- Why and how does it arise?
- How do schools handle conflicting information?
- Review of the 2017-18 399 C-Flag and 2018-19 400/401 C-Flag
- What resources are available?

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What is conflicting information?



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Conflicting Information

Definition – 34 C.F.R. § 668.16(f)

(f) Develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs...

If an institution has reason to believe that an applicant's FAFSA information is inaccurate, it must verify the accuracy of that information

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How does conflicting information arise?



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Common Sources

- FAFSA data
- ISIR comments and rejects
- Documents for Verification or C-flag resolution
- Tax returns or tax return transcripts
- Information from school offices
- Correspondence from students and parents
- Verbal statements

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Common Sources

- Other financial aid applications: institutional, CSS Profile, NeedAccess
- State and federal agencies
- Outside scholarship organizations and donors
- Information from other schools
- Tips from outside sources

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Common Discrepancies

- Household data
- Social Security Administration information
- Citizenship information
- Drug conviction information
- High school completion
- Tax filing requirements (see *IRS Publication 17*)
- Financial data
- NSLDS history

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Common Discrepancies

- Cost of Attendance elements
- Satisfactory Academic Progress status
- Enrollment status
- Grade level status
- Date of withdrawal or last date of academic activity
- Outside resources

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What is NOT Conflicting Information?

- Differences between household size and exemptions on the tax return
- Dependency status differences between the Education Department and Internal Revenue Service
- Privacy-protected information
 - Mental health professionals, chaplains, physicians, attorneys


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What is NOT Conflicting Information?

- Expired immigration documents with successful Secondary Confirmation match
- ISIR comment codes 361-368
 - Identify possible conflicts between tax filing and marital statuses
 - Schools are encouraged to review ISIR for errors

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How do I resolve conflicting information?



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School Responsibilities

- Internal system to identify conflicting information
- Regardless of school office or department
- Regardless of Verification selection or completion
- Must monitor all subsequent ISIR transactions
- Basic tax law information and EFC methodology
- Procedures for collecting documents for resolution
- Resolution must occur prior to exercising Professional Judgment
- Resolving errors or inconsistencies, not fraud

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Referral of Fraud Cases

OIG Address and Phone Numbers		
Regional Offices	Telephone No.	National Hotline
Boston, MA	(617) 289-0174	Inspector General's Hotline
New York, NY	(646) 428-3861	Office of Inspector General
Philadelphia, PA	(215) 656-6900	U.S. Department of Education
Pittsburgh, PA	(215) 656-6900	400 Maryland Avenue, SW
Atlanta, GA	(404) 974-9430	Washington, DC 20202-1500
Pembroke Pines, FL	(404) 974-9430	1-800-MIS-USED
Chicago, IL	(312) 730-1630	(1-800-647-8733)
Ann Arbor, MI	(312) 730-1630	Hours: M, W 9-11am
Dallas, TX	(214) 661-9530	T, Th 1-3pm
Denver, CO	(303) 844-0058	To submit a complaint online
Kansas City, MO	(816) 268-0530	at any time, go to http://www.ed.gov/about/offices/list/oig/hotline.html
Long Beach, CA	(562) 980-4141	and click on the appropriate link.
Phoenix, AZ	(562) 980-4141	
San Juan, PR	(787) 766-6278	
Washington, DC	(202) 245-6911	

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Documentation

- Information collected to resolve conflict is considered student eligibility documentation
- For grants and Campus-Based Programs: retain at least 3 years from year awarded
- For Direct Loans: retain at least 3 years from year of most recent attendance

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Basic Tax Knowledge

Financial aid administrators are not expected to be tax experts, but are expected at a minimum to know

- Whether an individual was required to file taxes
- What an individual's correct filing status should be
- That an individual cannot be claimed as an exemption on more than one tax return

See 2017-18 FSA Handbook (page AVG-113)

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Tax Filing Status

Table 1-1. 2016 Filing Requirements for Most Taxpayers

IF your filing status is...	AND at the end of 2016 you were...*	THEN file a return if your gross income was at least...**
single	under 65	\$10,350
	65 or older	\$11,900
married filing jointly***	under 65 (both spouses)	\$20,700
	65 or older (one spouse)	\$21,950
	65 or older (both spouses)	\$23,200
married filing separately	any age	\$ 4,050
head of household	under 65	\$13,350
	65 or older	\$14,900
qualifying widow(er) with dependent child	under 65	\$16,650
	65 or older	\$17,900

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Tax Filing Status

Single dependents—Were you **either** age 65 or older or blind?

No. You must file a return if **any** of the following apply.

- Your unearned income was more than \$1,050.
- Your earned income was more than \$6,300.
- Your gross income was more than the **larger** of:
 - \$1,050, or
 - Your earned income (up to \$5,950) plus \$350.

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Tax Filing Status

Table 1-3. Other Situations When You Must File a 2015 Return

- You had net earnings from self-employment of at least \$400.
- You had wages of \$108.28 or more from a church or qualified church-controlled organization that is exempt from employer social security and Medicare taxes.

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Tax Filing Status

Head of Household

You may be able to file as head of household if you meet all the following requirements.

- You are unmarried or "considered unmarried" on the last day of the year. See [Marital Status](#), earlier, and [Considered Unmarried](#), later.
- You paid more than half the cost of keeping up a home for the year.
- A qualifying person lived with you in the home for more than half the year (except for temporary absences, such as school). However, if the qualifying person is your dependent parent, he or she does not have to live with you. See [Special rule for parent](#), later, under [Qualifying Person](#).

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Documentation

If tax filing status was incorrect, to resolve conflicting information the school must obtain

- Tax return transcript, if initially did not file
- Amended tax return, if taxes were filed incorrectly
- Revised income information

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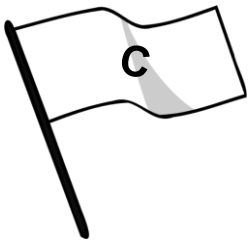
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Disbursement

- No disbursement until conflict resolved
- If already disbursed, aid must generally be repaid if the student was later determined to be ineligible
- **Except** when the student is no longer in attendance, all disbursements were already made, and student is not expected to return
 - Includes deceased students

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Resolving C-Flags 399 and 400/401



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GEN-16-14: Conflicting Information

- For the remainder of 2017-18, ED continues to identify possible conflicting information resulting from the use of 2015 income and tax information for 2016-17 and 2017-18 FAFSAs
 - Limit the burden and minimize instances of conflicting information related to 2015 income and tax information
 - Normal conflicting information rules apply for non-income and tax related information

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Conflicting Information

GEN-16-14: Conflicting Information

- Special FOTW edits warn if one or more income or tax amounts reported for 2017-18 differs from amount reported on 2016-17 FAFSA
 - Edits NOT triggered if
 - 2016-17 FAFSA transaction was based on estimated income/taxes
 - Change in dependency status between two years
 - There was a change in either student's or parents' marital status between two years

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GEN-16-14: Conflicting Information

- CPS will identify conflicting information between two years that, once resolved, would have significant impact on EFC
- CPS will not flag if
 - Student is not expected to be Pell-eligible
 - Change in dependency status between two years
 - Change in student's or parents' marital status between two years
 - PJ was performed in either year

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GEN-16-14: Conflicting Information

- Institutionally-required resolution
 - Student's 2017-18 ISIR and SAR will be flagged with 'C' code and Comment Code 399
 - Regardless if selected for verification
 - If comment code 399 not included on 2017-18 ISIR, school is not required to determine if there are any differences in income or tax information between the two ISIRs
 - However, any *other* conflicting information (e.g., citizenship status or HS completion status) **must still be resolved**

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Conflicting Information

GEN-16-14: Conflicting Information

- Applicability of ISIRs
 - School does **not** have to resolve comment code 399 if
 - School never received a 2016-2017 ISIR
 - School received a 2016-2017 ISIR but did not and will not disburse TIV aid in **either** year
 - School **does** have to resolve comment code 399 if
 - School received 2016-2017 ISIR and disbursed or may disburse TIV aid
 - School received 2016-2017 ISIR but did not review or process it, unless student no longer enrolled in 2016-17 and not expected to enroll in 2017-18

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GEN-16-14: Conflicting Information

- An institution is not required to resolve the reported Comment Code 399 if –
 - The institution determines that the student was a graduate student for all of 2016-2017 and will continue to be a graduate student for all of 2017-2018; **and**
 - The student did not, and will not, receive Federal Work-Study for either the 2016-2017 or 2017-2018 award years
 - Note that this relief does not apply to a student who was or who will be an undergraduate student, even if the student has already completed a bachelor's degree program

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GEN-16-14: Conflicting Information

- Resolving code 399
 - School must compare 2015 income and tax-related ISIR items from both years' ISIRs to determine conflict
 - Compare 2017-18 ISIR with 399 code and 2016-17 ISIR that was (or will be) used for awarding and disbursing Title IV aid
 - If, in any year, *school had completed verification or IRS DRT was used and no data was changed*, school can assume the verified or DRT values are correct and submit changes to other ISIR year's values


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Conflicting Information


GEN-16-14: Conflicting Information

- Conflicts must be resolved if information
 - Was not verified;
 - Was not transferred using IRS DRT;
 - Was transferred and then changed; or
 - If school is aware amended tax return was filed with IRS
- May need to reach out to student for reasons why data is different between years

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GEN-16-14: Conflicting Information

- Additional disbursements and overpayments
 - 2017-18 FAFSA/ISIR – if the required correction is for 2017-18 year, school must use the EFC from the corrected 2017-18 ISIR to award/disburse
 - 2016-17 FAFSA/ISIR – if required correction is for 2016-17 year, school is no longer required to submit corrections to 2016-2017 ISIR because the published deadline September 9, 2017 for making corrections has passed
 - Document the reason the 2016-17 correction was not submitted, no further action required

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GEN-16-14: Conflicting Information

- Unable to resolve
 - Until conflicting information is resolved, school may not disburse any additional 2016-17 or 2017-18 Title IV aid
 - If unable to resolve, either because student didn't respond or didn't adequately clarify reasons for conflicting information, school must consider student in an overaward status for any need-based 2016-17 Title IV aid that was disbursed
 - except FWS – though no more FWS can be earned

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GEN-16-14: Conflicting Information

- Resolving overawards and overpayments
 - Title IV Grants and Perkins Loans
 - Adjust subsequent disbursements
 - If not resolved by adjusting subsequent disbursements, student must repay portion disbursed no longer eligible for
 - School is not liable
 - Follow normal overpayment rules and procedures
 - Direct Subsidized Loans
 - Overaward does not need to be immediately repaid, but instead will be repaid under terms of promissory note
 - No action school must take except record its determination

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Comment Codes 400 and 401

- Because of 2018-19 IRS Data Retrieval Tool security enhancements, any web edits that include information transferred from IRS will no longer be presented to the applicant or parent
- Instead, new SAR comments will display on the ISIR (and SAR) to alert financial aid administrators that at least one edit was triggered but could not be displayed, and therefore could not be resolved online
- Comment Codes
 - 400** (parent) = Your Financial Aid Administrator may contact you to resolve any issues related to parental data reported on your FAFSA
 - 401** (student) = Your Financial Aid Administrator may contact you to resolve any issues related to data reported on your FAFSA

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Reasons for Comment Code 400

For Parents of Dependent Students

- Parent is a tax filer (FAFSA Question 80) and the AGI retrieved from the IRS is zero, but the total income earned from work (FAFSA Questions 88 and 89) is greater than zero
- The **total** of the Additional Financial Information fields reported on the FAFSA form (FAFSA Questions 93a-f) is greater than the AGI transferred from the IRS
- Any item** from the FAFSA list of Untaxed Income (FAFSA Questions 94a-i) is equal to or exceeds the AGI transferred from the IRS

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Reasons for Comment Code 401

For Dependent Students and Independent Students

- Student is a tax filer (FAFSA Question 32) and the AGI retrieved from the IRS is zero, but the total income earned from work (FAFSA Questions 39 and 40) is greater than zero
- The **total** of the Additional Financial Information fields reported on the FAFSA form (FAFSA Questions 44a-f) is greater than the AGI transferred from the IRS
- **Any item** from the FAFSA list of Untaxed Income (FAFSA Questions 45a-j) is equal to or exceeds the AGI transferred from the IRS


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Special Notes – Comment Code 400/401

- When Comment Code 400 or 401 appears on an ISIR and an institutional review confirms that none of the relevant data items for a 400/401 condition exists, the institution need not take any further action
- *Comment Code 400/401 can be considered resolved if (V1 or V5) verification is completed for the same applicant for the same ISIR record*

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Where can I get more information?



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Resources

- FSA Handbook
 - Application and Verification Guide
 - Volume 1: Student Eligibility
 - Volume 2, Chapter 3: School Eligibility and Operations
- FSA Assessments
 - Verification, Activity 1: Resolving Conflicting Data
- FSA Quick Takes Video: Conflicting Information
 - Available at <http://fsatraining.info>

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Code 399 and 400/401 Resources

Comment Code 399

- DCL GEN-16-14
- Electronic Announcement published August 20, 2017
- Early FAFSA FAQ's on IFAP
- 2017-18 SAR Comment Codes and Text Guide


Comment Code 400/401

- Electronic Announcement published August 7, 2017
- 2018-19 SAR Comment Codes and Text Guide

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Contacts

- Kansas City School Participation Division
 - Main Number: 816-268-0410
 - Jim Wyant (IIS) 816-268-0431
- Kansas City Training Officer
 - David Bartlett 816-268-0434
- Email – `firstname.lastname@ed.gov`



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Training Feedback

To ensure quality training we ask all participants to please fill out an online session evaluation

- Go to <https://www.surveymonkey.com/s/Massman>
- Evaluation form is specific to Joseph Massman
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
- Additional feedback about training can be directed to Mark.Gerhard@ed.gov; 415-486-5620

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Questions about this session?



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