

Conflicting Information

**Conflicting Information:
Including New 399 C-Flag**

Bruce Honer | April 2017
U.S. Department of Education
NCASFAA Spring Conference

Federal Student Aid
AN OFFICE OF THE U.S. DEPARTMENT OF EDUCATION

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Agenda

- What is conflicting information?
- Why and how does it arise?
- How do schools handle conflicting information?
- Understanding the new 399 C-Flag
- What resources are available?

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**What is
conflicting information?**



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Conflicting Information


Definition – 34 CFR 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 and 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?

- Central Processing System (CPS) assumptions
- 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
 - 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

Regional Offices		Telephone No.	National Hotline
Boston, MA	(617) 289-0174	Inspector General's Hotline Office of Inspector General U.S. Department of Education 400 Maryland Avenue, SW Washington, DC 20202-1500 1-800-MIS-USED (1-800-647-8733) Hours: M, W 9-11am T, Th 1-3pm	
New York, NY	(646) 428-3861		
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Pittsburgh, PA	(215) 656-6900		
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Washington, DC	(202) 245-6911		

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Documentation

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

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Documentation

- Tax filing status
 - Amended tax return
 - Tax return transcript, if initially did not file
 - Revised income information
- Eligible non-citizen status
 - G-845 paper confirmation process

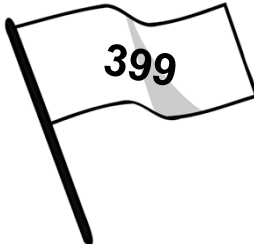
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Disbursement

- No disbursement until conflict resolved
- After disbursement, aid must generally be repaid if the student was determined to be ineligible
 - *Except* when the student is no longer in attendance, and is not expected to return
 - Includes deceased students

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Resolving C-Flag 399



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GEN-16-14: Conflicting Information

- ED will identify possible conflicting information resulting from the use of 2015 income and tax information for 2016-2017 and 2017-2018 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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GEN-16-14: Conflicting Information

- FOTW new edits warn if one or more income or tax amounts reported for 2017-18 differs from amount reported on 2016-17 FAFSA
 - If corrections not entered, comments included on SAR and ISIR
 - Edits NOT triggered if:
 - 2016-17 FAFSA transaction was based on estimated income/taxes
 - Change in dependency status between two years
 - There has been 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
 - Will NOT be included on the 2016-17 ISIR
 - 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 two ISIRs
 - *However, any other conflicting information (e.g., citizenship status or HS completion status) must be resolved*

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GEN-16-14: Conflicting Information

- Comment Code 399
 - **Please note:** code 399 will not appear on a 2017-18 ISIR if a student completes a 2017-18 FAFSA *prior* to completing one for 2016-17 even if there might be conflicting information impacting the EFC
 - This is because at time of completing the 2017-18 application, there was no 2016-17 ISIR on file to compare
 - However, if any subsequent transactions are processed for 2017-18 after the 2016-2017 FAFSA is filed, the comparison will be made and code 399 will appear if applicable

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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 or School received 2016-2017 ISIR but did not review or process a 2016-2017 ISIR
 - Unless 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, or will be, 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
 - May be a minor processing error resulting in some 17-18 ISIRs being flagged with Comment Code 399 when PJ had been used - we are currently investigating

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GEN-16-14: Conflicting Information

- Resolving potential conflicting information
 - School must compare 2015 income and tax-related ISIR items from both years' ISIRs to determine conflict
 - Compare 17/18 ISIR with 399 code and 16/17 ISIR that was, or will be, used for awarding and disbursing Title IV aid
 - If, in any year, *school had verified conflicting information or IRS DRT was used and no data was changed*, school can assume verified or DRT values are correct and submit changes to other ISIR's year's values
 - Exception
 - If school is aware that subsequent to verification, amended tax return was filed, school must ensure both years' ISIRs based on amended tax data

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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 required correction is for 2017-18 year, school must use EFC from corrected ISIR to award/disburse
 - 2016-17 FAFSA/ISIR – if required correction is for 2016-17 year, school must ensure that all awards/disbursements for 2016-17 are using corrected 2016-17 ISIR
 - Exception – not required to submit corrections to 2016-2017 ISIR if published deadline September 9, 2017 for making corrections has passed

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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 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

- Additional disbursements and overpayments
 - Lower EFC: when correction results in lower official 2016-17 EFC, school must disburse any additional 2016-17 aid that it determines student is eligible to receive, consistent with late disbursement rules at 34 CFR 668.164(g)
 - Higher EFC: when correction results in a higher official 2016-17 EFC, school must determine student's 2016-2017 Title IV eligibility based on corrected EFC and may not make any additional 2016-17 disbursements for which the student is no longer eligible
 - Overawards may occur


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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
 - 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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Early FAFSA: Q & As


- G-Q16: Must conflicting information be resolved before an institution considers doing a professional judgment adjustment for either or both years?**

G-A16: Yes, as is the case for a student who has been selected for verification, the institution must resolve any possible conflicting information and submit any required ISIR changes to the CPS before it makes a professional judgement determination. [September 6, 2016]

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Where can I get more information?




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Resources – IFAP.ed.gov

- FSA Student 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
- Early FAFSA Webpage
 - <http://ifap.ed.gov/EarlyFAFSA/indexV1.html>
- ISIR Guide and SAR Comment Code and Text Guide
- GEN-16-14

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Research and Customer Care Center
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<i>COD</i>	<i>School Eligibility Service Group</i>
<i>CPS/SAIG</i>	<i>Foreign Schools Participation Division</i>
<i>NSLDS</i>	<i>Research and Customer Care Center</i>
<i>G5</i>	<i>Nelnet Total & Permanent Disability Team</i>

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Questions?

Contact me with follow-up questions about this session:
Bruce Honer-Federal Training Officer
bruce.honer@ed.gov; 415-486-5521



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- Go to <http://s.zoomerang.com/s/BruceHoner>
 - Evaluation form is specific to Bruce Honer
- 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 joann.borel@ed.gov; 936-201-3298

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