

Conflicting Information

Conflicting Information:

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U.S. Department of Education
IASFAA Fall 2019 Conference

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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 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 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?

- 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 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 To submit a complaint online at any time, go to http://www.ed.gov/about/offices/list/oig/hotline.html and click on the appropriate link.
New York, NY	(646) 428-3861	
Philadelphia, PA	(215) 656-6900	
Pittsburgh, PA	(215) 656-6900	
Atlanta, GA	(404) 974-9430	
Pembroke Pines, FL	(404) 974-9430	
Chicago, IL	(312) 730-1630	
Ann Arbor, MI	(312) 730-1630	
Dallas, TX	(214) 661-9530	
Denver, CO	(303) 844-0058	
Kansas City, MO	(816) 268-0530	
Long Beach, CA	(562) 980-4141	
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 grant 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 2016-17 AVG (page AVG-123)



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Tax Filing Status

Table 1-1. 2015 Filing Requirements for Most Taxpayers

IF your filing status is...	AND at the end of 2015 you were...*	THEN file a return if your gross income was at least...**
single	under 65	\$10,300
	65 or older	\$11,850
married filing jointly***	under 65 (both spouses)	\$20,600
	65 or older (one spouse)	\$21,850
	65 or older (both spouses)	\$23,100
married filing separately	any age	\$ 4,000
head of household	under 65	\$13,250
	65 or older	\$14,800
qualifying widow(er) with dependent child	under 65	\$16,600
	65 or older	\$17,850



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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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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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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 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
- Dear Colleague Letter GEN-16-14

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Questions about this session?



Contact us with follow-up questions about this session:

FAA policy questions:
AskAFed@ed.gov

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- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
- To register, please go to: <https://cvent.me/L84vBE>

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