CONFLICTING INFORMATION

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U.S. Department of Education
NDASFAA Conference

April 2021
AGENDA

01 What is conflicting information?
02 How does conflicting information arise?
03 How do schools resolve conflicting information?
04 Helpful tools
05 Resources
WHAT IS CONFLICTING INFORMATION?
(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.
HOW DOES CONFLICTING INFORMATION ARISE?
COMMON SOURCES

• FAFSA data
• ISIR comments and rejects
• Documents for verification or C-flag resolution
• Tax returns or tax return transcripts
• Information from different school offices
• Correspondence from students and parents
• Verbal statements made by students and/or parents
COMMON SOURCES

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

• Cost of Attendance elements
• Satisfactory Academic Progress
• Enrollment status
• Grade level status
• Date of withdrawal or last date of academic activity
• Outside resources
WHAT IS NOT CONFLICTING INFORMATION?

• Dependency status differences between the Education Department and Internal Revenue Service

• Low income or no income

• Privacy-protected information
  • Mental health professionals, chaplains, physicians, attorneys
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
HOW DO SCHOOLS RESOLVE CONFLICTING INFORMATION?
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 (while student is still enrolled at the institution)
  - 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
# REFERRAL OF FRAUD CASES

## OIG Address and Phone Numbers

<table>
<thead>
<tr>
<th>Regional Offices</th>
<th>Telephone No.</th>
<th>National Hotline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston, MA</td>
<td>617-289-0174</td>
<td>Inspector General’s Hotline</td>
</tr>
<tr>
<td>New York, NY</td>
<td>646-428-3861</td>
<td>Office of Inspector General</td>
</tr>
<tr>
<td>Pittsburgh, PA</td>
<td>412-395-4528</td>
<td>400 Maryland Avenue, SW</td>
</tr>
<tr>
<td>Atlanta, GA</td>
<td>404-974-9430</td>
<td>Washington, DC 20202-1500</td>
</tr>
<tr>
<td>Pembroke Pines, FL</td>
<td>954-450-7346</td>
<td>1-800-MIS-USED</td>
</tr>
<tr>
<td>Chicago, IL</td>
<td>312-730-1630</td>
<td>(1-800-647-8733)</td>
</tr>
<tr>
<td>Dallas, TX</td>
<td>214-661-9530</td>
<td>Hours: M, W 9–11 a.m.</td>
</tr>
<tr>
<td>Ann Arbor, MI</td>
<td>734-330-2058</td>
<td>T, Th 1–3 p.m.</td>
</tr>
<tr>
<td>Denver, CO</td>
<td>303-844-0058</td>
<td>To submit a complaint online at any time, go to <a href="https://www2.ed.gov/about/offices/list/oig/hotline.html">https://www2.ed.gov/about/offices/list/oig/hotline.html</a> and click on the appropriate link.</td>
</tr>
<tr>
<td>Nashville, TN</td>
<td>615-736-2205</td>
<td></td>
</tr>
<tr>
<td>Kansas City, MO</td>
<td>816-268-0500</td>
<td></td>
</tr>
<tr>
<td>Long Beach, CA</td>
<td>562-980-4141</td>
<td></td>
</tr>
<tr>
<td>Phoenix, AZ</td>
<td>602-507-6174</td>
<td></td>
</tr>
<tr>
<td>San Juan, PR</td>
<td>787-773-2740</td>
<td></td>
</tr>
<tr>
<td>Washington, DC</td>
<td>202-245-6918</td>
<td></td>
</tr>
</tbody>
</table>
DOCUMENATION

• Information collected to resolve conflict is considered student eligibility documentation

• For grant and Campus-Based Programs:
  • retain at least 3 years from the end of the award year for which the aid was awarded

• For Direct Loans:
  • retain at least 3 years after the end of the award year in which the student last attended the school
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 2020-21 AVG (page AVG-132)
# TAX FILING STATUS – 2020

## Table 1-1. 2020 Filing Requirements for Most Taxpayers

<table>
<thead>
<tr>
<th>IF your filing status is...</th>
<th>AND at the end of 2020 you were...*</th>
<th>THEN file a return if your gross income was at least...**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>under 65</td>
<td>$12,400</td>
</tr>
<tr>
<td></td>
<td>65 or older</td>
<td>$14,050</td>
</tr>
<tr>
<td>Married filing jointly**</td>
<td>under 65 (both spouses)</td>
<td>$24,800</td>
</tr>
<tr>
<td></td>
<td>65 or older (one spouse)</td>
<td>$26,100</td>
</tr>
<tr>
<td></td>
<td>65 or older (both spouses)</td>
<td>$27,400</td>
</tr>
<tr>
<td>Married filing separately</td>
<td>any age</td>
<td>$5</td>
</tr>
<tr>
<td>Head of household</td>
<td>under 65</td>
<td>$18,650</td>
</tr>
<tr>
<td></td>
<td>65 or older</td>
<td>$20,300</td>
</tr>
<tr>
<td>Qualifying widow(er)</td>
<td>under 65</td>
<td>$24,800</td>
</tr>
<tr>
<td></td>
<td>65 or older</td>
<td>$26,100</td>
</tr>
</tbody>
</table>

**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.

1. Your unearned income was more than $1,100.
2. Your earned income was more than $12,400.
3. Your gross income was more than the larger of—
   a. $1,100, or
   b. Your earned income (up to $12,050) plus $350.
TAX FILING STATUS

Table 1-3. Other Situations When You Must File a 2020 Return

• You had net earning 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.
TAX FILING STATUS

Head of Household

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

1. You are unmarried or “considered unmarried” on the last day of the year. See Marital Status, earlier, and Considered Unmarried, later.

2. You paid more than half the cost of keeping up a home for the year.

3. 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.
TAX FILING STATUS

Considered Unmarried

To qualify for head of household status, you must be either unmarried or considered unmarried on the last day of the year. You are considered unmarried on the last day of the tax year if you meet all the following tests.

1. You file a separate return. A separate return includes a return claiming married filing separately, single, or head of household filing status.
2. You paid more than half the cost of keeping up your home for the tax year.
3. Your spouse didn't live in your home during the last 6 months of the tax year. Your spouse is considered to live in your home even if he or she is temporarily absent due to special circumstances. See Temporary absences, later.
4. Your home was the main home of your child, stepchild, or foster child for more than half the year. (See Home of qualifying person, later, for rules applying to a child's birth, death, or temporary absence during the year.)
5. You must be able to claim the child as a dependent. However, you meet this test if you can't claim the child as a dependent only because the noncustodial parent can claim the child using the rules described, later, in Children of divorced or separated parents (or parents who live apart) under Qualifying Child or in Support Test for Children of Divorced or Separated Parents (or Parents Who Live Apart) under Qualifying Relative. The general rules for claiming a child as a dependent are explained, later, under Dependents.
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 or tax transcript (1040X), if taxes were filed incorrectly
• Revised income information
DISBURSEMENT

• No disbursement for any Title IV aid 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
OTHER HELPFUL TOOLS AND IMPORTANT INFORMATION
HELPFUL TOOLS

• Electronic Announcement (EA) from 11/26/2019 provides an IRS Tax Return Transcript Matrix for 2020-2021

• DCL ID: GEN-19-02 provides information that supplements the 2020-2021 award year verification information that was provided in the Federal Register notice published May 24, 2019
C FLAGS 359 & 360

- NSLDS® Unusual Enrollment History (UEH) Flags
  - Purpose is to identify students that enroll in schools in order to obtain Pell Grant and then never attend and earn credit
  - In order to resolve, a school must determine if academic credit was earned in each award year at all institutions where the student received Pell or Direct Loans during the requisite 4-year period
  - Resolution may be required to obtain additional documentation if the student cannot provide information supporting that they earned credit at all the institutions in question.
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]

These Standards are intended to ensure the security and confidentiality of customer records and information. The Secretary considers any breach to the security of student records and information as a demonstration of a potential lack of administrative capability as stated in 34 C.F.R. 668.16(c). Institutions are strongly encouraged to inform its students and the Department of any such breaches.
RESOURCES – KNOWLEDGE CENTER

- 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
- ISIR Guide and SAR Comment Code and Text Guide
FEDERAL STUDENT AID E-TRAINING

https://fsatraining.ed.gov

**FSA Partner Connect** is the new digital front door for partners. To access quick-reference documents, recorded videos, and available live training sessions, select the appropriate training audience from the choices below:

- If you will access FSA Partner Connect as an employee of a postsecondary institution or as a third-party servicer supporting a postsecondary institution, select **School Partner**.
- If you will access FSA Partner Connect as an employee of a State Agency, Guaranty Agency, Lender, Lender Servicer, or a Federal Loan Servicer, select **Financial Partner**.
- All other visitors should select **General Public**.
FEDERAL STUDENT AID E-TRAINING

https://fsatraining.ed.gov
ASK A FED

• The AskAFed email box is staffed by FSA training professionals every business day during normal business hours

• AskAFed can help with policy guidance inquiries related to Title IV administration

• The address is AskAFed@ed.gov
TRAINING FEEDBACK

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

• At the conclusion of the conference, all attendees will receive an email with a link to an electronic evaluation that we ask you to complete

• This feedback tool informs FSA of areas for improvement in our training presentations and offers an effective process for “listening” to our school partners