



Conflicting Information in the Administration of Title IV Aid

Understanding and Resolving Conflicts to Ensure Compliance

Goals of the Session

1. Discuss the various sources of conflicting information and how to identify them.
2. Institutional requirements for resolving conflicting information in areas which are most problematic.
3. Best practices around identifying and resolving conflicting information.
4. Top 5 AskRegs on conflicting in the 24/25 academic year.

Administrative Capability Regulations

Schools are required to:

- Communicate all information held by any institutional office which may impact a student's Title IV eligibility to the individual responsible for administering Title IV programs.
- Develop and implement an adequate campus-wide system to identify and promptly resolve conflicting information.

Conflicting Information Requirements

Conflicting information must be resolved:

- Before awarding and/or disbursing Title IV aid
- Even if student is selected for verification
- The conflicting information does not change the student's SAI or otherwise affect the student's eligibility for Title IV aid;
- The student dies during the award year; or
- The conflicting data are received after the student is no longer enrolled and has no intention of re-enrolling at the school in the future.

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Common Occurrences of Conflicting Information

- Institutional financial aid application
- Institutional Student Information Records (ISIRs) and FAFSA Submission Summaries
- Tax return information from Internal Revenue Service (IRS)
- Correspondence with student and or student's family
- Case notes of conversations
- Private scholarship or loan applications
- Correspondence with other institutional offices and outside entities regarding scholarships and other financial assistance

Common Data Elements in Conflict

- Discrepant tax information
- Income information
- Asset information
- Household size

IRS Information that May Represent Conflicting Information

- Whether an individual is required to file a federal tax return
- An individual cannot be claimed by more than one person
- The individual's correct filing status

Helpful IRS Publications

IRS Publication 17: Your Federal Income Tax

- A comprehensive guide to individual income taxes, this publication covers general tax information, income reporting, and deductions. It's a helpful resource for understanding tax requirements and eligibility for education credits.

IRS Publication 501: Dependents, Standard Deduction, and Filing Information

- This publication explains dependency requirements, filing status, and the standard deduction. It's particularly useful for students or parents determining dependency status, which can impact FAFSA and Title IV Aid.
- Key Sections: Dependency exemptions, filing status, and tax bracket information.

IRS Publication 570: Tax Guide for Individuals With Income From U.S. Possessions

- **Residency Rules:** Defines residency requirements for each U.S. possession and explains how residency status affects tax filing requirements
- **Income Sourcing:** Provides guidelines on how to determine if income is from a U.S. possession or the mainland U.S., which is important for tax treatment and eligibility for exclusions or credits.
- **Special Tax Rules:** Details special tax provisions for each territory, including the "possession exclusion," which can allow individuals to exclude income from their federal tax return if they meet certain requirements.
- **Filing Requirements and Forms:** Lists specific filing requirements and forms for taxpayers with income from U.S. territories, ensuring they remain compliant with both U.S. and territory tax regulations.
- **Credits and Exclusions:** Explains the availability of U.S. tax credits and exclusions (such as the foreign tax credit) for people with income from these areas.

<https://www.irs.gov/publications>

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Not Considered Conflicting Information

- Exceptionally low or zero income
- Graduate siblings or other family members in household size
- Other siblings in college
- “Yes” to dependency status questions
- Filing FAFSA with estimated income and tax information
- Prior professional judgment (PJ) adjustments based on estimated income
- Receiving means-tested benefits
- Taxes paid not equal to taxes withheld

Other Offices Where Conflicting Information May Live

Remember, conflicts often live outside of the Aid Office

Admissions Office

High school completion requirements

- Must resolve conflicting information regarding a student's high school diploma or any of the regulatory alternatives to a high school diploma
- Institutions must develop and follow their own procedures for resolution of this data item
- Must document receipt of diploma or high school completion alternative

Admission Office

Regular student status

- Schools must document student enrollment in an eligible program at time of admission and that the aid recipient is a regular student
- Schools must have system in place to notify financial aid office if student leaves eligible program and enters ineligible program at any time during course of enrollment (may also involve registrar's office)

Admission Office

Receipt of prior baccalaureate degree

- Conflict may occur between reported data on FAFSA and reported data collected on institutional application
- Institution must develop and follow its own procedures for resolution of this data item

Registrar's Office

Academic grade level

- Conflicting information may develop when academic grade levels are projected on the FAFSA and the information on record within the institution
- Institution must develop and follow its own procedures for resolution of this data item

Registrar's Office

Withdrawals

- Conflicting information occurs when the financial aid office has not been informed of:
 - Student's failure to begin attendance in all expected coursework, or
 - Student has withdrawn from all classes

Academic or Other Departments

Can be source of conflicting information related to:

- Addition of new academic programs
- Addition of courses which do not fit into school's published academic calendar dates or program
- Awarding departmental student assistance
- Making consortium or contractual arrangements

Resolving Conflicting Information

- **Requesting Additional Documentation**
- **Reviewing IRS Data Retrieval Tool (DRT) Information**
- **Verification Process**
- **Using Institutional Documentation**
- **Direct Contact with Students and Families**
- **Updating FAFSA Information**
- **Consulting with the Department of Education (ED)**
- **Documenting Resolution in Student Files**

Strategies for Compliance

Campus-Wide Information Sharing

- Establish a committee whose mission is to address Title IV compliance
- Schedule regular meetings, whether monthly or at least once per term
- Determine how information should be disseminated
- Give appropriate individuals restricted computer access (read only) to information that originates in various offices throughout the institution
- Develop campus-wide policies and procedures

Top 5 AskRegs Dealing with Conflicting Information in 2024-25

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#5

Are There Exceptions To Resolving Conflicting Information?

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#5 Answer

Conflicting information does not need to be resolved if:

- The conflicting information does not change the student's SAI or otherwise affect the student's eligibility for Title IV aid;
- The student dies during the award year; or
- The conflicting data are received after the student is no longer enrolled and has no intention of re-enrolling at the school in the future.

#4

Is It Conflicting Information If Family Size Does Not Match the Tax Return?

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#4 Answer

No. The existence of both a family size field calculated from FTI and a self-reported family size field on the ISIR is not, by itself, considered conflicting information.

However, family size is still subject to verification. Therefore, if an applicant is selected for verification, the school must verify the family size used if the applicant self-reported it. In addition, if the school has reason to believe the self-reported family size is not correct, the school must treat this as conflicting information and take appropriate steps to resolve the issue."

#3

Is It Conflicting Information If AGI and Income Earned From Work Are Significantly Different?

#3 Answer

Not necessarily. A tax filer can have significant income from sources other than from work (e.g., rental income, investment income).

Note: income earned from work (earned income) is a required verification item for both applicants who are tax filers and for applicants who are nontax filers.

If the FAFSA contributor could not transfer FTI, information must be manually entered. In that scenario, it is possible that an applicant could have entered incorrect information.

Under [668.16\(f\)](#), the school also is required to resolve conflicting information whenever the school receives documentation that shows there is a difference in the earned income fields between the FAFSA and the tax return or tax transcript. The school should request W-2 forms and/or a signed statement listing the income and sources of that income to be able to resolve the conflicting information and to determine if an update to each parent's income earned from work is necessary.

#2

Is It Conflicting Information If IRS Response Code 214 Indicates the Contributor Is a Nontax Filer But They Manually Enter Tax Information?

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#2 Scenario

The FAFSA contributor (student, student spouse, parent, or parent spouse) receives IRS Response Code 214 indicating that, according to the Internal Revenue Service (IRS), they did not file a tax return. However, the contributor self-reports they "did or will file" an IRS Form 1040 or 1040-NR and manually enters tax information, including adjusted gross income (AGI), income earned from work (earned income), taxes paid, etc. The contributor would be a U.S. tax filer and not a foreign tax filer.

#2 Answer

No. This information alone is not conflicting information, and you are not required to collect documentation or select the student for verification.

The FAFSA question asks, "Did or will the student/parent file a 2022 IRS Form 1040 or 1040-NR?" It is NASFAA's understanding that this is not, *on its own*, considered conflicting information, meaning you are not required to follow-up unless:

- The student is already selected for verification;
- There are related rejects, comment codes, or C Codes requiring action; or
- You otherwise have actual conflicting information in the file, such as a copy of the tax return or tax transcript that disagrees with the manually entered information.

#2 Answer Continued

IRS Response Code 214 merely confirms that the IRS does not have a processed tax return on file; it does not confirm whether they were required to file a tax return. In this case, there is no FTI to be retrieved and manual entry of tax information is only needed if they recently filed a tax return or will file a tax return later. If the contributor is selected for verification, you verify these as tax filers according to the [September 19, 2023 Federal Register](#), but you are not required to select them for verification.

1

Is It Conflicting Information If The Contributor Indicated Nonfiler But Federal Tax Information Is On the ISIR?

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#1 Answer

Yes. In the [June 17, 2024 Electronic Announcement \(GENERAL-24-71\)](#), ED acknowledged that it is conflicting information when a FAFSA contributor (student, student spouse, parent, parent spouse) indicates on the FAFSA that they did not file a tax return for the specified tax year and yet the FA-DDX retrieved FTI from the IRS for that individual with IRS Response Code 200. Refer to the GENERAL-24-71 guidance under "Non-filers with FTI" and the blue notes for instructions on how to proceed. The guidance has been modified and clarified multiple times since the announcement was published, and schools should keep checking back (or continuously monitoring NASFAA's *Today's News*) in case it changes again.

However, on September 27, 2024, ED updated guidance in [GENERAL-24-116](#), announcing that the U.S. Department of Education (ED) will be reprocessing Institutional Student Information Records (ISIRs) affected by this issue.

Bonus Question

Which Tax Return Line Items Do We Use For 2022 Taxes Paid and Education Tax Credits For Verification and Conflicting Information?

Bonus Answer

According to guidance NASFAA has received from the U.S. Department of Education (ED), you use the line items that are pulled using the FA-DDX (not the line items on the FAFSA). This means for 2022 tax returns, you use 1040 Line 24 for taxes paid and Form 8863 Line 8 plus Line 19 for education tax credits.

Per the [April 1, 2024 Electronic Announcement \(GENERAL-24-29\)](#), different line items are being used during the FA-DDX for taxes paid and education tax credits than the line items indicated on the FAFSA. See the now finalized [2022 Verification Data and Federal Tax Forms Comparison](#).

Thank you for your time, today!

Dana Kelly, Vice President for Professional Development &
Institutional Compliance

NASFAA

kellyd@nasfaa.org

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