

# THE MORE THINGS CHANGE...



WASFAA TRAINING COMMITTEE

**IASFAA CONFERENCE**  
BOISE, IDAHO  
OCTOBER 15, 2019

ANTHONY MORRONE, CFAA®  
NEVADA STATE COLLEGE



## AGENDA

-  Mapping the Course
-  Conflicting Information
-  Comment Codes
-  IRS Flags
-  New for 2020-2021



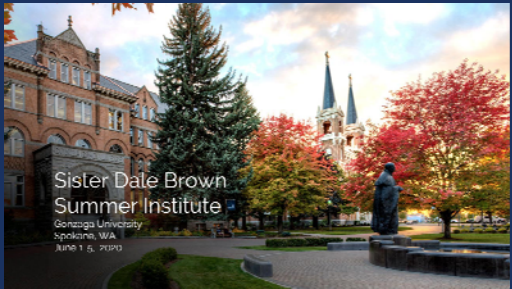
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# WASFAA

## MAPPING THE COURSE

Planning for change in financial aid

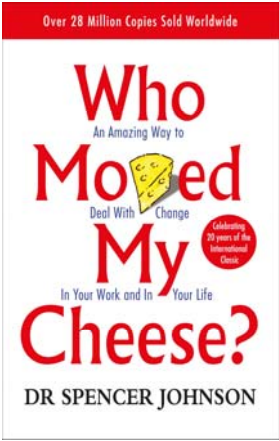


Sister Dale Brown  
Summer Institute  
 Gonzaga University  
 Spokane, WA  
 June 1-5, 2013

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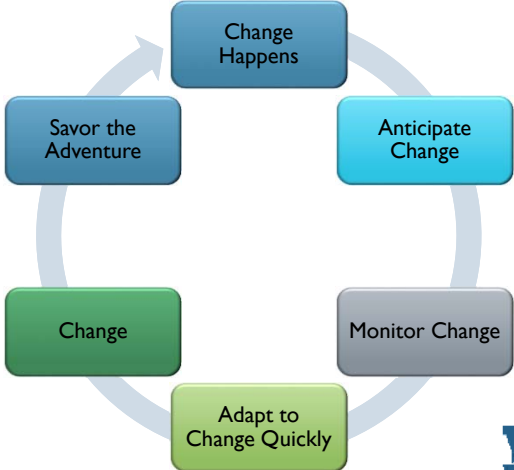
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# PRINCIPLES OF NAVIGATING CHANGE




Over 28 Million Copies Sold Worldwide

**Who Moved My Cheese?**  
An Amazing Way to Deal With Change in Your Work and in Your Life  
DR SPENCER JOHNSON



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graph TD; A[Change Happens] --> B[Anticipate Change]; B --> C[Monitor Change]; C --> D[Adapt to Change Quickly]; D --> E[Savor the Adventure]; E --> A;
```





## ANTICIPATE CHANGE

**Change is a constant of the financial aid profession**

**Competing priorities, politics, and values impact regulation and standards in higher education**

**Access to college, affordability, simplification, and transparency are among the positive reasons for change in financial aid**

## MONITOR CHANGE

NASFAA  
Today's  
News

WASFAA  
Announcements  
& Newsletter

State  
Associations

Fellow  
financial aid  
professionals

Higher  
Education  
newsletters

Internal P&P

IFAP

Student Aid  
Handbook

Federal  
Register

Listservs

Resources available to  
Financial Aid  
Professionals



## CHANGE ON THE HORIZON?

- Simplified FAFSA
- Need Analysis
- Verification
- Packaging
- Student Eligibility
- Standardizing Offer Notifications
- Pell "Purchasing Power"
- Loan Counseling, Repayment & Forgiveness Options



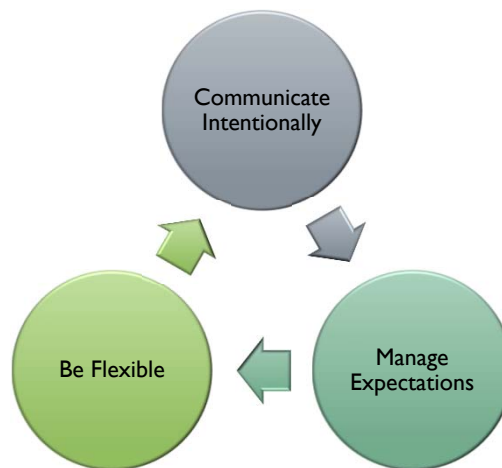
## ADAPT TO CHANGE QUICKLY

### How to adapt to changes in financial aid

- Read the regulation(s)
- Utilize resources
- Assess impact on current operations
- Develop an action plan



## CHANGE



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# WASFAA

Western Association of Student Financial Aid Administrators

## CONFLICTING INFORMATION

RELATED TO THE EARLY FAFSA, PRIOR-PRIOR YEAR AND IRS DATA RETRIEVAL TOOL



WASFAA 2020  
Annual Conference  
Hilton Hawaiian Village  
Waikiki Beach  
April 6-8, 2020


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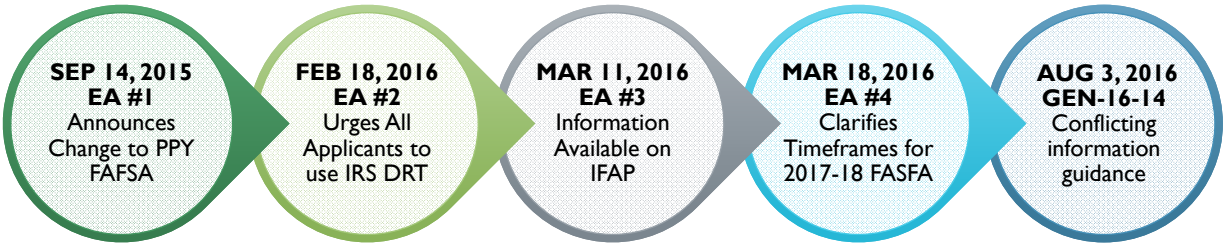
## CONFLICTING INFORMATION

### Administrative Capability Regulation 34 CFR 668.16(f)

- Requires “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”



## TRANSITION TO PRIOR-PRIOR YEAR (PPY)



## FAFSA QUESTIONS FROM BASE TAX YEAR (PPY)

- COMPLETED, WILL FILE, ETC.
- TYPE OF TAX RETURN
- TAX FILING STATUS
- ELIGIBLE TO FILE A 1040A OR 1040EZ
- ADJUSTED GROSS INCOME
- U.S. TAXES PAID
- NUMBER OF EXEMPTIONS CLAIMED
- INCOME EARNED FROM WORK
- EXCLUSIONS FROM INCOME
- UNTAXED INCOME



## FAFSA QUESTIONS NOT BASE TAX YEAR

DISLOCATED WORKER	As of date of FAFSA completion
NUMBER IN HOUSEHOLD	Projected for the award year
NUMBER IN COLLEGE	Projected for the award year
ASSETS	As of date of FAFSA completion
RECEIPT OF CERTAIN MEANS-TESTED BENEFITS	Base tax year or next calendar year



## COMMENT CODE 399: INSTITUTIONAL RESOLUTION REQUIRED

The Central Processing System (CPS) compared the applicant's last 2016-2017 ISIR transaction with the 2017-2018 ISIR

If possible change in EFC (and resultant Pell Grant eligibility) the student's 2017-2018 SAR and ISIR was flagged with a 'C' code Comment Code 399 informing the institution that it had to resolve the possible conflicting information





## COMMENT CODES 400 & 401

School must review the relevant data items for all applicants with these ISIR codes (undergraduate, graduate, and professional).

The standard rules for resolution of conflicting information apply in resolving both codes

400: Your Financial Aid Administrator may contact you to resolve any issues related to parental data reported on your FAFSA.

401: Your Financial Aid Administrator may contact you to resolve any issues related to data reported on your FAFSA.



## WHAT TRIGGERED THE 400 OR 401?

### In FAA Access to CPS Online

- Enter the student's identifiers.
- Indicate that you're making a correction.
- Make a simple change to get the site to recognize that you're making a correction.
- Click calculate EFC.
- It will run through all the edits and the specific trigger for 400/401 will display.
- Make note of the trigger.
- Do not save the correction and exit.



## COMMENT CODES 400 & 401: RESOLUTION REQUIRED?



If none of the following three circumstances appears as a trigger for the 400 or 401, no further action is required by the school.

*☞ Document the reason for the code in the student's file.*



## COMMENT CODES 400 & 401: 3 CIRCUMSTANCES REQUIRING RESOLUTION



AGI Is Zero & Income Earned from Work Is Greater Than Zero



Total Additional Financial Information Is Greater Than AGI



Any Untaxed Income Data Item Is Equal to Or Greater Than AGI





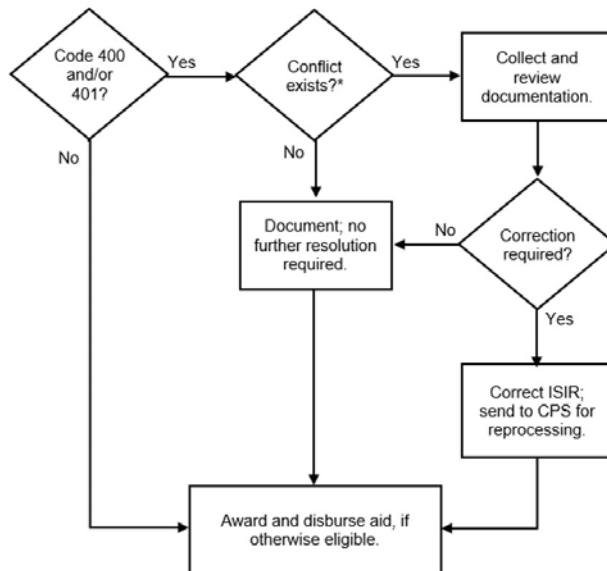
## REQUIRED RESOLUTION

Unless explained using information already known, school must collect documentation to confirm the reported information or clarify any necessary corrections.

These students are not subject to verification requirements and deadlines, unless also selected for verification by the CPS or by the school.



How Should a School Resolve Comment Codes 400 and 401?



\* Compare AGI to income earned from work, total Additional Financial Information, and each Untaxed Income Data Item.





### AGI Is Zero & Income Earned from Work Is Greater Than Zero

- Signed statement from the tax filer;
- IRS Form W-2; IRS Tax Return Transcript, or other tax transcript with AGI and income earned from work;
- IRS Income Tax Return (Form 1040, 1040A, or 1040EZ) and/or schedules and attachments (Schedule C, Schedule SE, etc.);
- Other documentation, as determined by the school.



### Total Additional Financial Information Is Greater Than AGI

- Signed statement from the student, spouse, or parent, as applicable;
- Documentation of child support paid for children not in the household on the FAFSA;
- Records of need-based employment earnings, or earnings under a cooperative education program offered by a college;
- Records of taxable grants and scholarships, including AmeriCorps benefits and grant/scholarship portions of fellowships and assistantships;
- Documentation of taxable combat pay included in the AGI, such as the total amount on the leave and earnings statement minus the untaxed amount from IRS Form W-2, Box 12, code Q;
- IRS tax transcript; IRS Income Tax Return (Form 1040, 1040A, or 1040EZ);
- Other documentation, as determined by the school.





### Any Untaxed Income Data Item Is Equal to Or Greater Than AGI

- Signed statement from the student, spouse, or parent, as applicable;
- IRS Form W-2, Box 12a through 12d, codes D, E, F, G, H, and S;
- IRS tax transcript;
- IRS Income Tax Return (Form 1040, 1040A, or 1040EZ);
- Documentation of child support payments received, retirement fund rollovers, veterans non-education benefits, certain allowances paid to service members or clergy, workers' compensation, disability benefits, or other untaxed income;
- Other documentation, as determined by the school.



## IRS REQUEST FLAG VALUE OF 06

A subsequent FAFSA correction made the applicant or parent ineligible to use the IRS DRT



**ISIR with an IRS Request Flag value of 06**



School must determine if the information transferred is correct and make any necessary changes



## IRS REQUEST FLAG VALUE OF 07

IRS determines the tax filer has an **amended** return for the relevant tax year



**ISIR with an IRS Request Flag value of 07**



School must make any necessary changes regardless of whether those items are required to be verified



## IRS REQUEST FLAG VALUE OF 07

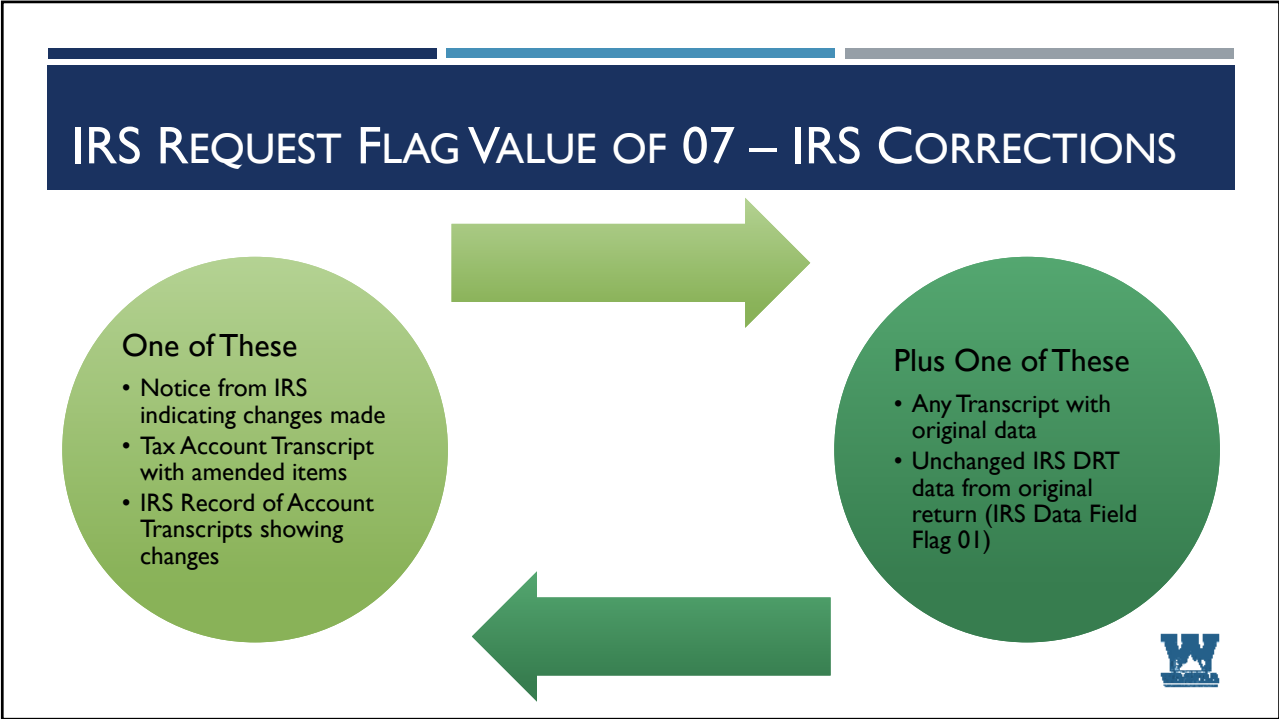
### Selected for Verification

- Signed copy of 1040X *and either*
- IRS Tax Transcript *or*
- IRS DRT Unchanged

### Not Selected for Verification

- Same as if selected for Verification *or*
- Signed copy of original return plus 1040X *or*
- Signed statement explaining changes





**NEW FOR 2020/2021**  
CHANGES TO THE FAFSA/ISIR/SAR



## IRS TAX FORM REFERENCES

- Exemption questions were deleted.
- In the questions about the type of tax form used, the answer options for IRS 1040A and 1040EZ were removed.
- The questions regarding eligibility to file a 1040A or 1040EZ were renamed to, “Did (or will) you file a Schedule I with your 2018 tax return?” and “Did (or will) your parents file a Schedule I with their 2018 tax return?”
- In the sections about untaxed income, the “Untaxed IRA distributions” and “Untaxed portions of pensions” questions were combined into one question, “Untaxed portions of IRA distributions and pensions.”

The ISIR Guide, C-4



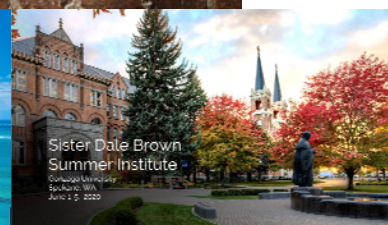
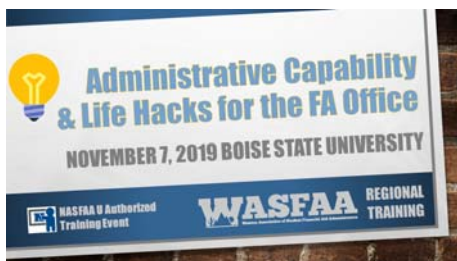
## CFH INDICATOR

- Identifies an applicant who meets the criteria for the **Children of Fallen Heroes Scholarship Act**.
- Requires Zero EFC awarding of Pell-eligible children of public safety officers who die in the line of duty
- Once the applicant is identified as eligible, this flag will always be set to Y (Yes) and will carry forward on subsequent transactions and subsequent years.





## SAVOR THE ADVENTURE



## RESOURCES

- August 7, 2017 Electronic Announcement <https://ifap.ed.gov/eannouncements/080717ChangestoIRSDRT1819FAFSAForm.html>
- Early FAFSA - Dear Colleague Letters and Electronic Announcements: <https://ifap.ed.gov/EarlyFAFSA/EarlyFAFSADCLandEA.html>
- Johnson, S. (1998). *Who moved my cheese?: An amazing way to deal with change in your work and in your life*. New York: Putnam
- NASFAA AskRegs Knowledgebase “How Should a School Resolve Comment Codes 400 and 401?”, “How Do We Resolve IRS Request Flag 07?” and How Do We Complete Verification or Resolve the 07 When No 1040X Was Filed But the IRS Corrected the Tax Return?”
- NASFAA PPy Toolkit: [https://www.nasfaa.org/ppy\\_toolkit](https://www.nasfaa.org/ppy_toolkit)
- Okolie Ken’s Blog *Principles from the Book “Who Moved My Cheese”* <https://okolieken.wordpress.com/2013/03/28/principles-from-the-book-who-moved-my-cheese/>