

THE MORE THINGS CHANGE...
 COMMENT CODES 400 & 401
 WASFAA TRAINING COMMITTEE








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Washington Financial Aid Association
 2018 WFAA Annual Conference
 October 10-12th, Yakima, WA

AGENDA

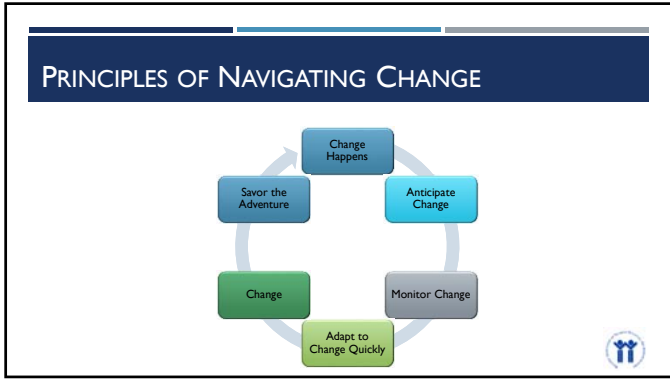
-  Mapping the Course
-  Conflicting Information
-  Comment Codes 399, 400 & 401
-  IRS Flags

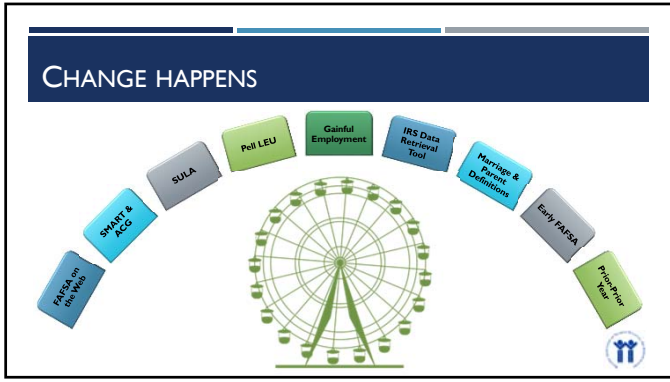


MAPPING THE COURSE
 Planning for change in financial aid




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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	



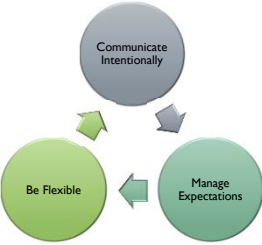

ADAPT TO CHANGE QUICKLY

How to adapt to changes in financial aid



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



CHANGE

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





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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)




SEP 14, 2015 EA #1
Announces Change to PPY FAFSA

FEB 18, 2016 EA #2
Urges All Applicants to use IRS DRT

MAR 11, 2016 EA #3
Information Available on IFAP


MAR 18, 2016 EA #4
Clarifies Timeframes for 2017-18 FAFSA

AUG 3, 2016 GEN-16-14
Conflicting information guidance




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.
Note 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

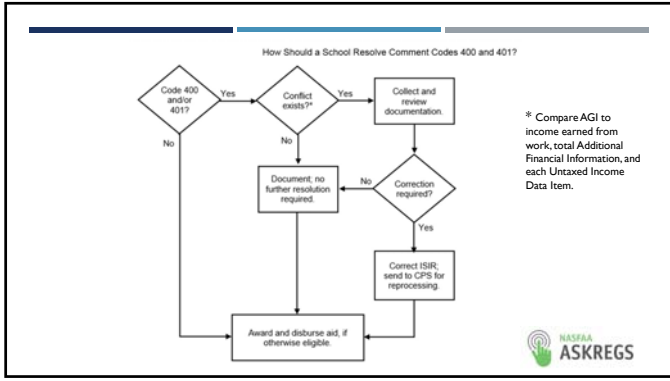


 REQUIRED RESOLUTION

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.






? 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

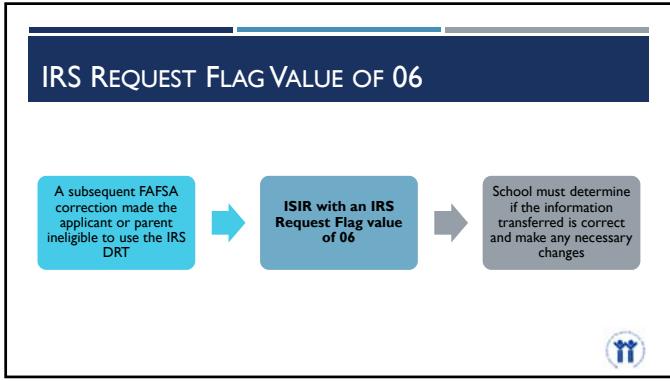
- Signed statement from the student, spouse, or parent, as applicable;
- Documentation of child support paid for children not in the household on the FAFSA;
- Records of need-based employment earnings, or earnings under a cooperative education program offered by a college;
- Records of taxable grants 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.

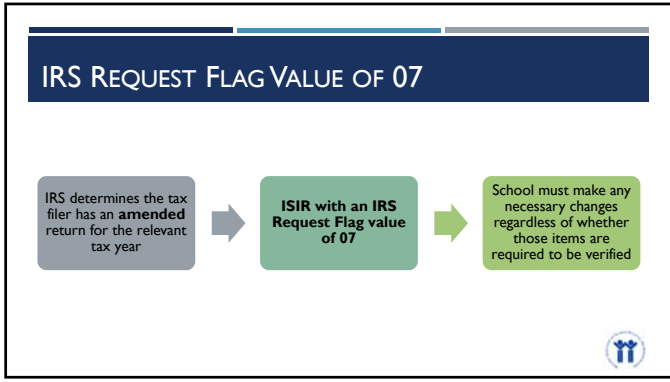


? Any Untaxed Income Data Item Is Equal to Or Greater Than AGI

- 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 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



IRS REQUEST FLAG VALUE OF 07 – IRS CORRECTIONS

One of These

- Notice from IRS indicating changes made
- Tax Account Transcript with amended items
- IRS Record of Account Transcripts showing changes

➔

Plus One of These

- Any Transcript with original data
- Unchanged IRS DRT data from original return (IRS Data Field Flag 01)

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
- 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/>
