

# Special Situations & How to Resolve Them

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# Agenda

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- Top 10 Audit Findings – Why and how to avoid/prevent
- Comment Code 399 Resolution
- Disbursements & Overpayments
- Applicability of ISIR's
- Dependency Override
- Professional Judgment
- Who is My Parent When I Fill Out the FAFSA?
- What is your Special Situation?

# Top 10 Audit and Program Review Findings



# Top Audit Findings

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1. Repeat Finding – Failure to Take Corrective Action
2. NSLDS Roster Reporting – Inaccurate/Untimely Reporting
3. Return to Title IV (R2T4) Calculation Errors
4. Return to Title IV (R2T4) Funds Made Late
5. Verification Violations

# Top Audit Findings

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6. Pell Grants - Overpayment/Underpayment
7. Qualified Auditor's Opinion Cited in Audit
8. Entrance/Exit Counseling Deficiencies
9. Student Credit Balance Deficiencies
10. Improper Origination of Direct Loans

# Top Program Review Findings

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1. Crime Awareness Requirements Not Met
2. Verification Violations
3. Return to Title IV (R2T4) Calculation Errors
4. Student Credit Balance Deficiencies
5. Drug Abuse Prevention Program Requirements Not Met
6. NSLDS Roster Reporting – Inaccurate/Untimely Reporting

# Top Program Review Findings

7. Entrance/Exit Counseling Deficiencies
8. Consumer Information Requirements Not Met
9. Satisfactory Academic Progress Policy Not Adequately Developed/Monitored
10. Inaccurate Recordkeeping

# Findings on Both Lists

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- Return to Title IV (R2T4) Calculation Errors
- NSLDS Reporting – Inaccurate/Untimely Reporting
- Verification Violations
- Student Credit Balance Deficiencies
- Entrance/Exit Counseling Deficiencies



# Comment Code 399 Resolution



# Comment Code 399 Resolution

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- Must compare the 2015 income and tax related items from both years to determine which items are in conflict
- If, for either year the institution had verified the item or the IRS DRT had been used with no changes, assume that the verified or IRS DRT transferred value is correct and submit corrections to the other year's ISIR

# Disbursements and Overpayments



# Disbursements and Overpayments

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- No resolution –
  - Must hold all 2017-2018 Title IV aid
  - Must consider the student to be in an overaward status for any need-based 2016-2017 aid that was disbursed and no more FWS work

# Disbursements and Overpayments

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- Correction to 2017-2018
  - Institution must use the EFC from the corrected ISIR for awarding and disbursing all Title IV aid for 2017-2018

# Disbursements and Overpayments

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- Correction to 2016-2017 –
  - Lower EFC: Must disburse any additional 2016-2017 aid the student is eligible to receive, consistent with the late disbursement rules at 34 CFR 668.164(j)
  - Higher EFC: Must determine 2016-2017 eligibility based on the corrected EFC
    - Could result in overaward

# Disbursements and Overpayments

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- Resolving Overawards
  - Adjust any future 2016-2017 disbursements, if possible; if not -
  - Could be a Title IV overpayment in one or more of the programs

# Disbursements and Overpayments

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- Resolving Overawards – Grants and Perkins
  - Student must repay aid disbursed for which the student is no longer eligible
  - Institution is not liable
  - Follow procedures for handling Title IV overpayments (see Volume 4: Chapter 3 “Overawards and Overpayments” of the *Federal Student Aid Handbook*)



# Disbursements and Overpayments

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- Resolving Overawards - Subsidized Loans
  - An overaward of Direct Subsidized Loan funds does not need to be immediately repaid
  - Will be repaid under the terms of the promissory note
  - No institution action is required except to record its determination

# Applicability of ISIRs



# Applicability of ISIRs

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- No need to resolve if –
  - The institution never received a 2016-2017 ISIR, because the institution has no conflicting information
  - The institution received a 2016-2017 ISIR but did not (and will not) disburse Title IV aid based on either of the ISIRs

# Applicability of ISIRs

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- Must resolve if –
  - The institution received a 2016-2017 ISIR and disbursed, or may disburse, 2016-2017 aid even if the institution did not and will not disburse 2017-2018 aid
  - The institution received a 2016-2017 ISIR but did not review or process that ISIR and the institution did or may disburse 2017-2018 aid

# Additional Guidance



# Additional Guidance

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- Electronic Announcements (EAs)
  - October 13, 2016 - CPS Reprocessing to Update Records Incorrectly Assigned SAR Comment Code 399
  - October 21, 2016 – Various Issues
    - Graduate Students
    - Professional Judgment
  - November 18, 2016 - Institutional System Delay in Resolving Conflicting Information Comment Code 399

# Additional Guidance

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- Questions & Answers on IFAP
  - Q&A12: If the student is no longer enrolled and is not expected to re-enroll for 2016–2017 or enroll for 2017–2018, the institution is not required to resolve the possible conflicting information. [September 6, 2016]

# Additional Guidance

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- Questions & Answers on IFAP
- Q&A13:A student's 2017–2018 ISIR will not include Comment Code 399 if:
  - Any differences would not result in a significant change in the student's EFC
  - The student is not expected to be Pell Grant eligible based on the 2017–2018 ISIR
  - There was a change in dependency or marital status
  - Professional judgment was performed [September 6, 2016]
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# Additional Guidance

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- Questions & Answers on IFAP
  - Q&A14: Even if the ISIR was not selected for verification, institutions must resolve the possible conflicting information if the student's 2017–2018 ISIR included Comment Code 399. [September 6, 2016]

# Additional Guidance

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- Questions & Answers on IFAP
  - Q&A15: If for either year, the institution had verified the conflicting information item(s) or the student or parent had transferred information into the FAFSA using the IRS DRT and had not changed any of the transferred information, the institution can assume that the verified or IRS DRT transferred values are correct and must, therefore, submit corrections to the other year's ISIR values. [September 6, 2016]

# Additional Guidance

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- Questions & Answers on IFAP
  - Q&A16: Institution must resolve any possible conflicting information and submit any required ISIR changes to the CPS before it makes a professional judgment determination. [September 6, 2016]

# Additional Guidance

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- Questions & Answers on IFAP
- Q&A17: The required comparison must be between the 2017–2018 ISIR with Comment Code 399 and the 2016–2017 ISIR that was, or will be, used as the basis for awarding and disbursing Title IV aid. [September 6, 2016]

# Additional Guidance

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- Questions & Answers on IFAP
  - Q18: Comment Code 399 will only appear on a 2017-2018 ISIR if there was conflicting information between the student's 2016-2017 and 2017-2018 records when a 2017-2018 ISIR was processed for any reason. This includes subsequent 2017-2018 transactions, but not subsequent 2016-2017 transactions. [October 3, 2016]

# Additional Guidance

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- Questions & Answers on IFAP
- Q&A19:
  - If comment code 399 appears on the 2017-2018 ISIR, and the resolution of the conflicting information is that it is the 2016-2017 ISIR that is incorrect, the institution does not need to submit corrections to the 2016-2017 ISIR if the institution did not and will not disburse Title IV aid for the 2016-2017 award year. [October 3, 2016]

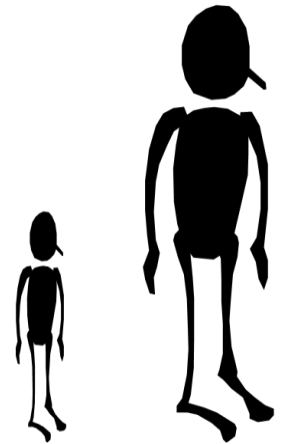
# Additional Guidance

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- Questions & Answers on IFAP
  - Q&A20: If the resolution of Comment Code 399 results in an overaward, the institution must first adjust any subsequent disbursements in the same award year to eliminate the overaward
  - If the student's overaward cannot be eliminated by adjusting subsequent disbursements, any remaining portion of the overaward attributed to a Title IV grant or Perkins Loan must be returned [November 18, 2016]

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# Dependency Override





# Dependency Override

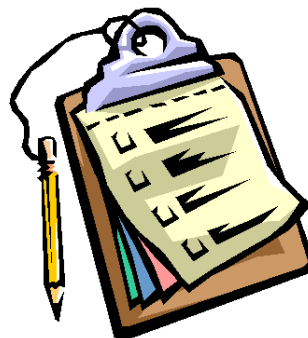
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- Independent student is defined in Section 480(d) of the HEA
- Meets one of the criteria specified in the HEA and reflected on the FAFSA or
- Is a student for whom financial aid administrator makes a documented determination of independence by reason of other unusual circumstances

# Dependency Override

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- Case-by-case
- Unusual circumstances
  - - Per Webster: rare, extraordinary, uncommon, unexpected, distinctive
- Documented!
  - - Determination and supporting documentation



# Dependency Override

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Conditions that do NOT qualify as “unusual circumstances” either individually or in combination—

- Parents refuse to contribute
- Parents are unwilling to provide information
- Parents do not claim the student as an income tax dependent
- Student demonstrates total self-sufficiency

# Dependency Override

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Examples that may constitute “unusual circumstances”—

- Student’s voluntary or involuntary removal from parents’ home due to an abusive situation that threatened the student’s safety and/or health
- Incapacity of parents such as incarceration or a disability or mental or physical illness

# Dependency Override

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Examples that may constitute “unusual circumstances” (more)

- Inability of the student to locate the parent(s) after making reasonable efforts
- Other extenuating circumstances sufficiently documented by a signed letter from a third party

# Dependency Override

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## Documentation-

- Third party includes—Counselors or teachers
- Clergy
- Community groups
- Government agencies
- Medical personnel
- Courts
- Prison administrators

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# Professional Judgment



# Professional Judgment

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- May use PJ on a case-by-case basis only to adjust the student's cost of attendance or the data used to calculate EFC
- The reason for the adjustment **must be documented** (by a third party if possible),
- Must relate to the special circumstances that differentiate the student



# Professional Judgment

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Special circumstances such as:

- Elementary or secondary school tuition
- Medical or dental or nursing home expenses not covered by insurance
- Unusually high child care costs
- Being homeless or a dislocated worker
- Recent unemployment of a family member

\*\*Use of professional judgment is neither limited to nor required for the situations mentioned

# Filling out the FAFSA



# Who is Considered a Parent?

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## (Dependent Student)

- If your parents are living and legally married to each other, answer the questions about both of them
- If your parents are living together and are not married, answer the questions about both of them
- If your parent is widowed or was never married, answer the questions about that parent

# Who is Considered a Parent?

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## (Dependent Student)

- If your parents are divorced or separated and don't live together, answer the questions about the parent with whom you lived more during the past 12 months. If you lived the same amount of time with each parent, give answers about the parent who provided more financial support during the past 12 months or during the most recent year that you actually received support from a parent

# Who is Considered a Parent?

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## (Dependent Student)

- If your parents are divorced but live together, you'll indicate their marital status as "Unmarried and both parents living together," and you'll answer the questions about both of them
- If your parents are separated but live together, you'll indicate their marital status as "Married or remarried," and you'll answer the questions about both of them.

# Who is Considered a Parent?

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## (Dependent Student)

- If you have a stepparent who is married to the legal parent whose information you're reporting, you must provide information about that stepparent as well
- The following people are not your parents unless they have adopted you: grandparents, foster parents, legal guardians, older brothers or sisters, and uncles or aunts

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# What is your Special Situation?



# Contact Info

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