

# FTI & FAFSA Data Compliance

[Based on U.S. Department of Education Guidance \(September 30, 2023\)](#)



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## Training Agenda

- 01. Data Distinctions**  
Understanding FTI vs. FAFSA data vs. Non-FAFSA data and their unique regulatory frameworks.
- 02. Permitted Uses**  
What schools and state agencies can do with each data type under HEA, IRC, and FERPA.
- 03. Access & Security**  
Least privilege principle, personnel requirements, and NIST SP 800.171 compliance standards.
- 04. Dos, Don'ts & Scenarios**  
Real-world examples and case scenarios for institutional compliance and best practices.

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## Understanding the Data Types

**Critical Distinction**  
Different regulatory frameworks govern each data type. The most restrictive statute applies. Proper classification is essential for lawful use and institutional compliance.

<b>FAFSA Data</b> Information entered on application or transferred from prior year; includes FFS-derived data like Pell eligibility and SAI. Most data on ISIR that is NOT FTI.	<b>FTI (Federal Tax)</b> Data received from IRS via FADDX or FFS-derived elements that could reasonably be reverse-engineered into tax data are treated as FTI and must be labeled CUI//SP-TAX and governed by strict IBC requirements.
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### Non-FAFSA & Institutional Data

**What is School Data?**  
Information originated by schools or other entities. Examples: total aid awarded, grant and loan receipt and amounts, unmet financial need, Pell disbursement records.

**Strategic Use**  
Schools can sometimes substitute school data for FAFSA data to enable certain functions under FERPA exceptions without requiring additional consent from students.

**Key Distinction**  
Pell Grant RECEIPT and AMOUNT are school data. Pell ELIGIBILITY is FAFSA data. Both may be reported to NSLDS but differ in origin and governance.

**Regulatory Advantage**  
School data is governed primarily by FERPA, not HEA or IRC. This may offer more flexibility in certain use cases when compared to FAFSA data. However, FERPA flexibility does not override HEA or IRC.

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### Permitted Uses Without Consent

**Aid Application & Award**  
Schools and state agencies can use FFI and FAFSA data for application, award, and administration of financial aid without additional consent. This is the core permitted function.

**FAFSA Completion Outreach**  
State agencies only may share limited identifying information with LEAs/secondary schools to check if graduating students have submitted FAFSA. Colleges cannot perform this function.

**Research (FAFSA Only)**  
Schools and state agencies may use FAFSA data (NOT FFI) for research on college attendance, persistence, and completion without consent, provided no individually identifiable information is released.

**Means-Tested Benefits**  
Both schools and state agencies may use FAFSA data like SAI and Pell eligibility to identify students for potential benefits outreach without additional consent. External redisclosure is prohibited.

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### Application, Award & Administration Functions

Department/Function	Authorization Level (0-100)
Financial Aid	100
Academic Advising	90
Institutional Planning	85
Admissions	75
Student Support	65

**Core FAA Functions**  
Managing applications, processing disbursements, verifying eligibility, conducting SAP monitoring, and performing administrative analyses.

**Extended Functions**  
Required IPEDS reporting, net price calculator publishing, mandatory monitoring, audits, and program evaluations directly supporting aid administration.

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### The Principle of Least Privilege

**Core Security Principle**  
Users should ONLY have access to FTI and FAFSA data if necessary for their specific duties related to aid application, award, and administration. Minimize exposure to reduce security risks.

**FTI Limitation**  
To the greatest extent practicable, schools should limit FTI access to Financial Aid Administrators as much as possible, even though other offices have aid-related duties.

**Contractor Oversight**  
Any external entity receiving FTI must be contractually bound, assume safeguards responsibilities, and be held to NIST SP 800.171 CUI security standards.

**Training Requirement**  
All individuals accessing FTI are required to complete all applicable training. Ensure staff understand FTI protection responsibilities.

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### Uses Requiring Written Student Consent

**State Agency Sharing**  
With written consent, state agencies may share FAFSA data (NOT FTI) with government agencies, tribal organizations, and entities to help students receive financial or non-monetary assistance.

- Cannot redisclose FTI under this provision
- Must state specific purpose and maintain consent for 3 years
- Recipient limited to stated purpose only

**School Sharing (Broader)**  
With written consent, schools may share BOTH FAFSA data AND FTI with government agencies, tribal organizations, AND external scholarship organizations for financial assistance purposes.

- Schools can share with private scholarship organizations
- Recipients must meet NIST SP 800.171 CUI standards for FTI
- Student may authorize advisor or support person to participate in discussion

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### Written Consent Requirements

**Consent Document Standards**  
Consent must be in a separate, written document signed and dated by the applicant (may be electronic). The document is legally binding and must be retained for 3 years minimum.

**Required Content (HEA)**

- Specific information being disclosed
- Statement if FTI is included (must be explicit)
- Purpose of the disclosure
- Information limited to stated purpose only

**Required Content (FERPA)**

- Records that may be disclosed specified
- Purpose of the disclosure
- Party/class of parties receiving information
- Student copy available upon request

**Maintenance**  
Keep for 3 years from student's last date of attendance and make available to Department upon request.

**Redisclosure**  
Third parties cannot redisclose without additional express student permission or request.

**Single Purpose**  
Information received by third parties may ONLY be used for the express purpose for which consent was granted.

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### Scenario 1: DOS & DON'Ts - Athletics Scholarships

 <p><b>DO: Proper Use</b></p> <ul style="list-style-type: none"><li>• FAA calculates eligibility using FTI/FAFSA data</li><li>• FAA shares ONLY EFC/SAI with Athletics</li><li>• Athletics uses it to award merit scholarships</li><li>• FTI never directly goes to Athletics office</li></ul>	 <p><b>DON'T: Violations</b></p> <ul style="list-style-type: none"><li>• Directly giving Athletics the ISIR or FTI</li><li>• Athletics accessing Banner FTI fields directly</li><li>• Sharing student income details with coaches</li><li>• No consent process when Athletics needs more data</li></ul>	 <p><b>Action Item</b></p> <ul style="list-style-type: none"><li>• Document what Athletics legitimately needs</li><li>• FAA acts as gatekeeper for FTI/FAFSA data</li><li>• Create data sharing protocol with Athletics</li><li>• Train Athletics staff on limitations</li></ul>
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### Scenario 2: DOS & DON'Ts - Institutional Research

 <p><b>DO: Proper Research Use</b></p> <ul style="list-style-type: none"><li>• Use FAFSA data for completion studies</li><li>• De-identify results before publishing</li><li>• No Individually Identifiable Info released</li><li>• IPEDS reporting includes FTI authorized use</li></ul>	 <p><b>DON'T: Violations</b></p> <ul style="list-style-type: none"><li>• Using FTI for research studies</li><li>• Publishing results with student names</li><li>• Sharing individual SAI values with others</li><li>• Releasing Pell recipient income data</li></ul>	 <p><b>Best Practice</b></p> <ul style="list-style-type: none"><li>• Institutional Research can access FAFSA only</li><li>• May access FTI for IPEDS compliance only</li><li>• Ensure all staff have FTI training</li><li>• Document research protocols in writing</li></ul>
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### Scenario 3: DOS & DON'Ts - External Scholarship Sharing

 <p><b>DO: Compliant Sharing</b></p> <ul style="list-style-type: none"><li>• Obtain written student consent (separate doc)</li><li>• Explicitly state FTI is being shared</li><li>• Verify org meets NIST SP 800.171</li><li>• Share only necessary data for scholarships</li></ul>	 <p><b>DON'T: Violations</b></p> <ul style="list-style-type: none"><li>• Sharing FTI without written consent</li><li>• Generic blanket consent that hides FTI</li><li>• Not verifying security compliance</li><li>• Sharing to organizations not meeting standards</li></ul>	 <p><b>Compliance Check</b></p> <ul style="list-style-type: none"><li>• Request security certification from org</li><li>• Have written agreement in place</li><li>• Maintain consent for 3 years minimum</li><li>• Verify org doesn't redisclose further</li></ul>
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### Scenario 4: DOS & DON'Ts - Student FAFSA Correction




**DO: Proper Correction**

- Student/FAA can correct FAFSA data
- Student disputes FTI accuracy -- IRS
- Professional judgment adjusts prior-year
- PJ uses student-provided data as FAFSA



**DONT: Violations**

- Attempting to 'correct' FTI from IRS
- Changing IRS tax values in system
- Telling student to ignore FTI mismatch
- Not using Professional Judgment when needed



**Key Talking Point**

- FTI is accurate by authoritative IRS-provided data
- Student disagreement -- refer to IRS
- Current circumstances differ? Use PJ
- PJ documentation goes in file

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### Scenario 5: DOS & DON'Ts - Bursar Access to FTI




**DO: Appropriate Bursar Role**

- Bursar processes aid disbursements only
- FAA determines eligibility using FTI
- Bursar receives aid amount, not FTI
- Legitimate aid administration function



**DONT: Violations**

- Giving Bursar access to ISIR/FTI
- Bursar viewing student tax income
- Bursar accessing FA-DDX tax data
- No business need for FTI access



**Access Control Action**

- Implement role-based access controls
- Bursar role sees aid amount only
- FAA role has full ISIR access
- Audit system access regularly

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### NIST SP 800.171 CUI Security Standards

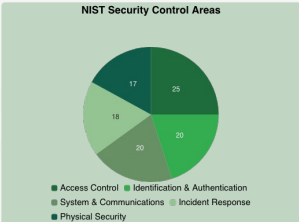
**Critical Requirement**

All institutions and third-party recipients of FTI must comply with NIST SP 800.171 as required by ED and applicable federal guidance (Protecting Controlled Unclassified Information in Nonfederal Systems). FTI must be labeled CUI//SP-TAX and handled with corresponding security controls.

**REV 3**

NIST Standard Required

**NIST Security Control Areas**



Control Area	Count
Access Control	25
Identification & Authentication	20
System & Communications	18
Incident Response	17
Physical Security	20

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### FAA Responsibilities & Liability

**Your Role as a Financial Aid Administrator**  
 You are the guardian of FTI and FAFSA data. Under HEA, IRC, and Privacy Act, you have direct responsibility for compliance. Violations **may result in civil or criminal penalties.**

**Training Required**  
 All FAAs and anyone accessing FTI should complete applicable training. Document training completion.

**Authorization Agreements**  
 You must be under direct control of school or bound by written agreement. SAIG agreements define your responsibilities.

**Personal Accountability**  
 Intentional or inadvertent FTI misuse can result in civil and criminal liability. Act with intent and care always.

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### When & How to Obtain Consent

**Identifying Consent Triggers**  
 Consent is required whenever sharing FTI or FAFSA data with parties NOT part of normal aid administration. Ask: Does this party need this data for aid application, award, or administration? If no, consent is required.

**Consent Form Standards**  
 Per EA GENERAL-24-149: Consent must be a separate document signed and dated by student, listing specific information and explicit mention if FTI is included, stating purpose and use limitation.

**Record Retention**  
 Keep signed consent forms for a minimum of three years from the student's last attendance date. Make available to Department upon request. Establish filing system and retention policy.

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### Key Talking Points for Your Staff

**Discussion Points**  
 Use these points when training staff and discussing FTI/FAFSA data policies with colleagues across your institution.

**Point #1: FTI Accuracy**

- FTI from IRS is by definition accurate
- If student disagrees, refer to IRS
- We cannot correct IRS data ourselves

**Point #2: Gatekeeping**

- FAA acts as data gatekeeper
- Other departments can't directly access FTI
- We filter and provide what they need

**Point #3: Consent**

Separate, signed consent required for any FTI sharing beyond aid admin.

**Point #4: Security**

NIST standards apply to all FTI handling. Non-compliance is institutional liability.

**Point #5: Training**

All staff accessing FTI must complete required training. Document it.

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**Institutional Compliance Checklist**

**System & Access Controls**

- Implement role-based system access controls
- FAAs have full ISIRI/FTI access; others limited
- Third parties meet NIST SP 800.171 standards
- Monitor and audit access logs regularly
- Contractors have written security agreements

**Documentation & Policies**

- Develop written data sharing policies
- Maintain signed consent forms (3-year retention)
- Document training completion for all staff
- Create procedures for each office's data access
- Establish incident reporting procedures

**Training & Oversight**

- Require all FAAs complete FTI training annually
- Extend training to all staff accessing FAFSA data
- Educate Athletics, Admissions, other offices
- Conduct regular compliance audits
- Create incident response team and protocol

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**Thank You for Your Attention!**

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