

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



The IRS Transferred Incorrect Federal Tax Information to the Department of Education for Federal Student Aid

June 30, 2025

Report Number: 2025-2S0-029

HIGHLIGHTS: The IRS Transferred Incorrect Federal Tax Information to the Department of Education for Federal Student Aid

Final Project Report issued on June 30, 2025

Report Number 2025-2S0-029

Why TIGTA Did This Review

In December 2019, the Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act was signed into law, which amended the Internal Revenue Code to allow the IRS to disclose certain Federal Tax Information (FTI) to the Department of Education. The law streamlined the Free Application for Federal Student Aid (FAFSA) application process for students, parents, and borrowers by enabling them to request that the IRS disclose their tax information to the Department of Education when applying for federal student aid.

In April 2024, the Department of Education publicly announced the IRS was transferring incorrect taxpayer data to the FAFSA application system.

This project was initiated to assess the IRS's processes and procedures for disclosing taxpayer data to the Department of Education.

Impact on Tax Administration

The IRS's data repositories are complex and contain sensitive taxpayer data that must be secure. This environment poses unique challenges when establishing accurate and secure data sharing agreements. The inaccurate data exchange to the Department of Education represented a fraction of taxpayers and was limited to tax information for education.

A recent Executive Order aims to remove barriers and promote inter-agency data sharing. We believe it is important that lessons learned from existing data sharing agreements inform similar future arrangements to help prevent the transfer of inaccurate taxpayer data.

What TIGTA Found

In April 2020, the IRS began developing an application programming interface called the FUTURE Act-Direct Data Exchange (FA-DDX) system, which went live in December 2023. The IRS's FA-DDX system interfaces with the Department of Education's system to make requests for FTI.

We documented key events related to the IRS transferring incorrect FTI to the Department of Education. We found that the IRS implemented an incorrect business requirement during the development of its FA-DDX system. This resulted from the cross-functional project team not using a data dictionary as required.

Instead, the cross-functional project team asked various IRS personnel for assistance to identify the FTI data elements. However, several of these IRS personnel stated to the FA-DDX project team on multiple occasions that they did not understand the FTI data elements. The cross-functional project team also relied on record layouts, which do not describe the meaning of the FTI data elements. Transferring incorrect FTI could lead to errors in the Student Aid Index, which determines how much federal aid a student receives.

We determined that 7.2 million FAFSA Form requests were potentially affected by the incorrect FTI.

However, not every FAFSA Form request received by the IRS resulted in a federal student aid determination being reprocessed by the Department of Education. When the Department of Education notified the IRS of the discrepancies, it requested that the IRS validate the FA-DDX data elements for FAFSA Form requests. The IRS confirmed that it transferred incorrect FTI for the education credit data element. For the remaining data elements, and according to the IRS, it confirmed that the FA-DDX system was programmed in accordance with its agreement with the Department of Education. We also determined that there are conflicting positions within the IRS regarding whether certain testing and live data would have verified the accuracy of the FA-DDX system prior to deployment.

IRS document standards require that data specifications be created for data structures. Data structures consist of all files, records, groups, and items used by a system. These data details must be defined in a data dictionary. We determined that the IRS does not have a data dictionary for these data sources. Without a reliable data dictionary, the IRS cannot ensure that programming errors are avoided.

Considering increased efforts to promote inter-agency data sharing and the IRS's current initiative to develop a unified application programming interface, we plan to continue performing reviews in these areas since they could have potentially profound consequences.



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

U.S. DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20024

June 30, 2025

MEMORANDUM FOR: COMMISSIONER OF INTERNAL REVENUE

FROM: Diana M. Tengesdal
Acting Deputy Inspector General for Audit

SUBJECT: Final Project Report – The IRS Transferred Incorrect Federal Tax Information to the Department of Education for Federal Student Aid (Review No.: 202420S024)

This report presents the results of our review to assess the Internal Revenue Service's (IRS) processes and procedures for disclosing taxpayer data to the Department of Education. We performed this review during the period June 2024 through March 2025. We are issuing this report to document the actions taken by the IRS. We plan to continue performing reviews in this area. While this review was not included as part of our Fiscal Year 2024 Annual Audit Plan, it was added as part of our discretionary work and addresses the major management and performance challenge of *Protection of Taxpayer Data and IRS Resources*.

Management's complete response to the draft report is included in Appendix II. If you have questions, please contact me or Linna Hung, Acting Assistant Inspector General for Audit (Security and Information Technology Services).

Background

In December 2019, the Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act was signed into law, amending Section 6103 of the Internal Revenue Code to allow the Internal Revenue Service (IRS) to disclose, *i.e.*, transfer, certain Federal Tax Information (FTI) to the Department of Education.¹ The law streamlined the application process for Department of Education users by enabling students, parents, and borrowers to request that the IRS disclose their tax information to the Department of Education when applying for federal student aid.

In April 2020, the IRS began developing an application programming interface (API) called the FUTURE Act-Direct Data Exchange (FA-DDX) system. The Department of Education's FTI Module interfaces with the FA-DDX system to make requests for tax information. The system uses secure data exchanges to transfer tax information via the Standard Corporate Files Online Access Protocol (SCAP) application to the FTI Module. The Department of Education then produces calculated results for Income-Driven Repayment Plan Request (IDRPR) and the Free Application for Federal Student Aid (FAFSA) Form.

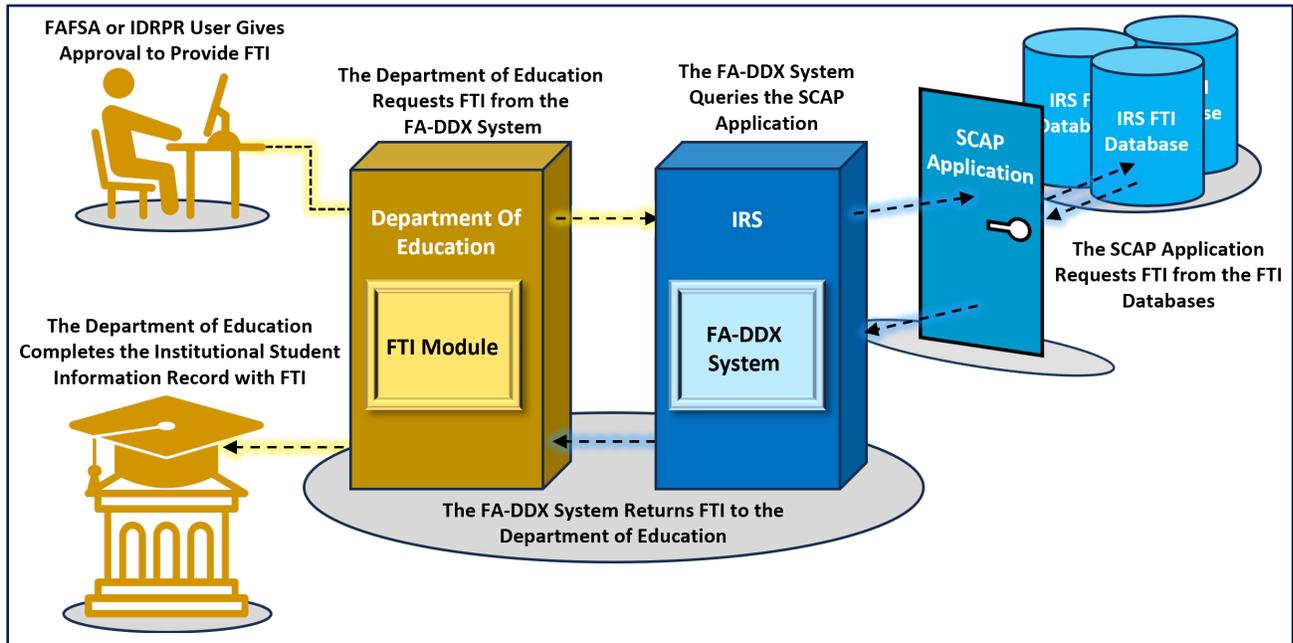
- The IDRPR is used to determine a borrower's eligibility for an income-driven repayment plan or repayment amount. These eligibilities are based on the income of the borrower and the spouse when the borrower has a filing status of married filing jointly.
- The FAFSA Form is used to determine a student's federal student aid eligibility. Federal student aid eligibility is based on the income of the student and/or the parent(s) and spouse when the student is a dependent or married.

IDRPR and FAFSA Form users provide approval for the disclosure of their FTI from the IRS to the Department of Education. A user's Social Security Number, last name, and date of birth are matched to the taxpayer's account to verify that the FA-DDX system is retrieving the correct tax return information. Once this matching and verifying is complete, the FTI is disclosed.

The Department of Education uses information from the FAFSA Form to produce the Student Aid Index, which helps determine a student's eligibility for federal student aid and is sent electronically to applicable educational institutions. The Student Aid Index is calculated by using income information from the student (and parent(s)) and/or spouse, as applicable) tax return and net value of assets. A low Student Aid Index indicates that a student has a higher need for financial aid. Conversely, a high Student Aid Index indicates that a student has a lower need for financial aid. Figure 1 shows the process of requesting and transferring the FTI between the Department of Education and IRS systems.

¹ Pub. L. No. 116-91, 133 Stat. 1189. See Appendix III for a glossary of terms.

Figure 1: Transferring FTI Between the Department of Education and IRS Systems



Source: Analysis of the FA-DDX – Department of Education Interface Control Document (December 2023) and the FA-DDX Simplified Design Specification Report (January 2023), and interviews with the IRS and the Department of Education.

When the IRS develops systems like the FA-DDX system, it is required to follow the Enterprise Life Cycle framework.² The IRS must develop and approve a system’s business requirements that describe a condition or capability to which a system must conform, either derived directly from user needs or stated in a contract, standard, specification, or other formally imposed document. The requirements document (hereafter referred to as the business requirements document) for the FA-DDX system describes the data elements, *i.e.*, the FTI, that the FA-DDX system retrieves and then transfers to the Department of Education as well as the FTI database used, *e.g.*, Individual Master File and Individual Return Transaction File. The IRS does not share its business requirements document with the Department of Education. However, the Department of Education has access to the shared business requirements that are documented in the Interface Control Document and the computer matching agreement, *i.e.*, data sharing agreement.³ Unlike the business requirements document, the Interface Control Document and computer matching agreement do not specify the FTI database that is used but rather identify the specific FTI data elements.⁴

² The One Solution Delivery Life Cycle replaced the Enterprise Life Cycle framework in January 2023.

³ *Computer Matching Agreement Between the U.S. Department of Education and U.S. Department of the Treasury IRS FUTURE Act Direct Data Exchange* (June 2023).

⁴ See Appendix I for a detailed list of the FTI data elements from the Interface Control Document and the computer matching agreement.

Objective

The overall objective of this review was to assess the IRS's processes and procedures for disclosing taxpayer data to the Department of Education.

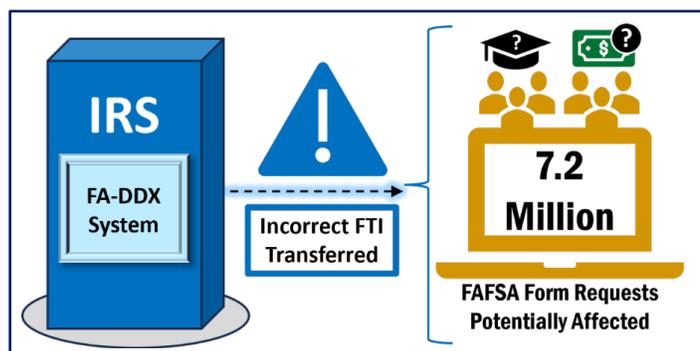
Results of Review

In April 2024, the Department of Education publicly announced that the FA-DDX system was transferring incorrect FTI to FAFSA Forms for requests submitted prior to April 2024. The IRS confirmed that it transferred incorrect data for the education credit data element because the business requirement was not accurate.

During development of the FA-DDX system, the IRS agreed to provide the most current information available, *i.e.*, original, adjusted, or amended FTI, without disclosing whether an amended return was filed. Later when the FA-DDX system went live, the IRS and the Department of Education finalized the computer matching agreement and the Interface Control Document. We analyzed the computer matching agreement and the Interface Control Document and determined that the information the IRS transferred to the Department of Education was different from what these documents stated.

Specifically, the computer matching agreement did not indicate whether the IRS would provide original, adjusted, or amended tax return information for FAFSA Form requests. However, it did state that the FA-DDX system would transfer original or adjusted tax return information for the IDRPR. In addition, the Interface Control Document stated that the FA-DDX system would query FTI from 21 data elements, 19 of which would provide only original FTI. The remaining two data elements, tax year and filing status, would provide original or adjusted FTI. However, according to the IRS's FA-DDX cross functional project team (hereafter referred to as the project team), due to a typographical error, the Interface Control Document failed to state that the adjusted gross income data element would also provide original or adjusted FTI. Conversely, according to the Department of Education, some of the FTI that the FA-DDX system transferred contained a mix of original, adjusted, and amended tax return information, and education credit data were not correct.

The Department of Education uses FTI from the FAFSA Form to determine a student's federal aid eligibility. We reviewed all successful FAFSA Form requests for FTI received via the FA-DDX system from December 2023 through April 2024. We identified 7.2 million FAFSA Form requests that potentially had incorrect FTI transferred to the Department of Education, which could lead to inaccurate Student Aid Index calculations, interruption of students' financial aid offers, as well as delayed major educational decisions for applicants who applied for federal student aid. The IRS did not attempt to determine the exact number of FAFSA Form



requests that were affected by the inaccurate FTI. However, the IRS stated it reprocessed approximately 7.1 million FAFSA Form requests it had received at the time.⁵

This report documents the timeline of key events related to the IRS developing the FA-DDX system in February 2020, transferring incorrect FTI to the Department of Education from December 2023 through April 2024, and related information through March 2025.

Summary of Key Events Related to the Transfer of Incorrect Federal Tax Information to the Department of Education

February 2020

The project team was established and included employees and contractors from the Privacy, Governmental Liaison and Disclosure Office; Information Technology organization; and Taxpayer Services. The project team began discussions on the business requirements for the FA-DDX system with the Department of Education.

During the discussions, the IRS determined that it did not have legal authority to disclose to the Department of Education whether an amended return was filed. The IRS agreed to provide the most current information available, *i.e.*, original, adjusted, or amended FTI, without disclosing whether an amended return was filed.

June 2020

The IRS and the Department of Education finalized an initial agreement that stated that the FA-DDX system will transfer the most current FTI for IDRPR and FAFSA Form requests.

December 2020

The IRS programmed, tested, and developed the first release of the FA-DDX system, and the Department of Education continued developing its FTI Module.

February 2021

The project team requested that the SCAP application team, which is part of the IRS's Information Technology organization Applications Development function, attend a business requirements meeting to discuss the origins of the FTI data.

The SCAP application team agreed to attend the meeting. However, the SCAP application team told the project team that it:

- Is not the data expert with regards to FTI.
- Does not know the data origins or the valid values of the various data fields.
- Only downloads the Individual Master File and Individual Return Transaction File data into the SCAP response records.

⁵ Our analysis of the FA-DDX system audit trail data from December 2023 through April 2024, showed that there were approximately 100,000 (1 percent) more FAFSA requests than the 7.1 million the IRS reported. According to the IRS, its 7.1 million record count was a "rough count."

August 2021

During testing for the second release of the FA-DDX system, the project team identified that the allowable education credit could not be calculated per the business requirement. According to the business requirements document, the allowable education credit is the amount on the original tax return plus or minus any amendments or adjustments. The business requirements document specified that the FA-DDX system retrieved this amount from the Individual Master File.

December 2021

The IRS developed the second release of the FA-DDX system. The project team continued to question whether the business requirement for the education credit was correct. The project team decided to make any necessary changes to the business requirement during the next release of the FA-DDX system.

June 2022

The SCAP application team confirmed that the application retrieves the requested data. However, it again reiterated that it:

- Is not the data expert.
- Does not own the data.
- Does not know how the data are created.

July 2022

The project team met with Taxpayer Services personnel to discuss updating the business requirement for the education credit and to obtain stakeholder feedback. Specifically, the project team asked for assistance with identifying where the data should be retrieved from within the SCAP application. The SCAP application team determined that there were multiple data elements that contained different amounts for the education credit but did not know the business logic supporting each element.

The project team decided that the FA-DDX system would transfer the tentative education credit element specifically from the Individual Return Transaction File to the FTI Module. The tentative education credit did not include amendments or adjustments.

December 2022

The IRS completed programming and successfully tested synthetic data for the third release of the FA-DDX system. The IRS developed the third release of the FA-DDX system and included a programming change to transfer tentative education credits.

March 2023

The Department of Education personnel requested that the IRS confirm which line(s) on the Form 1040, *U.S. Individual Income Tax Return*, the FA-DDX data elements are pulled from so that they can confirm the FAFSA Form questions and instructions were accurate.

The IRS subsequently provided feedback that the education credit is the sum of lines 8 and 19 from Form 8863, *Education Credits (American Opportunity and Lifetime Learning Credits)*.

May 2023

The IRS tested and developed the fourth release of the FA-DDX system.

June 2023

The Department of Education and the IRS entered into a computer matching agreement for the FA-DDX system.

July 2023

The FA-DDX system and the FTI Module went live for the IDRPR.

December 2023

The IRS and the Department of Education signed the *FA-DDX Interface Control Document*.

The IRS corrected the income earned from work calculations and deployed the fifth release of the FA-DDX system. On the same day, the FA-DDX system and the FTI Module went live for FAFSA Form requests.

March 2024

The Department of Education received notification from a financial aid executive at an educational institution that the federal taxes paid amount incorrectly included self-employment tax. The financial aid executive stated that this appears to be because the FTI Module was transferring data from the wrong lines on the IRS's Form 1040. The executive also found errors with the education credit.

The Department of Education notified the IRS's Privacy, Governmental Liaison and Disclosure Office that it found discrepancies in the IRS data and wanted the IRS to validate the FA-DDX data elements for the FAFSA Form request.

The IRS requested that the Department of Education provide social security numbers of taxpayers who received incorrect FTI from the FA-DDX system. The IRS received eight social security numbers via phone from the Department of Education.

The IRS researched the eight social security numbers in the Integrated Data Retrieval System and confirmed that the FA-DDX system was programmed incorrectly.

According to the IRS:

- The FA-DDX system transferred incorrect FTI because the business requirement was not accurate for the education credit. The FA-DDX system should have retrieved actual instead of tentative education credits.
- During its validation of the remaining FA-DDX data elements, the IRS confirmed that the system was programmed, as per its agreement with the Department of Education, to transfer all FTI from the original tax return for the tax year requested, except for the filing status and adjusted gross income.

- It reprogrammed and deployed the FA-DDX system to resolve the education credit issue for future FAFSA Form requests.

The Department of Education publicly announced that there were issues with the tax return information provided to educational institutions for Award Year 2024-2025 FAFSA Forms. Some FTI contained a mix of amended and original tax return information, and education credit data were not correct. In addition, amounts that were manually entered on the FAFSA Form for taxes paid and education credits were not correct. This was due to discrepancies in the FAFSA Form instructions.

April 2024

The Department of Education publicly announced that the IRS's FA-DDX system was transferring incorrect FTI to the FAFSA Form for requests submitted prior to April 2024.

According to the IRS:

- It reprocessed approximately 7.1 million previously received FAFSA Form requests through the FA-DDX system and provided the updated FTI to the Department of Education.
- The Department of Education determined that approximately 1.5 million federal student aid determinations needed to be reprocessed internally to issue updated information to educational institutions.⁶
- It reprogrammed and deployed updates to the FA-DDX system to resolve the filing status and adjusted gross income issues for subsequent applicant requests.

The Department of Education later publicly announced that it delivered the corrected information to the respective educational institutions.

June 2024

Privacy, Governmental Liaison and Disclosure Office and Information Technology organization Applications Development function personnel stated that Final Integration Testing was not part of the FA-DDX system's test plan, and it would have allowed the project team to use masked production data to verify data accuracy before application deployment. They also stated that confirming the data requirements against live data during the requirements development phase could help prevent programming against an incorrect business requirement.

⁶ According to the Department of Education, it reprocessed federal student aid determinations that were limited to records with education tax credits, taxpayers who filed an amended return, or whose tax data was updated for other reasons. Not every FAFSA Form request received by the IRS resulted in a federal student aid determination being reprocessed by the Department of Education.

March 2025

According to Information Technology organization Enterprise Service function management, the business requirement provided to them was incorrect. In addition, management stated Final Integration Testing using masked production data would produce the same result as testing with synthetic data. Both scenarios would produce the same result because testing is performed against the same business requirement and would confirm the expected results.

Subsequently, Information Technology organization Applications Development management changed its position and stated that Final Integration Testing would not have allowed the project team to verify data accuracy before the deployment of the system.

Conclusion

The IRS implemented an incorrect business requirement during the development of its FA-DDX system. The project team did not use a data dictionary as required to ensure that the correct FTI data elements were identified and used to form the business requirement. The project team stated that it did not need to use additional resources to identify the correct data elements. It instead asked various IRS personnel for assistance to identify the FTI data elements, and used SCAP record layouts, which did not describe the meaning of the FTI data elements. The project team used the information it obtained from various IRS personnel despite receiving statements from them on multiple occasions that they did not understand the FTI data elements. Initially, we found that there were conflicting positions within the IRS regarding whether the use of Final Integration Testing and live data would have verified the accuracy of the FA-DDX system prior to deployment. However, Information Technology organization management later agreed that Final Integration Testing would not have verified the accuracy of the FA-DDX system prior to deployment.

IRS document standards require that data specifications be created for data structures. Data structures consist of all files, records, groups, and items used by a system. The data details must be defined in a data dictionary. Because the project team did not use a SCAP data dictionary, employees did not understand or identify the correct data element, which may have led to confusion during the development of the FA-DDX system and implementation of an incorrect business requirement. In addition, we determined that the IRS does not have a SCAP data dictionary. Without a reliable data dictionary, the IRS cannot ensure that programming errors are avoided during system development. Further, the business and financial needs of the Department of Education and its stakeholders cannot be met if the IRS discloses incorrect FTI.

The IRS's data repositories are complex, voluminous, and fragmented. In addition, highly sensitive taxpayer data must always be secure. As of May 2025, the IRS's current information technology production environment consisted of over 700 business applications, over 40 external systems, and over 70 external data sharing partners, such as other federal and state government agencies. It also includes nearly 3,000 interfaces, key application development attributes, and information related to Privacy and Civil Liberties Assessments. In addition, the IRS had 335 legacy systems as of December 2023. This environment poses unique challenges for developers working to establish accurate and secure data sharing agreements. The IRS's

inaccurate data exchange using the FA-DDX system's API represented a fraction of taxpayers and was limited to FTI related to education.

The March 2025 Executive Order, *Stopping Waste, Fraud, and Abuse by Eliminating Information Silos*, aims to remove barriers and promote inter-agency data sharing. This may increase the frequency and volume of data sharing between the IRS and other agencies. We believe it is important that lessons learned from the FA-DDX system's inaccurate data exchange inform similar future agreements to help prevent the transfer of inaccurate taxpayer data. For example, the Secretary of the Treasury, on behalf of the IRS, recently entered a Memorandum of Understanding with the Department of Homeland Security on behalf of the U.S. Immigration and Customs Enforcement, to share tax information for non-tax law enforcement purposes.

There is also a proposal for the IRS to abandon its current modernization efforts in exchange for attaching a unified API to existing IRS systems. However, senior IRS officials are raising concerns with this proposal. Some noted that using APIs to extract and aggregate data from its entirety, *i.e.*, out of context, increases the risk of users drawing erroneous conclusions, and others expressed privacy concerns. Should the IRS accept this proposal, the complexities of the current information technology production environment require that the system experts are involved to ensure that tax return data and its categorization are deconflicted. We plan to continue performing reviews in these areas because such data sharing agreements and API initiatives could have potentially profound consequences.

Performance of This Review

We conducted this review in accordance with the Council of the Inspectors General on Integrity and Efficiency *Quality Standards for Federal Offices of Inspector General*. Those standards require that the work adheres to the professional standards of independence, due professional care, and quality assurance and follows procedures to ensure accuracy of the information presented. We believe that the evidence obtained provides a reasonable basis for our findings and conclusion based on the objective of our review.

Appendix I

List of FTI Data Elements from the Interface Control Document and the Computer Matching Agreement

1. Social Security Number or Taxpayer Identification Number.
 2. Tax year.
 3. Last name.
 4. Filing status code.
 5. Adjusted gross income amount.
 6. Total number of exemptions.
 7. Total number of dependents.
 8. Income earned from work, *i.e.*, sum of wages, farm income, and Schedule C, *Profit or Loss From Business (Sole Proprietorship)*.
 9. Total amount of income taxes paid.
 10. Total allowable education credits.
 11. Sum of untaxed individual retirement account contributions and other payments to qualified plans.
 12. Total amount of untaxed IRA distributions.
 13. Tax exempt interest.
 14. Total amount of untaxed pensions and annuities.
 15. Net profit/loss from Schedule C.
- Indicator of filing for:
16. Schedule A, *Itemized Deductions*.
 17. Schedule B, *Interest and Ordinary Dividends*.
 18. Schedule D, *Capital Gains and Losses*.
 19. Schedule E, *Supplemental Income and Loss*.
 20. Schedule F, *Profit or Loss From Farming*.
 21. Schedule H, *Household Employment Taxes*.

Appendix II

Management's Response to the Draft Report



CHIEF PRIVACY OFFICER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

June 5, 2025

MEMORANDUM FOR DIANA M. TENGESDAL
ACTING DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: John J. Walker
Acting Chief Privacy Officer

John J.
Walker

Digitally signed by John
J. Walker
Date: 2025.06.05
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SUBJECT: Management Response -The IRS Transferred Incorrect Federal
Tax Information to the Department of Education (Review No.:
202420S024)

Thank you for the opportunity to respond to the above-referenced project report. We appreciate the TIGTA audit team's engagement with IRS leadership to ensure the report accurately reflects the facts related to the release of incorrect data, specifically the amount of the education credits claimed by taxpayers completing the Free Application for Federal Student Aid (FAFSA) form to the Department of Education (ED) and the subsequent actions taken by the IRS.

IRS took swift action to correct the data discrepancy. The accuracy and protection of taxpayer information provided to another federal agency to determine eligibility for a non-tax benefit program is a high priority for the IRS. From initial notification of a potential data discrepancy, we investigated, confirmed, and deployed a fix within 8 days which permanently corrected the education credit value. A subsequent release 4 days later, met ED's request for an update to provide tax data only from the original tax return as filed with the IRS. Following well-established application development and testing procedures, IRS will ensure a similar situation will not re-occur. We strive daily to improve processes and maintain the public's confidence in our stewardship of their data.

We value our on-going partnership and data exchange collaboration with ED, which provides the tax information needed to award financial aid and assist millions of students and families to obtain funding for higher education at our nation's schools, universities and vocational programs.

If you have any questions, please contact me or a member of your staff may contact Brytten Rice, Acting Governmental Liaison, Disclosure and Safeguards Director, at 763-347-7366.

Appendix III

Glossary of Terms

Term	Definition
Actual Education Credit	Computed by adding the refundable and nonrefundable education credit amounts. The refundable education credit amount is entered on Form 8863 line 8 and reported on Form 1040 line 29. The nonrefundable education credit amount is entered on Form 8863 line 19 and reported on Form 1040, Schedule III, and line 3.
Application Programming Interface	A set of routines, protocols, and tools referred to as “building blocks” used in business application software development.
Award Year	A school year for which financial aid is used to fund a student’s education. This is the 12-month period that begins on July 1 of one year and ends on June 30 of the following year.
Computer Matching Agreement	Written agreements that federal agencies are required to enter with other federal or non-federal agencies before disclosing records, <i>e.g.</i> , FTI, for use in computer matching programs.
Data Dictionary	Describes the meaning and purpose of data elements and provides guidance on interpretation, accepted meanings, and representation.
Data Element	The smallest named item of data that conveys meaningful information or condenses a lengthy description into a short code.
Disclosure	The making known to any person, in any manner, a return or return information.
Enterprise Life Cycle	A standard approach to manage and implement business change through information systems initiatives. The Enterprise Life Cycle provides the direction, processes, tools, and assets necessary to accomplish business change in a consistent and repeatable manner.
Federal Student Aid	Federal grants, loans, and work-studies that are used to pay for college or trade school.

**The IRS Transferred Incorrect Federal Tax Information
to the Department of Education for Federal Student Aid**

Federal Tax Information	Consists of federal tax returns and return information (and information derived from it) that is in an agency's possession or control, which is covered by the confidentiality protections of the Internal Revenue Code and subject to the § 6103(p)(4) safeguarding requirements including IRS oversight.
Final Integration Test	A system test consisting of integrated end-to-end testing of mainline tax processing systems to verify that new releases of interrelated systems and hardware platforms can collectively support the IRS business functions allocated to them.
Individual Master File	The IRS database that maintains transactions or records of individual tax accounts.
Individual Return Transaction File	A database maintained by the IRS that contains information on the individual tax returns it receives.
Integrated Data Retrieval System	An IRS computer system capable of retrieving or updating stored information. It works in conjunction with a taxpayer's account records.
Interface Control Document	A technical document describing interface controls and identifying the authorities and responsibilities for ensuring the operation of such controls. This document is baselined during the preliminary design review and is maintained throughout the information system life cycle.
Live Data	A form of Sensitive But Unclassified data that includes taxpayer information, tax return information, live employee data, and other sensitive information. It is production data in use. Live means that when changing the data, it changes in production. The data may be extracted for testing, development, <i>etc.</i> , in which case, it is no longer live.
Programming	The process of developing instructions, or code, for a device to accomplish tasks or solve problems. Programming involves not just writing the code, but testing it, troubleshooting it, fixing it, and updating it.
Record Layout	Describes the type of record, its size, and the type of data contained in the record.
Standard Corporate Files Online Access Protocol	A real-time application that was developed to standardize Corporate Files Online system access and formats for various systems. The Corporate Files Online system provides access to Individual and Business Master File data, Individual Return Transaction File data, and various other related data collections.
Student Aid Index	An eligibility index number that educational institutions' financial aid offices use to determine the federal student aid a student will receive.
Synthetic Data	Data that does not contain Sensitive But Unclassified data; however, it imitates data as it appears in an actual taxpayer's file and does not require the submission of a Sensitive But Unclassified Data Usage and Protection request.

**The IRS Transferred Incorrect Federal Tax Information
to the Department of Education for Federal Student Aid**

Tentative Education Credit

A computed value for the American Opportunity Credit on Line 30 of Form 8863, which is subject to changes by the IRS based on whether related thresholds are met.

Appendix IV

Abbreviations

API	Application Programming Interface
FA-DDX	Fostering Undergraduate Talent by Unlocking Resources for Education (FUTURE) Act – Direct Data Exchange
FAFSA	Free Application for Federal Student Aid
FTI	Federal Tax Information
FUTURE	Fostering Undergraduate Talent by Unlocking Resources for Education Act of 2019
IDRPR	Income-Driven Repayment Plan Request
IRS	Internal Revenue Service
SCAP	Standard Corporate Files Online Access Protocol
TIGTA	Treasury Inspector General for Tax Administration



**To report fraud, waste, or abuse,
contact our hotline on the web
at <https://www.tigta.gov/reportcrime-misconduct>.**

**To make suggestions to improve IRS policies, processes, or systems
affecting taxpayers, contact us at www.tigta.gov/form/suggestions.**

Information you provide is confidential, and you may remain anonymous.