

*Michelle Brown:* Good morning. I'm Michelle Brown, and again, on behalf of Federal Student Aid, I'd like to welcome you to our 2010 Fall Conference and the Application Processing System update.

When I was preparing for this morning's session, I was thinking about what would be a good icebreaker. And just like Bill, I've kind of gravitated toward the Disney thing, but then trying to figure out how I could bring that back to today's topic. So how about the simplified FAFSA is going to be "Zipadeedoodah". And you gotta help me get out in front of those Day 3 guys. You wouldn't want to go through a course of "It's a Small World" would you?

So let's just get on with today's topics. I did want to tell you that I am very excited about the changes that we're making for the 2011-2012 FAFSA. We've had an opportunity to listen to customer feedback, to listen to input from you guys. And I hope that you will agree that the changes that we've made will be crucial in assisting our customers in completing the FAFSA.

Today's topics, I'm going to be just covering some application processing statistics. I'll, again, go over the 2011-2012 changes for FAFSA on the web. Also talk about a few data element changes for 2011-2012, and then talk about some application resources that we will be making available through \_\_\_\_\_. This presentation will be posted to \_\_\_\_\_ at the conclusion of today's session.

As Bill indicated yesterday for the 2009-2010 processing cycle, we processed over 20 million applications, and that had represented an 18 percent increase over the 2008-2009 cycle. The chart that you see not he screen provides a comparison of the 2010-2011 applications through mid-November as compared with the same timeframe for 2009-2010. As you can see, we have processed approximately 18.6 million applications, and that represents an 11 percent increase over the previous processing cycle.

I know that there are many factors that influence a student's decision to seek financial assistance, but I would like to think that the changes that we have been making from year to year have contributed to making that process easier for our applicants.

As you heard from Bill yesterday and the Assistant Secretary Ochoa and Deputy Secretary Miller, at the department, we have unified around the president's goal to make the United States the country with the most graduates in the world in – by 2020.

Because financial assistance is vital for so many Americans, we take our role in managing the FAFSA very seriously as we know that the FAFSA opens the door to the much-needed assistance that students need in pursuing their education.

So now I'm going to cover the changes that we've made to the 2011-2012 FAFSA on the web application. For this processing cycle, we had four goals. Those goals were to develop a more intuitive web application, one that is more consistent with what our applications experience on commercial websites and with commercial web services.

We wanted to integrate our web functionality, expand the functionality, look and feel and the navigation that was introduced with the 2010-2011 application entry. In addition, we wanted to continue to provide access to the IRS tax information, and our real goal threw as to see if we could start to provide that access sooner.

And finally, we wanted to decrease redundancies in the application process by allowing students to leverage data that they provide on the FAFSA to use for other financial aid purposes.

So we started with the FAFSA on the web homepage. You see on the screen our current homepage, and I think the image that we were trying to project was that completing the FAFSA was easy as 1-2-3. But what we heard from students was perhaps not so much. *[Laughter]* I think that they were challenged by the 13 options from the FAFSA homepage, and then trying to understand where they were in the application process and then which of those options they needed to select.

We have simplified the options and so now you'll see our new homepage design. By simply clicking the "start here" button, applicants will be able to start a new application. They'll be able to continue with a saved application. And they'll be able to make updates and corrections. In addition, we're providing to the homepage relevant tools and resources.

You see the FAFSA on the web homepage. We're providing access to debt line information, also access to a search utility. Using this utility, applicants will be able to enter their state of legal residence, and then they'll be able to get relevant filing deadlines for the states in which they are residents of and have general information about institutional specific deadlines.

In addition, we have provided all of our FAFSA filing options on

one page. Previously, if students wanted to access the PDF versions of the FAFSA, that information was housed at FederalStudentAid.ed.gov. Now, from one page, they will have access to relevant PDF files. They will also be provided information about how to obtain the traditional paper FAFSA.

We've consolidated all of our help options, so at the click of a button, customers will understand how they can contact us at Federal Student Aid and receive services. From this option, we display our live help. Also, information to provide access to the Federal Student Aid information center and our email information, including relevant hours of operation.

Also, from the homepage, we're going to be providing a school search utility. Included in this utility, they will be able to see all of the information for the schools they are interested in attending. They'll have access to the college's website, the school type, tuition and fees, net price average and including the graduation and retention – and transfer rate information that we've been providing for several years now.

In addition, there will be a compare feature. So students and parents will be able to line the schools that they are interested in attending up side by side and then be able to make a visual comparison of relevant information. Additionally, we will provide a link to the college navigator site, so students will have access to more comprehensive school information.

In addition to the changes that I've discussed so far, we're also providing access to our new and enhanced FAFSA4caster. I'm sure you'll remember when we first launched FAFSA4caster, we had pretty much leveraged the existing code for FAFSA on the web. While many students and parents liked the ability to be able to have early estimates of eligibility of aid, many of them indicated that they did not want to provide so much of their information to be able to get those estimates.

So we have dramatically simplified FAFSA4caster. This redesign includes fewer questions and more assumptions. We will still provide an estimated EFC, including federal grant, loan and work study amounts.

Again, as I said with FAFSA4caster, we will be providing more assumptions, so based on income reported, the assumptions will include amounts for untaxed income, additional financial information and asset net worth. Applicants will have the ability to

change or update the asset net worth if they believe the amounts do not accurately reflect their circumstance.

At the end of the FAFSA4caster, each of the applicants will be presented with a customized results page. Again, the federal grant, loan and work study amounts will be displayed, but students will have the ability to enter other forms of financial assistance that they may receive. This way, they can have a picture of the full complement of aid that would be available to offset their cost of attendance.

So now just kind of moving into the FAFSA functionality. Currently, depending on what kind of function the student wants to access, there are seven different login options. Now, all of these options will be consolidated into one login. So once someone clicks the “start here” button and navigates to the login, this is the information that each applicant will be asked to provide: their last name and first name, their Social Security number and their date of birth.

This information, you know, we just started to think about the information that we had available to us and how we could use that information to provide a more customized experience for the applicants. Basically, once they login to our systems we know a lot about them. We know whether or not they’re a new applicant and if they’ve never filed a FAFSA before. We know if they previously filed and if they would perhaps be eligible to use our renewal FAFSA process. We also know whether or not they had saved the FAFSA and whether or not they would be coming back to basically update that FAFSA, sign and submit.

So now from one simple login, our applicants will be – will navigate to what we have developed as a customized My FAFSA Page. From this page, the applicants will have information that will assist them in more accurately navigating the application process. So for the example you see on the screen, this is what the new applicant would see. Of course, we would prevent for them the opportunity to launch into the relevant application year.

So in this example, it shows two application cycles that would be going on. So again, we would provide them the opportunity to start a 2011-2012 application. And if in this circumstance, the applicant had not yet applied for the 2010-2011, they would have the opportunity to do that as well.

What will be consistent on each of the My FAFSA pages will be

the applicants PIN status. We know this is a critical piece of information. They would be able to know whether or not they had a Federal Student Aid PIN, the status of that PIN, and also, if necessary, apply for that PIN or retrieve a duplicate of their existing PIN.

The next page is what the experience would be for a renewal applicant. So, again, this applicant, we know that they previously applied for 2010-2011. So if they desired, they could make up \_\_\_\_\_ changes to the 2010-2011 application, or they could have access and be able to submit a new 2011-2012 application. Again, we provide the renewal option where they would have access to the pre-populated application, or if for some reason they wanted to start over, they could merely click the button and start a brand new application.

Again, the PIN status flows across all of the My FAFSA pages.

What you're seeing on this screen now represents what someone would see if they had submitted an application and it had been processed. So you see the messaging is the current application status is processed successfully. Here, an applicant would be able to view their processed results. So, again, they could click and be able to see a PDF version of their student aid report.

In addition to viewing their processed results, they would be able to make corrections or view their correction history. And, again, we're providing some additional information. Students will be able to see the date at which they submitted their original application, in addition to the dates of any updates or corrections that have been submitted.

The one other good feature I think is the student will be able to see who actually submitted those updates to the application. Generally, those updates would be done by a student, but if they had come to the financial aid office and had requested your assistance, and you had made those updates on behalf of a student, they would be able to see that.

And then, infrequently, at Federal Student Aid, there are times when we do some reprocessing. I think a good example would be when the Pell tables are updated, and sometimes those are done after January 1 when we typically launch the new application. And so if, for example, we had done some reprocessing because the Pell amounts had changed, they would be able to see that the changes had actually be system generated or performed by Federal Student

Aid on behalf of the student.

What you see on the next screen is an example of the student's transaction history. So if a student had multiple transactions, they would be able to view that transaction history. From this listing, they'd be able to select any one of the transactions, use that transaction to make a correction or an update or to view the processed information.

In addition, from this screen, we will be providing students access to the National Student Loan Data System, in case they wanted to be able to see their financial aid history.

We have totally – well, the next screen that you're seeing here is one where a student's application was processed but corrections were required. So an example is showing a student, a dependent student. They submitted their application, but the application was submitted without parental information. We are providing them messaging about what they would need to do to be considered for an unsubsidized direct loan. Also letting them know that they should consult with the financial aid office, or they could come back and make updates or corrections to their FAFSA to include the parental information.

So to our corrections module, last year when we made our enhancements to the system, we had mostly focused our efforts around application entry, when students would be submitting their initial application, and our corrections module was pretty much untouched. For this cycle, we have updated corrections to align with the enhancements that we've made to application entry.

So for 2011-2012, we're including the look and feel, the navigation. We've included the help and hints, all of those features that were applied for entry for last cycle. We've also added some visual cues that will help the students understand the parts of the application that we want them to pay attention to based on their processed results.

So you'll see along the navigation bar we have a couple of exclamation points. This means that these are areas that the student needs to go and kind of look at the data, look at the information that's provided, make any appropriate updates or changes.

If someone were to receive kind of a red X in one of those sections in the navigation bar, we process their information and believe that

they are errors that need to be corrected.

You'll see in this slide where the financial information is listed, there is a kind of a little green box, and that will indicate that the students have downloaded their information from the Internal Revenue.

Just a little information about the IRS data retrieval. You know that we implemented that functionality in January of last year for the 2009-2010 application cycle, so applicants had approximately six months to take advantage of the IRS data retrieval tool. This past September 26, we launched the functionality for the 2010-2011 application cycle. And now for the 2011-2012 cycle, we will be launching the IRS on January 30. So for the '11-'12 cycle, applicants and their parents will have 17 months in which they could go out, access their information from the IRS and then pre-populate that tax information back into the FAFSA.

So how many of you have actually seen student records where they have downloaded the information from IRS? So I hope that process is working as we thought it would. I think we've heard a lot of positive feedback from applicants that they don't have to go around searching for their tax records. If they indicated that they have filed their taxes and meet the other eligibility criteria, they simply need to click on the link, move over to the IRS and then download that information.

Again, that IRS data retrieval will be available in the initial application and in corrections, and we will offer the link in both in English and Spanish translation.

Again, those that are able to successfully authenticate, they will be able to see their relevant tax information. For electronic filers, they will be able to have access to their information in one to two weeks, after they had filed their taxes electronically. And for paper tax filers, they will have access to their information in four to six weeks.

Just to review quickly, the IRS flags that will appear on the \_\_\_\_\_. The double zero is for applicants that were not eligible to be transferred over to the IRS, so they did not meet the eligibility criteria. Just in summary, that criteria was they had to indicate that they had filed the relevant tax return, that they had not filed a foreign tax return, they had not reported a marital status change in the last year, and we do not recommend the use of the tool for applicants or parents that have – that were married and filing

separately.

The 01 are student and parents that went over to the IRS but no data was transferred back into the FAFSA. The 02, and I think this is kind of the good code, if there is such a thing, the student and parent transferred back from the IRS, but that data remained unchanged once it had been transferred.

The 03, the data was transferred from the IRS, but one or more of the data elements were changed in application entry. And then the 04 is that the applicant or their parents had transferred data from the IRS and one or more of those elements were subsequently changed in corrections entry. So, again, if you have students or parents that have transferred the data on the \_\_\_\_\_, you're going to be looking for the 02. They transferred their data, and those data elements remained unchanged as they proceeded through the remainder of the application.

So, finally, our fourth goal was about reducing data redundancy. You may be aware that currently, for New York State applicants that are applying to the New York Tuition Assistance Program from our FAFSA confirmation page, they have the ability to transfer relevant FAFSA data into the New York State application.

We recently issued a notification of interest to states inviting them to participate in a similar process. The basic criteria was that the state needed to have an online web application, and they needed to be able to fund any changes or enhancements to their system that would support the deployment of this application programming interface.

I can report that we received notification of interest from approximately 17 states, and we're aggressively working with about three of those states that hope to be able to enable this functionality by our January 1 deployment.

Now, I want to cover just a few data element changes. Again, I want to remind you that much of what we do is driven by customer feedback. The work is, for us, about a lot more than just the number of questions on a form. It's really about a user experience and how we deliver that. I encourage you to join us in the PC lab. We have staff and resources there that you'll have an opportunity to see these changes on a prototype of the '11-'12 application system, and we welcome your feedback.

This is very similar to what we did last year. We had a lot of



participation, a lot of interest in seeing the updates. We received a lot of valuable feedback. I must be honest that we are pretty far along in the development process, but we definitely maintained that feedback. And as we look year to year to make changes to the system, to understand some tweaks or things that would improve the customer experience, we do go through all of that feedback and do a prioritization of those things that we would – that we can commit to doing that we believe would have a benefit to our customers and a positive impact on their overall application experience.

So just a few data element changes. For this year, we will be adding the high school question. So for students that indicate that they have completed – that they have received a high school diploma, and if they enter a zero or a one as their attendance status, meaning they're a freshman more than likely or that they have attended some college, they will be presented with a new high school question. We will be asking them to enter, from a dropdown list, the name of their high school, the city and the state.

And we will be providing access to lists that are maintained by the National Center of Education Statistics and understand no good lists, no bad lists, and these are just a list of schools, both public and private, that have sort of registered with the dept. For this first year we're not asking financial aid administrators to take any action based on this information. I will tell you that the interest in collecting this information is around trying to see whether or not there is any pattern around diploma \_\_\_\_\_.

So, again, this information will be provided on the \_\_\_\_\_, and you're not being requested to take any action based on the information at this time.

We've also made a revision to what had been the loan and work study question. We've removed the reference on asking students if they are interested in receiving federal student loans, and we've only maintained the portion about interests in federal work study. We know that this is more or less kind of a first come, first serve, and work study funds are limited at most campuses. And so we know that students would benefit from providing that information sooner rather than later.

Based on departmental guidance, we have removed two questions. One is the enrollment status question and the teach grant question.

The next couple of slides provide some updates or clarifications to

instructions based on legislative or other changes. And this example for untaxed income, letting you know that applicants should provide any funds that they receive from the first-time homebuyers tax credit and also report the first \$2,400.00 of unemployment benefits received.

This – for education credits, students should also indicate whether or not they have received an American Opportunity credit in addition to Hope and Lifetime Learning credits.

The next one is just a clarification on where they can locate earnings from work.

The next slide is just a clarification. We have updated the definition of eligible noncitizen to notify – to clarify that the Department of Health and Human Services issues designation letters for victims of human trafficking.

And finally, we have also removed any reference to the Academic Competitiveness Grant and the Smart Grant Programs. *[Applause]* You surprise me by the things you like. *[Laughter]* But I will tell you these could come back. These two programs are still in existence, but it just happens that they were not funded beyond the 2010-2011 year.

In addition, all parents that would be applying for a Plus loan, their students need to complete the FAFSA. We did not see this as a pretty dramatic – as a dramatic change. I think as it is, 98 percent of those parents who receive a Plus loan, their applicants already file a FAFSA, so this is not a huge change.

Finally, I wanted to just go over a few resources that we want to make available to you. Jennifer asked us, you know, as we were making these changes around the FAFSA that we make available some communication resources. And so the team has developed some tools that we hope that you can use as you go out and work with students and families around applying for financial aid and the financial aid process.

One of the things that we developed is an overview of the changes. All of these resources will be posted to \_\_\_\_\_ probably in the next week or so. We provided kind of an at-an-glance of a 2011-2012 enhancements. We provided a PowerPoint. I'm always amazed at the number of people that will contact Marilyn or me and ask if they can have copies of our PowerPoint presentations. They want to use them as they're doing their training. So we

provided, I think, around a 15-page deck, so, again, you can include that in some of your other presentations and have kind of real-time information about the changes or enhancements that we've made to the FAFSA.

And lastly, we've created some updated web banners. I know from many of your school sites, you have links to FAFSA on the web. And so on the next slide, you'll be able to see what some of those web banners look like. And we would encourage you, wherever possible, to kind of display those banners and help students to be able to successfully navigate it to FAFSA.gov and be able to complete and submit their FAFSA.

Some other resources that we have available, as always, our Federal Student Aid Information Center. They can be contacted by calling the 1-800-4FEDAID, 1-800-433-3243. We have our Federal – FSA for counselor's site. Just a wealth of information, specifically for counselors that are working with students around financial aid. And we have our free publications. I would encourage you to visit our pubs booth down in the PC lab. Our team has brought an array of publications and would love to have your feedback on those publications and the usability of them with the students and families that you work with everyday.

In addition to today's session, I'm also participating in the simplification behind the scenes. Some of the feedback that we received last year was that people wanted to have more insight into the changes, understand the skip logic that we've invoked on FAFSA on the web. So we will be going through that information at a level of detail, and we would welcome any questions or feedback that you would have during that session. Today's session is at 1:45 in Northern Hemisphere C.

I would ask you to join me in thanking the staff. We just had a tremendous staff back at Federal Student Aid that works on all of these changes. *[Applause]* I think, you know, again, we work very hard to kind of pour through our customer feedback, to work with the financial aid community, to understand changes or enhancements that our customers will benefit from. And we can't get it done without you, so I want to thank you as well.

I thank you for your attention today, and so now I'm going to turn it over to Jody, and she'll complete the session. Thanks a lot.

*Female:*

Thanks, Michelle. Good morning and thank you to all of you for joining us for the application processing update today. I'm going

to switch gears and talk about the 2011-2012 changes we'll be making to the application products that you as financial aid administrators use on your campuses to manage the application process. Many of the changes are in response to the changes we're making to the FAFSA that Michelle has just described, but some of them are driven by legislative changes and also departmental initiatives, so I'll try to identify the drivers of the changes as we go through the materials today.

I'm going to start by reviewing the changes we're making to FAA Access to CPS online, and then I'll cover the '11-'12 changes to the Central Processing System, or CPS, where we'll discuss changes about the need analysis and edits. Then we'll look at some changes we're making to the Institution Student Information Record, or the ISIR, and talk about some new flags, some new fields, and some new field values that you'll be seeing in the upcoming processing year.

And I think most of you are aware that we began conducting a match with the Department of Defense this past May, and I want to give you an update on how that match is going. And also to remind you about what to look for on the ISIR to ensure that those students are receiving all of the aid that they're eligible to receive.

Then I'll wrap up with some information about active confirmation with our participation management system, and then share with you some changes that we're making to the user documentation based on some feedback we received from you from last year.

I don't plan to go through it all today, but at the end of this handout for this session that you'll see posted on \_\_\_\_\_, you'll see a number of slides that list some important dates and relevant publications that you'll want to become familiar with before you begin processing for '11-'12.

So let's look at some changes we'll be making in FAA Access. As you all know, FAA Access is a web product that's been designed specifically with your needs in mind. You can use it to enter and submit FAFSA data on behalf of your students or make electronic corrections. And it can also be used to help you verify FAFSA data by using the verification tool, which is also part of the product. And from FAA Access, you can also get to the return of Title IV website and the ISIR analysis tool.

So if you don't currently use FAA Access or if you do use it but you don't use all of the functionality, I would encourage you to go

to the PC lab, not all at once, but to get a little more information about how to use that tool a little more effectively. It's a powerful tool. It'll help you be more efficient in your offices.

Okay. Let's look at some changes that we're making.

To maintain consistency between FAA Access and the changes Michelle – like the changes Michelle just discussed, we'll be deleting the enrollment status question, and we'll also be deleting – completing teacher coursework question from FAA Access, and we'll also be modifying the question wording that asks the applicants the type of aid that they'd like to be considered for in '11-'12 by removing the references to loans.

And as Michelle mentioned, in '11-'12, we'll be asking first-year applicants who say they have a high school diploma to report on their FAFSA the name of their high school and the city and state from which they graduated.

So beginning in '11-'12, in FAA Access and corrections entry, you'll see these three new high school questions. FAA Access isn't going to require that you enter the data, but if it's provided to you, for instance, if the student provides you with the paper FAFSA and they've provided the information, we encourage you to provide it. Please note though that you should only enter this information if the student indicates that they're a first-year student and that they have a high school diploma. That said, there's not an edit in FAA Access that would prevent you from entering that data.

And when you're reviewing the processed FAFSA information in student inquiry, you'll also see the new high school field code – or, I'm sorry, you'll see the new high school code field, and you'll also see a new flag called high school flag. And I'll be describing that in a little more detail we talk about the ISIR section of this presentation.

The last thing on this slide I want to discuss is the asset threshold screening question, which will allow some parents of dependent applicants and some independent applicants to skip answering the asset net worth questions. So now let's look and see how FAA Access is going to answer that new question.

First, it might be helpful for me to explain how the new screening question is going to work in a little more detail. In FAFSA on the web, if a student isn't eligible for the simplified needs test or the automatic zero EFC and if the student is a legal resident of a state

that allows students to skip answering the asset net worth questions when they're not part of the federal need analysis, we'll present the independent student or the parent of the dependent student with what we're calling the asset threshold screening question.

The asset screening question will ask the applicant or parent if they have assets that exceed the amount of the asset protection allowance, or the APA. In other words, do they have assets that exceed the amount that will be protected, and therefore, excluded from our need analysis formula. The question will dynamically display the amount of the APA for that individual based on their marital status and their age.

So, for example, they might see a question that says, "Do you have assets that exceed \$49,500.00." If the applicant or parent answer that they do have assets that exceed this amount, then we'll display the asset net worth questions to them, and they'll be required to answer them. But if the applicant or student answers that they do not have assets that exceeds this amount, FAFSA on the web will not present the asset net worth questions; and, therefore, the application or parent won't be required to answer them.

What we're trying to do here is to further support the goal of simplification and stop asking applicants and parents to report complex information on the FAFSA that's going to be excluded from the need analysis anyway.

It's important to understand that the asset screening question is only in FAFSA on the web. You'll never see the FAFSA screening question in FAA Access application entry. Instead, just like now, all of the parent and student asset net worth questions will appear, and you'll answer them as you currently do.

What we're doing in FAA Access in 2011-2012, is giving you an easy and convenient way to tell if a parent or an independent student has skipped answer the asset questions because they were presented with the asset screening questions on FAFSA on the web, and they responded to that question by telling us that their assets were worth less than the amount of the asset protection allowance.

So when you start seeing blanks in the asset net worth fields for the application who would have in the past been required to answer those questions, we wanted to give an easy way to know why those fields were blank.

What you'll begin seeing in FAA Access corrections in '11-'12 is the actual screening questions that parents or the independent student was presented when they were on FAFSA on the web. And then you'll also see the applicant's response or the applicant's parent's response to that question, either yes or no. If you see a yes response, you should also see some kind of dollar value, including zero dollars, in the three asset net worth fields because the assets exceed of the APA; and, therefore, was a factor in calculating EFC.

If you see a no response, that means that, one, the parent or independent applicant answered the threshold question that they didn't have assets that exceeded the APA. And because of that, they weren't presented the asset net worth questions for them to answer. These are the cases where you'll see blank responses to the asset net worth questions.

This slide provides information about our demonstration site. The FAFSA on the web and FAA Access demonstration sites will become available later this month. This site allows you to show your staff and students what FAFSA on the web and FAA Access are going to look like in 2011-2012 without having to actually go to the live site. And also, you get a little advanced preview of what the products will look like before they go live on January 1.

By visiting the demonstration site, you'll get a preview of how to complete and submit a FAFSA or a renewal FAFSA application, how to check the status of an application or a correction. And by using the sample PINs, you can also see how to view sample ISIR on – or sample \_\_\_\_\_ data on the web, make corrections and sign electronically. It's an excellent training tool for your staff.

Both the demo sites have this – or both of the demonstration sites have the same URL and also use the same user ID and password that you see displayed on this slide. When you get to the page, simply click on FAFSA on the web or the FAA Access buttons that are at the button of the page, and it'll launch either one of the demo – demonstration websites.

Okay. Let's talk for a moment about some of the changes that we're making in CPS for 2011-2012. First, let's look at a couple of changes we're making to the need analysis. On May 27, we posted in the federal register updates to the '11-'12 tables that will be used for the statutory federal need analysis methodology. This, as you know, is the legislatively mandated formula that the CPS uses to calculate an EFC for an award year.

There aren't a lot of surprises in the need analysis this year, but I did want to call to your attention two important changes. The first change isn't actually included on this slide, but I wanted to call – but I wanted you to be aware that the asset protection allowance amounts will, across the board, be less in '11-'12 than they are in '10-'11. This, of course, does have an impact on the calculation of EFC.

The second significant change is that the automatic zero EFC threshold is increasing to \$31,000.00, up from \$30,000.00 in '10-'11. And as you probably know, we've already posted the EFC formula guide on \_\_\_\_\_ in October of this year, and this guide has all the adjusted tables and the updated worksheets for all permutations of the EFC calculation for '11-'12.

As many of you probably know, the CPS currently applies Reject 1 to students who are not eligible for the simplified needs test but submitted their FAFSA with one or more of the asset questions left blank. In '10-'11, this could have only happened on paper FAFSAs. The web requires answer to all three of the asset questions or all six of the asset net worth questions if the applicant is a dependent.

But in '11-'12, with the new asset screening question, some web filers, as we've just discussed, won't see the asset net worth questions, so they will be blank in our system. So we've modified Reject 1, so that the CPS will not reject applicants who skipped answer the asset net worth questions because they were presented with the asset threshold question, and they answered no as a response to that question.

Several years ago, we implemented an edit on the web and in CPS that compares an applicant's or parent's response to the tax filing status question compared to the amount they showed as reported income. If the applicant or parent indicated that they having will not file a tax return filing status but their income is high enough according to the IRS rules to be required to file a tax return, one of two things happens. If it's a web applicant, they will hit an edit on FAFSA on the web that will tell them they either need to take their tax filing status to filed or will file, or they'll need to adjust their income so that it's less than the IRS income filing requirement.

If it – if they were a paper filer, we gave them a Reject 20 on their record. And in order to eliminate this reject, the applicant would either have to change their answers to their tax filing status or their



income amount, and they would have to submit that as a correction.

For '11-'12, we've adjusted the income parameters to reflect the IRS's income adjustments for the 2010 tax filing year, and these revised parameters will be used to drive Reject 20 in our system.

And the last CPS change I'd like to mention is to our current comment codes 156 and 157. As Michelle mentioned, corrections on the web will now include the IRS data retrieval process. So we've revised the comment text for students and parents who have a will-file tax filing status on their FAFSA to let them know if they've now filed their taxes, they can use the IRS data retrieval tool, which is now part of corrections, to transfer their IRS data into their FAFSA.

All right. Let's go ahead and look at some changes we're making to the ISIR in '11-'12. We posted the '11-'12 ISIR record layout in the EDE Technical Reference in October of this year. And as we do every year, we'll increment the data fields on the ISIR, and we'll also update the cycle year references in the message classes.

And speaking of message classes, we won't be making any changes to them in '11-'12. Once again, the ISIR will be sent to you in a flat-file format, and the ISIR will continue to follow the question order as they appear on the paper FAFSA, a standard format we've been following for many years now.

And also all of the changes we're making to the FAFSA questions will be incorporated into the ISIR with two exceptions. The first exception is that we won't be deleting the ASG data elements from the ISIR, so these data elements will continue to appear on the ISIR, but they will always be blank.

And even though we're adding the asset threshold screening question to the FAFSA on the web and will also be displaying the question in response in FAA Access that we've just discussed, this question and its corresponding response won't appear on the ISIR.

The '11-'12 ISIR will also contain the fields for the new high school question that asks first-year students with high school diplomas to report the name, city and state of the high school they graduated from that we referenced earlier. In addition to seeing these new fields, you'll see two more new fields, the high school flag field and the high school code field.

A blank in the high school flag field indicates that the student or the FAA and FAA Access or the CPS executed a search for the high school and found a match in the NCES high school pick list. A “Y” in this field means that for whatever reason, that the data entered, there was no successful match against the NCES file.

The high school code field will appear on the ISIR, but in '11-'12 you can ignore the field. It's strictly for FSA purposes only. We'll use it to analyze how students are answering the question and then determine if we need to make refinements to that question in '12-'13 or in future years.

The other change we're making to the ISIR is the verification tracking flag. More will be covered on this in the federal update session, but in response to the final program integrity rules, we'll be modifying our approach to the verification selection. Beginning with the '11-'12, we'll no longer be using the current verification scoring process that we've been using to score applicants for verification. Therefore, you'll no longer see numeric values in this field. Instead, you'll begin seeing alphanumeric values, but like the high school code field, this too is for FSA use only, so you should ignore it in your processes.

That said, we're not making any changes to the student is selected for verification flag, just for your information.

Finally, as you know, HEOA legislation set a limit on how much Pell Grant money a student could receive in their lifetime, 18 semesters or the equivalent of 18 semesters as established by the secretary. However, because it's not possible for a student to exceed or even get closer to the limit in '11-'12, you won't see any information about eligibility used on the '11-'12 ISIR. That said, we expect to be passing this type of information along to you in the '12-'13 year.

In the NSLDS section of the ISIR, we'll now have a new loan status code of VA. This new VA value lets you know that Veteran's Affairs has notified FSA that a borrower is totally and permanently disabled. And in response to that notification, we have discharged this student's Title IV loans. Unlike loans that FSA discharges, Title IV loans that Veteran's Affairs discharges are not monitored for three years and will never be reinstated. So we wanted to have a way to let you know that this particular discharge is different for the loans that we at FSA discharge for total and permanent disability.

We've also added a new overpayment flag on the ISIR that will be used to identify students who received an overpayment for the Iraq/Afghanistan Service Grant.

Which is a good segue to our next topic about the Department of Defense match. As you all know, with the passage of the HEOA, students who have lost a parent or guardian in military service to Iraq or Afghanistan may have increased eligibility for Title IV aid.

I'm not going to take the time today to review who is eligible for increased aid and for how much aid they would be eligible to receive because, fortunately, very few college students are impacted by this new provision; and, therefore, very few of you are impacted. And also we've posted a great deal of information already in the past on \_\_\_\_\_ on both the eligibility and operational issues related to this new provision.

But I did want to bring you up to date on some recent activities related to the match. In May, we began receiving files from the Department of Defense that contained information about students who have lost a parent or a guardian in service to Iraq or Afghanistan. We've been matching that file against our records in the CPS database and then sending you the results of the match on the student's ISIR.

We'll be rolling over the automated process that we began using for this match in the 2010-2011 processing year, and we'll continue to send information on the ISIR that you can use to determine whether the student is eligible for an increased Pell Grant or for the Iraq/Afghanistan Service Grant.

The ISIR will contain a DOD match flag that, if set, tells you that a student in the CPS database matched with the DOD file. And it will also include the parent's date of death. But please understand that all this flag is telling you is that there was a match between the CPS and DOD file. The flag does not tell you, or at least it doesn't definitively tell you, that the student is eligible for increased aid. You'll need to determine that based on the eligible requirements.

For example, if an applicant was 24 or older at the time of his parent's death, you'll need to determine whether that student was enrolled in college at the time of his or her parent's death. You can use NSLDS as evidence of enrollment if the student was receiving aid at the time of his parent's death. But even if they don't appear in NSLDS to have received aid, you should follow up with the applicant because it's possible that he or she was enrolled

at the time and just not receiving Title IV aid.

We're not making phone calls to you as the aid administrator like we did during the '09-'10 year, but we will continue to send personal letters from our Chief Operating Officer, Bill Taggart, to the affected students. And even though so few students are affected, you need to ensure that you have procedures that include looking at this flag on the ISIR because it's the only way we have to ensure that these eligible students are receiving all of the aid that they're eligible to receive.

Okay. Let's talk about active confirmation or account validation. For all of us that deal with personally identifiable information, data security is a really big deal for us, for you and for the students that we serve. To ensure that FSA's data is as secure as it can possibly, we now require the primary destination point administrator, or the primary DPA, at every organization enrolled in electronic services with federal student aid to validate that their staff, who have been assigned TG numbers or who have access to our online services are still valid employees and should continue to have access to our applicant data.

We're currently in a round of verification, which needs to be completed by your primary DPA by December 17 of this year. As we've done in the past, we've announced the validation period through electronic announcements and P-messages, so you should be well aware that this activity is going on. We've also sent emails to primary destination point administrators letting them know about the validation process and when it needs to be completed.

And as we get closer to the validation deadline, we're sending email reminders to destination point administrators who have not yet completed the validation process, so there should be no excuses, or no good excuses, as to why this validation process wasn't completed on time.

And also, for your information, we've required validation in the past couple of years, but up until now, the only users that were turned off were NSLDS users if they weren't confirmed by the deadline. This year though, users who have not validated by the deadline will lose their access to all FSA electronic systems and data.

That said, once the DPA does complete the process, access can be restored very quickly, usually within a day. And just as a side note, this – if you're unsure about whether or not you've validated

your TG numbers, you can check in the PC lab. There's staff there at participation management to support that particular question for you.

And also, as another side note, I've received some information from someone in my office that as of November 22, 64 percent of the TG mailboxes have already been validated, and 52 percent of all FSA users have been validated. So we're well on our way.

And before we wrap up, I wanted to make sure that you are aware of a number of listening sessions that we held in 2009 with software developers and also with some financial aid administrators to talk about our user documentation and what we could do to improve it and make it more useful for the people it's meant to serve.

We received some really helpful feedback out of those sessions, and as a result, we've made some changes that I wanted to share with you for the '11-'12 processing year. First, many of you thought that we should combine the three process guides that we've been producing every year into one single guide.

So for '11-'12, instead of having a summary of changes guide, an application processing guide and a school products guide and a student web applications product guide, there'll just be one summary of changes guide. This summary of changes will include some of the information about our school and student products, but in particular it won't have as much school technical information because that information is actually provided in other documentation such as the EDE Technical Reference.

The other thing your colleagues told us that you wanted was for us to create a bulleted list of key changes to our application products so that you could use it as training for your staff, so we've included such a list in the '11-'12 Summary of Changes Guide.

You also told us that you wanted to consolidate information about comments and the comment codes with the database match flag results and resolution information, and we've done that as well.

So please let us know what you think. We appreciate hearing from you and knowing what's working well and where we can make it work better for you. So if you have additional ideas for improvements, please see us in the PC lab.

That concludes our application processing session. Thank you so much for joining us and enjoy the rest of the conference.

*[End of Audio]*