Enclosure B

SUMMARY OF CHANGES TO THE

2002-2003 APPLICATION PROCESSING SYSTEM

Enclosure B contains information about changes we have made to the 2002-2003 Application Processing System. For easy reference, the following is a list of hyperlinks that will take you to the specific topics covered; however, we encourage you to read the entire enclosure so that you are familiar with all 2002-2003 changes.

Schedule for the 2002-2003 Application Processing System

Date	Event
July 2001	Draft 2002-2003 ISIR record layout posted on IFAP and SFAdownload.
August 2001	Action Letter #1 describing changes to the 2002-2003 Renewal Application Process posted on IFAP.
October 2001	Schools began ordering 2002-2003 FAFSAs from SFA's online publications ordering system.
October 2001	2002-2003 SAR and SAR Acknowledgement posted on IFAP.
October 1 – November 30, 2001	Time period for schools to submit requests to have CPS print and mail PIN mailers to eligible Renewal applicants instead of paper Renewal FAFSAs (see 2002-2003 Action Letter #1 for more details).
November 1, 2001	CPS began sending PIN mailers to students: • Whose school requested that we send a PIN mailer instead of a paper Renewal FAFSA, • Who indicated on their 2001-2002 financial aid application that they were a graduate or 5th year undergraduate students, and • Who used the Web in 2001-2002 to apply for aid or correct their application data.
November 2001	Action Letter #2, describing 2002-2003 changes to EDSuite/EDExpress software, posted on IFAP.
November 2001	Distribution of paper 2002-2003 FAFSAs to schools began.
November 15, 2001 – January 9, 2002	CPS prints and mails paper Renewal FAFSAs to students.
November 2001	Revised ISIR layout in 2002-2003 Technical Reference.
November 2001	Federal School Code List mailed.
December 2001	2002-2003 EDExpress for Windows software, version 8.0, with Global, Application Processing, and Packaging modules available on SFAdownload Web site.
January 1, 2002	2002-2003 FAFSA on the Web, Renewal FAFSA on the Web, Corrections on the Web, and Student Access on the Web available to students.

Date	Event
January 1, 2002	2002-2003 FAFSA Express software available to TRIO personnel to download from www.fafsa.ed.gov
January 2, 2002	2002-2003 Central Processing System (CPS) starts up.
January 2002	Guide to ISIRs posted to IFAP.
January 2002	Action Letter #4, describing 2002-2003 changes to ED's electronic financial aid application products, posted on IFAP.
January 2002	Quality Analysis Tool software, version 2.0, available on SFAdownload Web site.
March 2002	2002-2003 EDExpress Direct Loan software, version 8.1, available on the SFAdownload Web site.
March 2002	2002-2003 EDExpress Pell software, version 8.1, available on SFAdownload Web site.
March 2002	FAA Access on the Web enhancements implemented (watch for Action Letter describing enhancements in early 2002).
June 2002	EDExpress Direct Loan Tools, version 2.0, available on SFAdownload Web site.

Central Processing System (CPS)

Schedule for the Central Processing System (CPS)

The Central Processing System (CPS) will start up on January 2, 2002. This start-up date allows us to begin processing both paper and electronic applications as soon as they are received and will enable us to send application results to you sooner.

Institutional Student Information Record (ISIR) Layout

We posted a draft 2002-2003 ISIR record layout on IFAP in July 2001. We have also included the ISIR record layout in the *2002-2003 Electronic Data Exchange (EDE) Technical Reference.* A final ISIR record layout will be posted to IFAP shortly after the system starts up on January 2, 2002; however, we do not anticipate that the final layout will differ from the layout included in the 2002-2003 Technical Reference.

CPS Edits

- **Low Income Edit.** We have modified the existing "low income" edit so that applicants who report that their 2001 income was less than a certain amount will receive a comment on their SAR. The comment will instruct applicants to review the amount of reported income and correct it, if necessary.

    – Independent students will receive comment 021 if their income is less than $1,000 per family member.
    – Dependent students will receive comment 016 if their income is less than $2,000 per family member.

While this is a not a new edit, because the income amounts that trigger the edit have been increased, more applicants will hit the edit in 2002-2003.

- **FAFSA Question 35 (Drug Question) Edits.** We have made no changes to the way we edit Question 35. In 2002-2003, we will continue to set the SAR 'C' Code when the answer to Question 35 is a '3,' a '2,' or is left blank.

- **FAFSA Question 9: Date of Birth.** We will reject applications where the student reports that he or she is 75 years of age or older. However, if the answer to the date of birth question is correct, and the student is 75 years or older, applicants can re-enter the year on their Student Aid Report or Correction on the Web and the CPS will accept the response. We refer to these correctable rejects as "verifiable rejects." This edit will generate verifiable reject A.

- **Comment Codes for all Rejects.** We have created comment codes, and associated comments, for all types of rejects. In the past, only some of the reject reasons had specific comments associated with them.

Database Matches

Again this year, we will not send any transactions resulting from an unsigned FAFSA or SAR (reject 14 or 16) to any of the databases for matching. Once we receive a signed signature page or SAR, or electronic signatures, we will send the applicant's record to the appropriate database matches and notify schools of the results.

Match with Social Security Administration's (SSA) Prisoner's File

We briefly turned on the match with SSA in May of 2001; however, because we received numerous questionable matches with the prisoner file, we decided to suspend the match until we could thoroughly investigate the accuracy of the matches. Once we have completed our investigation, and are satisfied that the match is working as intended, we will go ahead and re-implement the match with SSA's prisoner's file. In the meantime, schools do not need to resolve unfavorable prisoner file matches that they received.

INS Secondary Confirmation Match

We implemented an automated INS Secondary Confirmation Match on August 6, 2001. Applicants who apply as eligible non-citizens, provide alien registration numbers, and who are not verified by the INS primary verification match will automatically be processed at INS for secondary confirmation.

When we receive the results of primary verification back from the INS, the CPS will determine which records have an INS match flag of "N," meaning that the INS could not confirm the student's claim of being an eligible non-citizen. The INS Secondary Confirmation match flag will be set to "P," which means that automated secondary confirmation is in progress.

Generally, within 72 hours after the first ISIR is produced and sent to the school, the INS will send the results of its automated secondary confirmation process to the CPS. The CPS will, in turn, create systems-generated SARs and ISIRs that report to students and schools the results of the automated secondary confirmation process. The SYS

GEN indicator (ISIR field 135) will be set to "I," meaning that automated INS secondary confirmation has been completed.

The following table describes the possible match flag results, reasons for the results, associated comment codes, and guidance for resolving automated INS secondary confirmation match problems. You can find additional information in the 2002-2003 *Guide to ISIRs.*

Immigration and Naturalization Service (INS) Automated Secondary Confirmation Match			
INS Secondary Confirmation Match Flag	**Reason for Results**	**SAR "C" Code**	**Resolution**
P	Automated Secondary Confirmation Process in progress	SAR "C" Code and comment 144	School should wait at least five, but no more than 15 business days for CPS-generated ISIR with results of secondary confirmation. If no response in 15 days, school must begin paper (G-845S) secondary confirmation process.
Y	Automated Secondary Confirmation Process confirmed eligible non-citizenship status	No SAR "C" Code and comment 120	No resolution required.

Immigration and Naturalization Service (INS)			
Automated Secondary Confirmation Match			
INS Secondary Confirmation Match Flag	**Reason for Results**	**SAR "C" Code**	**Resolution**
C	In Continuance – the INS needs to do additional research to determine the applicant's eligible non-citizenship status	SAR "C" Code and comment 105	School is encouraged, but not required, to wait ten business days for another systems-generated ISIR with updated Secondary Confirmation Match flag. If after ten business days the INS is unable to confirm the applicant's eligible non-citizenship status, the school must begin the manual paper (G-845S) Secondary Confirmation process.
N	Eligible non-citizenship status not confirmed	SAR "C" Code and comment 46	School must begin manual paper (G-845S) Secondary Confirmation process.
X	INS needs more information – the INS needs more information before it can confirm the applicant's eligible non-citizenship status	SAR "C" Code and comment 109	School must begin manual paper (G-845S) Secondary Confirmation process.

Corrections When INS Automated Secondary Confirmation Is Still In Progress

It is possible that you or the student will make corrections to a transaction while the INS is still in the process of conducting Automated Secondary Confirmation on that transaction. If we receive corrections for a transaction before Secondary Confirmation has been completed on that transaction, we will send the correction transaction to the INS once again for Primary Verification and, if necessary, Automated Secondary Confirmation. If the first transaction passes Automated Secondary Confirmation, or if the corrected transaction passes either Primary Verification or Automated Secondary Confirmation, the school can award and disburse aid to the student.

Corrections When INS Automated Secondary Confirmation Has Been Completed

If a correction is made to a transaction after the Automated Secondary Confirmation process has been completed and a resulting Systems-Generated transaction has been sent to the school, the INS Match process will depend on the prior results.

- If the results of the secondary match confirm that the student is an eligible non-citizen, the CPS will not send the record through the match again. Likewise, if Primary Verification results show a match value of "Y," the record will not be resent.
- If the student did not pass either Primary Verification or Automated Secondary Confirmation on an earlier transaction, the record will be resent to INS database match.

Manual Secondary Confirmation Process

If the applicant fails Primary Verification and/or Automated Secondary Confirmation, you should confirm that the student's identifiers, especially the INS alien registration number and date of birth, are accurate before you conduct manual Secondary Confirmation (where you send copies of the student's immigration documentation to the INS along with a G845S form).

If any of the student's information is incorrect, you should submit corrections to the CPS before going through the manual Secondary Confirmation process. It is very possible that with the correct information the student will pass Primary Verification.

However, if the student's information appears to be correct, you must conduct manual secondary confirmation as noted in the chart above. If you do not receive a response to the manual Secondary Confirmation request after 15 days, you may then disburse aid to the student provided that the documentation supports his or her claim to be an eligible non-citizen.

Need Analysis

The need analysis offets and Income Protection Allowances (IPA) have been updated for 2002-2003. See Federal Register Notice on IFAP, dated May 31, 2001, for details.

Student Income Protection Allowance

In 2002-2003, the student Income Protection Allowances (IPA) are as follows:

Student Income Protection Allowance (IPA)	
Type of Student	**Income Protection Allowance**
Dependent students	$2,330
Single independent students without dependents other than a spouse	$5,300

Student Income Protection Allowance (IPA)	
Type of Student	**Income Protection Allowance**
Married independent students without dependents other than a spouse, and both spouses are enrolled in postsecondary school	$5,300
Married independent students without dependents other than a spouse, and only the applicant is enrolled in postsecondary school	$8,470
Independent students with dependents other than a spouse	Use the 2002-2003 Income Protection Allowance table to determine the student's IPA (the IPA for independent students with dependents other than a spouse is based on household size and the number of college students in the household).

Renewal FAFSA

The format of the 2002-2003 Renewal FAFSA remains largely unchanged. The changes and enhancements we made to the form are summarized below:

- We reworded questions to correspond with changes made to the 2002-2003 FAFSA (see Enclosure A for details of FAFSA changes).

- The pages have been reordered so that the application opens like a book.

- The form will be pre-populated with much of the data from the applicant's 2001-2002 FAFSA.

- If the applicant is dependent and needs to supply information on the Renewal FAFSA, arrows will print in the student and parental information section directing the student to questions that need to be answered. If the student is independent, arrows will print in the student sections where information is needed, but no arrows will print in the parental section.

- A Drug Worksheet will be included with paper Renewal FAFSAs when the response to Question 35 (Drug Question) in 2001-2002 was blank or a '3.'

- We will roll forward responses to Question 35 as follows:

  - Response of '1' will roll forward as a '1.' A '1' response means that the applicant does not have a drug conviction that affects his or her eligibility for federal aid.

- Response of '2' will roll forward as a '1.' A '2' response means that the applicant has a drug conviction that affects his or her eligibility for federal aid for part of the award year.

- Response of '3' will roll forward as a '3.' A '3' response means that the applicant has a drug conviction that affects his or her eligibility for federal aid for the entire award year and possibly longer.

- Blank responses will roll forward as a blank.

A copy of the Renewal FAFSA and instructions are included with this letter as Enclosure D.

Like last year, the Renewal FAFSA instructions tell students that they can use their PIN to access and file their 2002-2003 Renewal FAFSA on the Web. As explained in 2002-2003 Action Letter #1, posted to IFAP in August 2001, certain students will automatically receive PIN mailers instead of paper Renewal FAFSAs. Please refer to these Action Letters for complete details on the Renewal Application Process.

Note that due to the delay in FAFSA printing, the Renewal FAFSA distribution schedule has changed. Paper Renewal FAFSAs are being mailed to students between November 15, 2001 and January 9, 2002.

Student Aid Report (SAR) and Institutional Student Information Record (ISIR)

Student Aid Report

In 2001-2002, we significantly redesigned the SAR to make it easier for students and their families to use and understand. In 2002-2003, we have continued our efforts to simplify the SAR by making some additional changes and enhancements to the document. A copy of the 2002-2003 SAR is included with this action letter as Enclosure F.

Based on feedback we received from financial aid administrators and students, we have made the following changes to the 2002-2003 SAR:

- We have added the verification asterisk (*) back to the SAR. When students are selected for verification, an asterisk will once again print near the EFC in the upper right hand side of the page. In addition, the asterisk will refer applicants to a comment in the student section of Page 1 telling them that they will be asked by their schools to provide copies of certain financial documents. In addition, the Verification Flag in the "For Financial Aid Office Use Only" section of the SAR will be a 'Y,' indicating that the student has been selected for verification.
- We have added the SAR 'C' Code back to the SAR. Like the verification asterisk, the SAR 'C' Code will once again print near the EFC in the upper right hand side of the page.
- The first comment for the student on Page 1 will indicate whether the SAR was generated as a result of an application (FAFSA or Renewal FAFSA) or as a result of a correction.

- We have simplified the text for many of the comments to make them easier for students to understand.
- Students who receive more than four comments on their SAR will have those comments organized under general headings. The headings are designed to make it clearer to students what they need to do next. The headings we are using are: Comments About Your Information, Issues Affecting Your Eligibility, What You Must Do Now, and Other Information You Need to Know.
- We added a graphic example to the SAR to show what students must do when they wish to delete the answer to a question.
- We have added back to the "For Financial Aid Office Use Only" section of the SAR two need analysis values: (1) Student Income Contribution (SIC), and (2) Parent Contribution (PC).
- We have formatted the SAR Information Acknowledgement so that looks similar to the SAR.
- As noted earlier in this Action Letter, all rejects will now have comments associated with them.

Other 2002-2003 SAR changes:

- The 2002-2003 SAR will be blue.
- We removed the "School Use Only" box from the SAR because FAA Adjustments and Dependency Overrides can no longer be performed on the paper SAR. In 2002-2003, schools must submit FAA Adjustments and Dependency Overrides electronically. [Please note that Dependency Overrides may still be submitted on paper FAFSAs, however.]
- Students who provide their e-mail address on their electronic 2002-2003 FAFSA (FAFSA on the Web, Renewal FAFSA on the Web, EDExpress, and Corrections on the Web) will be sent an email that will include a personal URL linking the applicant to their SAR data on the Web. By clicking on the URL imbedded in the email, and then providing their Social Security Number, date of birth, and first two letters of their last name, students will be able to see their applicant information, including processing results, income and asset information, NSLDS History Information, and SAR comments associated with that transaction.
- The table below summarized the types of SARs applicants will receive in response to their 2002-2003 application.

Type of Application Filed	Email Address Provided	All Signatures Provided	Type of SAR Received
Paper FAFSA or paper Renewal FAFSA or paper SAR	N/A, email address not collected on paper FAFSAs	N/A	Paper Student Aid Report
FAFSA on the Web, Renewal FAFSA on the Web, Corrections on the Web	Yes	Yes	Email with URL/link to SAR data on the Web
FAFSA on the Web, Renewal FAFSA on the Web,	Yes	No	Paper Student Aid Report

Type of Application Filed	Email Address Provided	All Signatures Provided	Type of SAR Received
Corrections on the Web			
FAFSA on the Web, Renewal FAFSA on the Web, Corrections on the Web	No	Yes	SAR Information Acknowledgement
FAFSA on the Web, Renewal FAFSA on the Web, Corrections on the Web	No	No	Paper Student Aid Report
EDExpress Application or Correction	Yes	N/A	Email with URL/link to SAR data on the Web
EDExpress Application or Correction	No	N/A	SAR Information Acknowledgement

Institutional Student Information Record

The ISIR contains all information reported on the FAFSA as well as key processing results and NSLDS Financial Aid History information.

Draft ISIR Record Layout and ISIR Comments

As noted earlier in this letter, we posted a draft 2002-2003 ISIR record layout on IFAP and on our SFAdownload web site in July 2001. In addition, the ISIR record layout is included in the *2002-2003 Electronic Data Exchange (EDE) Technical Reference,* which was posted to SFAdownload in November 2001. The final ISIR record layout will be posted to IFAP and SFAdownload shortly after the CPS starts up on January 2, 2002; however, we do not expect this layout to differ from the version in the 2002-2003 Technical Reference.

To get to the ISIR record layout, go to http://www.ifap.ed.gov, Current SFA Publications, SAR/ISIR Reference Materials, By 2002-2003 Award year. Or, go to SFAdownload at: http://www.sfadownload.ed.gov/docsStudentAidGateway.htm and select 2002-2003 Electronic Data Exchange Technical Reference.

Draft 2002-2003 ISIR comments are available now on IFAP.

Changes to the 2002-2003 ISIR

Because we did not add, delete, or reorder questions on the 2002-2003 FAFSA, we have made minimal changes to the 2002-2003 ISIR. With the exception of the Verification Tracking field (see below under "New Field" heading), the changes we made are to the NSLDS Financial Aid History section.

New ISIR Field

- We added a two-character field to the ISIR called "Verification Tracking." The purpose of this field is to identify the priority of the criteria used to select applicants for verification.

New NSLDS Financial Aid History Field

- We added "Amount" and "Date of Last Disbursement" fields to the NSLDS Financial Aid History section for each of the student's loan records.

Changes to NSLDS Financial Aid History Codes

- We eliminated the FFEL MPN Flag and Lender Code because the data is not yet being provided to NSLDS. When NSLDS begins to receive this kind of data from FFEL lenders we will add the fields back to the ISIR.

- We expanded the NSLDS Postscreening Reason Code to 2 characters. Therefore '1' becomes '01,' '2' becomes '02,' and so forth. We also added additional field values, which are as follows:

06	A loan was discharged
07	A loan has gone out of discharged status
08	Student has a loan from a closed school
09	Student has exceeded subsidized loan limit
10	Student has exceeded combined loan limit, and
99	Other

NSLDS Financial Aid History -- Loan Records

- We reduced the number of detailed loan records from 12 to 6. Students with more than 6 loans will have an additional loan flag alerting the financial aid administrator to go to NSLDS to get a complete loan history, if needed.

Other Noteworthy News

Federal School Codes

A 2002-2003 Federal School Code List was published in November 201 and mailed to postsecondary institutions, high schools, and libraries. Schools can also search for a specific school's Federal School Code on FAFSA on the Web (http://fafsa.ed.gov) , or on one of ED's other web sites (http://ed.gov or http://ifap.ed.gov).

FAFSA Instructions for Pacific Islanders

To be eligible to receive Title IV funds, students must provide a valid SSN on their FAFSA. As in previous years, an exception to this requirement is made for students from the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau. Students from these areas who do not have SSNs may apply for Title IV aid, but they must send their FAFSAs to the following address for special handling:

Federal Student Aid Programs
P.O. Box 4003
Mt. Vernon, IL 62864-8603

Institutions should try to collect as many completed FAFSAs as possible for these types of students and send them together to the above address. When received, the applications will be assigned an identification number and submitted to the CPS for regular processing. These applicants are exempt from the SSN match with SSA.

Assumption Overrides

Beginning in January 2001, operators at the Federal Student Aid Information Center will be able to perform assumption overrides over the phone for paper FAFSA filers. If the applicant data provided by a paper filer hits one or more of the CPS assumption edits, and the CPS "assumes" a value for a question, the applicant can call the Federal Student Aid Information Center and ask the operator to override the assumption and accept the student's original answer. This change eliminates the need for students to submit a paper or web correction.

2002-2003 CPS Mainframe Test System

The U.S. Department of Education is pleased to announce the availability of the CPS Test System for 2002-2003 until January 31, 2002.
The CPS Test System is designed so you can test electronic application and correction data from your system with the CPS, outside the normal CPS production environment. The CPS will provide test files of application records and matching ISIRs for you to use. As an alternative, you can submit and test application and renewal records that you have created. To submit test correction records you have created, you will need to call CPS/WAN Technical Support for record IDs that will process successfully in the CPS Test System.
You may be interested in testing with CPS if you develop your own software or are a software development company supplying schools with software that sends data to, and receives data from, the CPS.
The User Guide, along with CPS-provided input and ISIR data, for the CPS Test System is available at the following URL:

http://extranet.sfa.ed.gov/cio/it_services/initiatives/documentation/

For questions regarding the CPS Test System, please contact CPS/WAN Technical Support at   1-(800)-330-5947, or via email at **cpswan@ncs.com**

References

Customer Service

CPS-WAN Customer Support

Maintained by ED to address questions about CPS processing, EDExpress and Edconnect software, SAIG enrollment, and data transmissions.

1-(800)-330-5947; TDD/TTY 1-(800)-511-5806

Representatives are available Monday-Friday, 7 a.m. to 7 p.m. Central Time.

E-mail: cpswan@ncs.com

Federal Student Aid Information Center

1-(800)-4-FED-AID (1-(800)-433-3243); TDD/TTY 1-800-730-8913

SFATECH Listserve

Maintained by ED to address technical questions and issues about ED's Student Financial Aid systems and software. For more information, see http://www.ed.gov/offices/OSFAP/sfatech/listserv.html.

Student Financial Assistance (SFA) Customer Service Call Center

For Title IV program questions, application processing questions, and for assistance contacting other ED staff.

1-(800)-433-7327

Representatives are available Monday through Friday, 9 a.m. to 5 p.m. Eastern Time.

E-mail address: sfa.customer.support@ed.gov

Documents

We encourage you to review other documents on IFAP for more information about changes to the 2002-2003 application processing system.

- Action Letter #1, August 2001: Describes changes to the 2002-2003 Renewal Application Process.
- Action Letter #2, November 2001: Describes changes and enhancements to the 2002-2003 EDExpress software.
- *2002-2003 EDE Technical Reference*, available November 2001.
- *2002-2003 ISIR Guide*, available January 2002.

SFA Web Sites

- For information about the Department of Education's 2002 Electronic Access Conferences, http://edeworkshop.ncspearson.com
- IFAP web site, http://ifap.ed.gov
- SFA Technical Support web site, http://ed.gov/offices/OSFAP/sfatech
- SFATECH e-mail listserve, http://ed.gov/offices/OSFAP/sfatech/listserv.html
- SFA Download web site, http://SFAdownload.ed.gov

Glossary

The following is a list of common abbreviations and acronyms used in this Action Letter.

ARN	Alien Registration Number
CPS	Central Processing System
EAC	Electronic Access Conference
ED	U.S. Department of Education
EDE	Electronic Data Exchange
EFC	Expected Family Contribution
FAA	Financial Aid Administrator
FAFSA	Free Application for Federal Student Aid
FFEL	Federal Family Education Loans
IFAP	Information for Financial Aid Professionals
INS	Immigration & Naturalization Service
IRA	Individual Retirement Account
IRS	Internal Revenue Service
ISIR	Institutional Student Information Record
MPN	Master Promissory Note
NSLDS	National Student Loan Data System
SAR	Student Aid Report
SFA	Student Financial Assistance
SSA	Social Security Administration
SSN	Social Security Number