I. INTRODUCTION

This guide will assist financial aid administrators (FAAs) in interpreting student information, whether the information appears in a Student Aid Report (SAR), which is a paper output document that is sent to the student; or in an Institutional Student Information Record (ISIR), which is an electronic report that is sent to the institution.

The term ISIR refers to all processed student information records that are sent directly to institutions by the Central Processing System (CPS). SARs and ISIRs contain the same processed student information in different formats.

ISIRs may be records sent to an institution through the Electronic Data Exchange (EDE), the Department's electronic service that allows institutions to send and receive electronic applications, corrections, and payment data with the CPS. ISIRs may also be full-data records on magnetic tape or cartridge that are mailed out on a schedule by the CPS to institutions participating in the Applicant Data Service. 1997-98 Action Letter #3 (GEN-96-19) provided a draft ISIR layout for institutions and state agencies, and 1997-98 Action Letter #4 (GEN-96-20) provided participation agreements for both EDE and the Applicant Data Service. The complete Technical Reference, which includes the most up-dated ISIR record layout, is completed and will be mailed out soon. Please note that since the 1996-97 processing cycle, institutions and state agencies may receive ISIRs either through EDE or through the Applicant Data Service, but not through both.

This *Guide to 1997-98 SARs and ISIRs* explains codes and flags that appear as FAA information on the SAR and ISIR. Each code and flag described in the guide—rejects, database matches, comment codes, and so forth—has the same meaning whether it appears on a SAR or an ISIR. The format for presenting the codes may vary slightly for each type of output.

1997-98 Major Delivery System Changes

FAFSA Express. This software allows a student to enter application data using a computer with a modem, and transmit the completed FAFSA data directly to the CPS using an 800 number. The FAFSA Express software was first distributed in October 1995, and we continue to enhance the program in each successive year. FAFSA Express can be used at locations that request it, such as high schools, colleges, Educational Opportunity Centers (EOCs), or public libraries. Students can also request FAFSA Express by calling 1-800-801-0576 or can download the software from the Department's Web page at:

Certification Statement on Overpayments and Defaults, since the student did not sign these statements on the Signature Page.

Additional enhancements that were made to the FAFSA Express program are detailed in 1997-98 Action Letter #5 (GEN-96-22).

Redesigned SAR

The Student Aid Report (Part 2) was redesigned in 1997-98 to facilitate imaging and scanning. The mockup included at the end of this Action Letter shows the new format. Specifics of the formats of Part 1 and Part 2 will be discussed later.

The SAR Information Acknowledgement has not changed in format. As in 1996-97, the SAR Information Acknowledgement can be used like any two-part SAR or ISIR for purposes of awarding student aid. If students need to correct data appearing on the SAR Information Acknowledgement, the corrections can be transmitted electronically by an institution. Alternatively, the student may request a duplicate of that record (always a two-part SAR) and send corrections through the paper system.

Examples of the 1997-98 SAR and the 1997-98 SAR Information Acknowledgement appear in Appendix F of this guide.

New Reject for Invalid Date of Birth

We added one new reject in the Central Processing System for situations in which the student reported a date of birth that was equal to the current year. Because the National Student Loan Data System (NSLDS) and the Social Security Administration must have a correct date of birth to conduct the database matches, we decided it was necessary to require that the student correct this situation. This will be Reject 4.

Social Security Administration (SSA) Match

We revised the current Reject S to Reject 18, which is a nonverifiable reject. (See Appendix A for more information on reject reasons and codes.) The reject applies only in situations when the reported Social Security Number does not exist in the SSA database. If the SSN reported does belong to the student, then the student needs to follow up with SSA to ensure that the SSA database is updated with correct information. Then the student can submit the SSN again as a SAR or ISIR correction, and the CPS will match again with SSA. To have the database updated, the student must contact a Social Security Administration office. The SSA has indicated that their database is updated on a daily basis with information received from local and regional offices.

If a student receives Reject 18 and realizes that the reported SSN was incorrect, the student may submit a SAR, or electronic correction via the school, to have the new (current) SSN matched again with the SSA and eliminate the reject. Comment 24 advises the student to correct item 8, but a financial aid administrator should keep in mind that in this situation, the original identifiers for the student (the original SSN and first two letters of the student's last name) will not change in the CPS.

Assume Citizenship, if Confirmed by SSA

We have made another change to the 1997-98 delivery system associated with the SSN match. If a student leaves the citizenship question blank on the FAFSA (question 15), but the SSA confirms that the student U.S. citizen, we will not reject the record for blank citizenship (Reject 17). The CPS makes this assumption only when the SSA match flag is "4," indicating a "complete" match, which means the student's SSN, name, date of birth, and U.S. citizenship were all confirmed.

SSA Re-Match for Corrections

Beginning in 1997-98, we will send a student's record for a new match with SSA if the student

makes corrections to the SSN, the first or last name, or the date of birth. A new match flag will be generated and reported in the FAA Information section. Once confirmation of all the SSA match elements has been obtained (i.e., SSN, name, and date of birth all match and U.S. citizenship is confirmed), the SSN Match Flag and SSA Citizenship Flag will be carried forward to the student's 1998-99 Renewal Application, and the SSA match will not have to be performed each year that the student applies for aid. If a student whose match data have been confirmed subsequently attempts to change his or her SSN, the system does not accept the change and generates a comment (comment code #13) advising the student to contact the financial aid administrator for assistance.

When SSA and INS Flags Conflict

Previously, if a student's record was sent to the INS match, the match results would be provided along with any match results from the SSA citizenship match. The SSA does not automatically update its database information when a person becomes a naturalized citizen, and it is up to the student to update his or her citizenship information in the SSA database. Therefore, conflicting match flags between INS and SSA may exist. However, in 1997-98, we will suppress the SSA match flag for INS match records.

SSA Match Results on Correction Transactions

Finally, in 1997-98, we will provide the SSA match results as well as the associated comments and comment codes on all transactions. In 1996-97, the comments and flags appeared on the first transaction but did not carry forward on subsequent transactions. This change will ensure that FAAs are aware of the complete results of the match on any transaction.

Edit for Worksheet #3 Income

During the 1996-97 school year, we revised the way that the system edits the data reported in FAFSA questions 64 and 76 (the amounts from Worksheet #3

on page 12 of the FAFSA instruction book). These amounts represent taxable portions of grants and scholarships, work-study income, educational and living allowances paid under the National Community Service and Trust Act, and amounts paid as child support, all of which are excluded from the EFC calculation. At the beginning of the 1996-97 school year, the CPS made an assumption that when the amount reported as Worksheet #3 income was equal to, or greater than, the student's or parent's total income (AGI plus earned income plus untaxed income) the amount was incorrect and the CPS set that amount to "zero." In many cases, this edit worked as it was supposed to work and correctly targeted data that was misreported.

However, in certain situations, the entire income earned by some students, particularly independent students, was derived from college work-study and the amount reported on Worksheet #3 was, in fact, equal to their total income. During the 1996-97 cycle, we revised the CPS edit that is performed on initial submissions to allow a student to verify the amount in questions 64 and/or 76 by re-reporting the same amount when submitting a correction. If the amount reported was equal to or less than the total income, the CPS would not assume zero on the corrected transaction.

For 1997-98, the edit for Worksheet #3 will remain the same as the revised 1996-97 edit for students. However, for parents' income, the CPS will assume "zero" on the first transaction if the amount reported in question 76 is greater than 90% of the parents' total reported income in FAFSA Section F. The assumption for question 76 will also be suppressed if the amount is verified as equal to or less than total income.

New Edits for Earned Income Credit

In 1996-97, we moved the "Earned Income Credit" from the untaxed income worksheet in the instruction book (Worksheet #2) to the form itself, as new questions 59 and 71. Analysis of 1996-97 data

reported in these fields indicated that the amounts reported on the FAFSA reflected amounts of earned income credit that were not consistent with family size and income. The CPS will perform several edits in 1997-98 to compare the earned income credit reported with family size and income level. If these items appear inconsistent, we will highlight the data and provide comments to the student regarding the inconsistencies (SAR/ISIR comments 166-169 and 176-179).

NSLDS Financial Aid History

For 1997-98, we have added several new flags to provide more detail about the results of matching a student's record with the National Student Loan Data System (NSLDS). The new NSLDS Financial Aid History page mockup (see Appendix C and F) shows the type and extent of information that will be provided when data from the NSLDS is passed through for a student's SAR and ISIR.

Information at the top of the Financial Aid History page indicates whether the student has an overpayment, a defaulted loan, or an active bankruptcy. The CPS will print either "Y" or "N" as an indicator, rather than printing only the "Y." Previously a "blank" meant that an overpayment, default, or bankruptcy did not exist.

The "Aggregate Amount" shown for FFELP/Direct Loans has been expanded to indicate the "Amount Pending Disbursement," which is defined as the loan amount minus the outstanding loan balance, minus any amount cancelled, if applicable.

The Perkins Loan amounts reported will be cumulative amounts only, and no longer report whether loans were disbursed prior to 1987.

In the next section, up to six of the student's most recent FFELP/Direct loans will be reported, and if more loans exist in NSLDS, this section will include a message stating "Access NSLDS for additional loan records."

The last section reports up to six defaulted loans, and again a message will appear to "Access NSLDS for more records" if these exist.

The columns for the "most recent loans" and the "defaulted loans" now give identical information for each loan that is shown, i.e., amount, begin date, end date, GA code, school code, and region code. The column previously headed "Servicer Code" is now headed "Current Holder" and will provide either the servicer code or the lender code, depending upon the type of loan.

New NSLDS Match Flag

In 1997-98, one new flag has been added for the NSLDS Match. This is a match flag of "7," signifying that the student's SSN was found in NSLDS but either the name or the date of birth did not match. Because the student's identity was not reliably confirmed, the NSLDS data will not be passed to the CPS. This match flag will trigger a "C" flag and comment 138 on the SAR and ISIR, and resolution is required.

NSLDS Results Flag

Four flags that give specific details about the results of the NSLDS match will appear in the FAA Information sections on the SAR, the SAR Information Acknowledgement, and the hardcopy ISIR in 1997-98. These flags are not new, but previously appeared only in the ISIR record layout and not on the output documents.

The results flags are as follows:

A flag of "1" means that the reported SSN was matched and confirmed with the NSLDS; NSLDS data were sent to the CPS and will appear on the SAR and ISIR. Schools are responsible for using this information when determining eligibility for Title IV aid.

A flag of "2" means that the student's SSN was found in the NSLDS but the match could not be

on a subsequent transaction needs to be reviewed. In the example above, if the NSLDS data from CPS transaction 01 had been reviewed and used, the FAA would not need to review NSLDS data on the second transaction because the NSLDS transaction number of "01" indicated nothing had changed. The FAA would need to review NSLDS data on the 03 transaction because the NSLDS transaction number of "03" indicated that data had changed from the earlier transactions.

If a student or school requests a duplicate SAR or ISIR, the request is also sent to the NSLDS for matching. If the NSLDS data have not changed, the record will be processed as a duplicate with the same CPS and NSLDS transaction numbers. However, if the NSLDS data are different, the record will be processed as a system-generated correction (Sys Gen = L), and both the SAR/ISIR transaction number and the NSLDS transaction number will be incremented.

Transaction Receipt Date

In 1997-98, we will display the date that a document or electronic transmission is received by a FAFSA processor or the CPS. The input record may be a paper application or SAR or an electronic transmission through EDExpress or FAFSA Express. This transaction receipt date will appear in addition to the "Application Receipt Date," which displays the date that the first application was received. The Transaction Receipt Date will change for each transaction, but the Application Receipt Date will remain constant.

Reprocessing Reason Code

To help FAAs track student records that may require reprocessing during 1997-98, we added a two-digit numeric code in the FAA Information to provide more specific information about system-generated records. If a subset of student records requires reprocessing, for example, because there are changes in the formula or maximum Pell Grant EFC, or problems with NSLDS data, the Reprocessing Code

will appear on the reprocessed records along with the System Generated (Sys Gen = Z) code that identifies a reprocessed batch. This code will be numeric and will be assigned and incremented with each reprocessing. The definition for a code will be available from customer service and announced on the Student Financial Assistance Bulletin Board Service (SFA BBS).
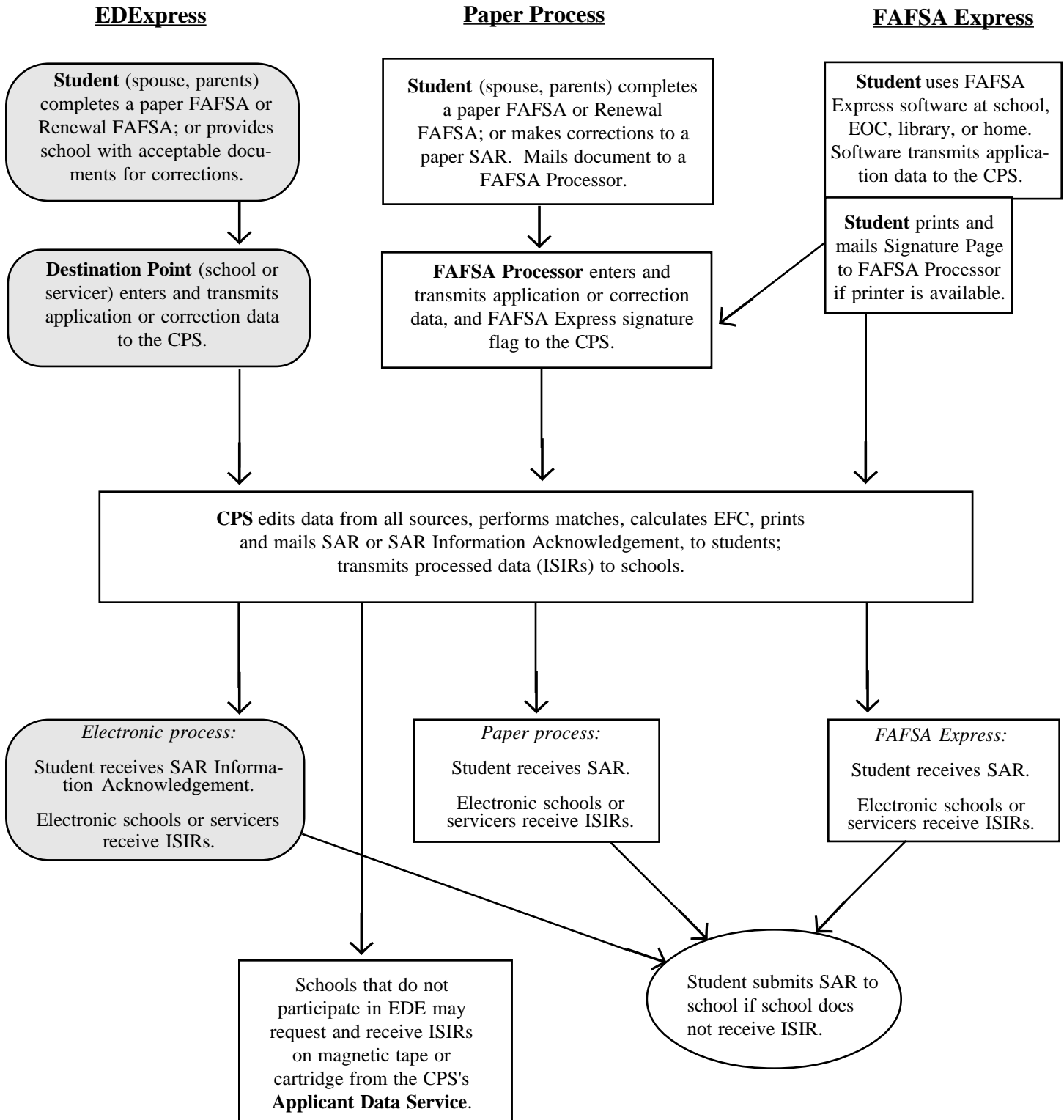
Processing Flow

The flow of information through the system remains the same in 1997-98 as in 1996-97.

The student starts the process by filling out a financial aid application, and this information is "processed" through the system and returned to the student and institution. The application input can be one of five kinds: the paper Free Application for Federal Student Aid (FAFSA), the paper Renewal FAFSA, the electronic FAFSA through EDExpress, the electronic Renewal FAFSA through EDExpress, or FAFSA Express.

The flow chart on the following page shows how information about a financial aid applicant flows through the system. The major participants and documents in the application process are:

1) *The U.S. Department of Education (ED).*

2) *The student.* He or she may apply for federal student aid under the Title IV programs—Federal Pell Grant and Federal SEOG programs, Federal Work-Study, Federal Perkins Loans, the Federal Family Education Loan Program, and the William D. Ford Federal Direct Loan Program.

3) *The applications.* The Free Application for Federal Student Aid (FAFSA), the Renewal Application, FAFSA Express, or the electronic application or renewal application that the student must complete and submit in order to apply for federal student aid.

4) *The FAFSA processors.* Two organizations will serve as data entry processors for the 1997-98

school year under contract with ED. The FAFSA processors receive applications in the mail, perform document analysis to check that signatures are present and dates are acceptable, and handle missing or unacceptable responses. The processors enter the information from the application and transmit it electronically to the CPS.

5) *The Central Processing System (CPS).* The CPS operates under a contract with ED to receive and process application information. The CPS matches student records with other data bases to check eligibility. The CPS also applies a series of "compute edits" to the application information to check for inconsistencies, contradictions, and missing information. During the compute process, the CPS uses the need-analysis formula specified in the Higher Education Act of 1965, as amended, to calculate each applicant's expected family contribution (EFC).

6) *The Student Aid Report (SAR) and the SAR Information Acknowledgement.* These documents provide the student with processed application information. The CPS prints SARs and mails them directly to the address the student provided.

7) *The Institutional Student Information Record (ISIR).* ISIRs are produced by the CPS and provide the institution with processed application information. ISIRs may be transmitted electronically to destination points (schools and servicers) through EDE daily, or they may be sent out on magnetic tape or cartridge via the Applicant Data Service, up to 40 times each processing cycle.

8) *The school.* The school refers to every postsecondary educational institution that the student listed on the financial aid application. The financial aid administrator (FAA) at the school will use the processed information from the SAR or ISIR to determine what federal aid the student is eligible to receive. Schools and states may also use information from the SAR or ISIR to award their own financial aid.

Flow Chart of 1997-98
Federal Application Processing System

EDExpress

Paper Process

FAFSA Express

Student (spouse, parents) completes a paper FAFSA or Renewal FAFSA; or provides school with acceptable documents for corrections.

Student (spouse, parents) completes a paper FAFSA or Renewal FAFSA; or makes corrections to a paper SAR. Mails document to a FAFSA Processor.

Student uses FAFSA Express software at school, EOC, library, or home. Software transmits application data to the CPS.

Student prints and mails Signature Page to FAFSA Processor if printer is available.

Destination Point (school or servicer) enters and transmits application or correction data to the CPS.

FAFSA Processor enters and transmits application or correction data, and FAFSA Express signature flag to the CPS.

CPS edits data from all sources, performs matches, calculates EFC, prints and mails SAR or SAR Information Acknowledgement, to students; transmits processed data (ISIRs) to schools.

Electronic process:

Student receives SAR Information Acknowledgement.

Electronic schools or servicers receive ISIRs.

Paper process:

Student receives SAR.

Electronic schools or servicers receive ISIRs.

FAFSA Express:

Student receives SAR.

Electronic schools or servicers receive ISIRs.

Schools that do not participate in EDE may request and receive ISIRs on magnetic tape or cartridge from the CPS's **Applicant Data Service**.

Student submits SAR to school if school does not receive ISIR.

Transactions

A "transaction" is an interaction between the pro-
cessing system and the financial aid applicant, or the
school acting on behalf of the applicant, that changes
any of the data on the applicant's record. Each
transaction results in a new SAR or ISIR, and is
identified by transaction number (i.e., 01, 02, 03).
A transaction may sometimes be "system-generated."
For example, when an applicant is released from a
"hold" file, the CPS will automatically reprocess the
application information and generate a new transac-
tion without additional input from the student or
from a school. However, the transactions discussed
here will be student and system, or school and
system, interactions.

When application data first enter the CPS and are
processed, the report that results is called the "01"
transaction. The student receives a SAR and the
listed schools receive ISIRs if the schools participate
in EDE. If corrections are necessary, the student
makes these changes on Part 2 of the SAR, returns
the SAR to the FAFSA Processor, and the informa-
tion is reprocessed. Alternatively, a school can enter
corrections electronically through EDExpress, even
if the school did not submit the original application
electronically. The corrections generate a new
record that is identified as an "02" transaction. This
second type of transaction is called a "correction,"
although the term also is used to refer to students'
updating information.

To make a correction transaction, the student
changes at least one data element. The change can
be anything, even an address correction or the addi-
tion of extra colleges.   The first correction is labeled
"02," and subsequent corrections are labeled "03,"
"04," and so forth. Identifying the correct transac-
tion is important when reporting Pell Grant payments
and when requesting duplicate SARs or ISIRs. A
duplicate will always be generated from the most
recent transaction unless another, earlier transaction
is specified.

For 1997-98, the maximum number of transactions
that an applicant may have is 40; when a student has
corrected or updated information more than 20
times, the student will receive SAR comment 106,
advising him or her to seek assistance from the
financial aid administrator.

Two-Part SARs

Part 1 of the SAR is an Information Summary that
contains information for both the student and the
FAA. Part 1 summarizes all the information re-
ported by the student on the FAFSA plus the results
of processing the information.

Part 2 of the SAR is used by the student to make
corrections to application data. Corrections can also
be entered electronically by the school. Part 2 of the
SAR may be an Information Review Form (IRVF),
which reports FAFSA information for the student to
review and correct, if necessary. Part 2 of a rejected
SAR is called the Information Request Form (IRQF).
For this type of SAR, an EFC could not be calcu-
lated and the student is required to make corrections.

The SAR Information Acknowledgement has only
one part and resembles Part 1 of a two-part SAR,
although the FAA Information and the student's
comments vary somewhat.

Subdividing SARs into major types may help in
understanding references to "an eligible SAR," an
"ineligible SAR," or a "rejected SAR." The term
"eligible" describes a SAR for an applicant whose
EFC and undergraduate status indicate eligibility for
a Pell Grant. The term "ineligible" describes a SAR
for an applicant whose post-baccalaureate status or
high EFC makes him ineligible for a Pell Grant.

The term "rejected" describes a SAR that does not
have a calculated EFC.

SAR Type	Student receives:
Pell-Eligible—EFC is 2500* or less, and applicant is not a graduate student and does not have a bachelor's degree	Part 1, Part 2 (IRVF)
Pell-Ineligible—EFC is greater than 2500*; or applicant has a bachelor's degree or will be enrolled in a graduate or professional program	Part 1, Part 2 (IRVF)
Rejected—Reject reason 19, no EFC is calculated (applicant is in an ED hold file)	Part 1, Part 2 (IRVF)
Rejected—no EFC is calculated (all reject reasons except 19)	Part 1, Part 2 (IRQF)
Rejected—Reject reason 16, no EFC is calculated (FAFSA Express application, processed without signatures)	Part 1, Part 2 (IRQF and certification statements)

Highlights and Assumptions

Paper system. Instructions to the student for making SAR corrections refer to "information printed in boldface type" that is to be reviewed carefully or that must be corrected. We refer to this information as "highlighted." Both the student and FAA need to pay careful attention to questions and responses that are highlighted.

During the edit process, the CPS applies logic in comparing two or more pieces of information provided by the student. The CPS highlights information that is conflicting, missing, or contradictory. Items that are questioned are highlighted on Part 2 of the SAR. In certain instances the application is rejected because of a conflict—for example, the student answered that he or she is not married but provides financial information for a spouse. The CPS will reject this application (Reject 11) and print the questioned items in boldface type on Part 2 of the SAR. The CPS will not calculate an EFC, because key financial information is conflicting.

In other situations, the CPS makes an "assumption" and does not reject the student's record. For example, a student reports that he/she is married and provides spouse's income, but reports only one person in the household. In this case, the CPS assumes there are two persons in the household, highlights both questions and responses on the SAR, and calculates an EFC if the record is not rejected for other reasons. Both the reported and the assumed values are printed, with the word "ASSUMED" in parentheses next to the assumed response.

Assumptions are most often made by the system when questions are left blank, although in the assumption made for Worksheet #3 income discussed earlier in this section, the system assumed that a reported income amount should be "zero." Once an answer is assumed, the assumed information is used throughout all the subsequent edits and in the EFC calculation.

If the CPS makes an assumption but then rejects the record for other reasons, an EFC is not calculated and the assumed values are not used. In this situation, the student receives an IRQF (Information Request Form) as Part 2 of the SAR, with arrows and brackets printed next to the questionable line items. The student is required to correct them.

Electronic system. In the electronic system, certain edits are contained in the EDExpress software. These edits prompt the FAA who is entering application data to resolve inconsistencies before sending the student's information to the CPS. When inconsistencies or missing data would cause the record to be rejected at the CPS, the software does not allow the record to be saved or completed until information is changed or added.

* Maximum EFC for 1997-98

When electronic application data trigger a CPS edit that results in a highlight, the ISIR indicates the highlight by setting an "H" next to the item.

The EDExpress software allows an FAA to override certain assumptions that would be made at the CPS. When an FAA sets an override code on an electronic application, the CPS accepts the data as reported and does not make an assumption about that item. For example, if a student indicates more than two family members are attending college, and also indicates the same number of persons live in the household (e.g., four in the household and four in college), the CPS would assume "one" person in college during processing. If, in fact, there are four family members attending college, the FAA can eliminate the need for a second transaction by setting the appropriate override flag in the EDExpress software.

The electronic system also allows the FAA to override "verifiable rejects" by setting a reject override flag in EDExpress before transmitting the student's application. For example, a student may have an unusually large number of family members. If the FAA sets the appropriate override flag before sending the student's record for processing, the student's record will not be rejected. Overall, less than 1% of electronic applications and renewal applications are rejected, as compared with the paper application process where approximately 12% of the applications are rejected.