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Session 9

CPS Edits, Verification Selection, and FSA's Quality Analysis Tool

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Introduction

- Presenters:
 - Jeanne Saunders, FSA
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- Who is this session for?
 - All levels of users
- Evaluations
- Questions



Agenda

- CPS Data Integrity Edits
- CPS Verification Selection Process
- FSA's Quality Analysis Tool



CPS Data Edits

- FAFSA data is subjected to several types of data edits during processing to ensure data integrity
- Edits initially developed for paper filers but have been expanded and revised to include electronic filers



CPS Data Edits cont.

- Edits developed based on eligibility requirements, consistent responses to application questions, statistical data, correction behavior, policy issues, results of verification, etc.
- Re-evaluated and revised annually



CPS Data Edits cont.

- Three basic types of edits performed:
 - Assumptions
 - Rejects
 - Warnings



CPS Data Edits cont.

■ Assumptions

- Use available data to make reasonable assumptions for missing or inconsistent answers
- Allow processing to continue and EFC to be calculated for more applicants
- Only requires a correction if assumption is incorrect



CPS Data Edits cont.

■ Rejects

- Critical data is missing or obvious errors are identified
- Requires correction to add or change data
- Non-verifiable – data must be changed (numeric codes)
- Verifiable – data may be verified as correct or changed (alpha codes)



CPS Data Edits cont.

■ Rejects (cont.)

– Examples:

- Reject 5 – Date of Birth is missing; must be provided to continue processing and calculate EFC
- Reject C – Taxes Paid is greater than or equal to 40% of AGI; data can be verified as correct or corrected to new value to continue processing and calculate EFC



CPS Data Edits cont.

■ Warnings

- Reported data is unusual but not severe enough to be rejected
- Data highlighted for applicant review; corrected if necessary
- Example: Independent student reports “No” to Legal dependents/Do you have children and number of family members is greater than 2



CPS Data Edits cont.

- Assumptions, rejects, and some warning edits are performed by electronic products (EDEExpress and Web applications) to increase accuracy of data and reduce need for corrections



CPS Verification Selection Process

- Quality Control studies conducted in the early 1980's showed significant applicant error
- To minimize applicant error, in 1986-87 ED implemented an integrated verification process for Title IV programs
- CPS edits developed to select applications with potential errors
- Current verification process not perfect



CPS Verification Selection Process cont.

IRS Match

- Provision added to 1998 Higher Education Amendments authorizing ED to confirm with IRS AGI, taxes paid, number of exemptions, and tax filing status reported on FAFSA
- Treasury Department has determined that Internal Revenue Code (IRC) must be amended before IRS match with ED can be implemented



CPS Verification Selection Process cont.

IRS Match

- IRS income match is one of ED's top priorities
- ED and Treasury worked together to draft revised IRC language to forward to Congress; passage is pending



CPS Verification Selection Process cont.

ED/IRS Statistical Study

- In 2001 and 2002, ED and the IRS conducted joint statistical studies to --
 - Determine frequency of income misreporting on the FAFSA
 - Calculate Pell Grant awards that would have been awarded had IRS income been used in need analysis
 - Estimate extent of Pell Grant award error



CPS Verification Selection Process cont.

ED/IRS Statistical Study

- Study compared both students' and parents' FAFSA AGI and taxes paid information to IRS
- IRS provided aggregated statistical tables to ED



CPS Verification Selection Process cont.

ED/IRS Statistical Study

- Results show significant --
 - Discrepancies between FAFSA and IRS income
 - Erroneous payments in the Federal Pell Grant Program



CPS Verification Selection Process cont.

Development of Verification Selection Criteria

- Annual Process
 - New selection criteria developed
 - Designed to evaluate and strengthen the verification approach
 - Thorough statistical and empirical analysis performed



CPS Verification Selection Process cont.

Development of Verification Selection Criteria

■ Objectives

- Goal of selecting minimum effective number of applicants who have the most error
- Total misallocated payments considered



CPS Verification Selection Process cont.

Development of Verification Selection Criteria

■ Data Used

- Minimum of 2 years applicant and payment data used in analysis
- Use of IRS data from tax year 2000 added for development of 2003-2004 selection criteria



CPS Verification Selection Process cont.

Development of Verification Selection Criteria

- Data Used
 - Income-related variables used as main predictors
 - Includes calculation of estimated taxes and comparison to reported taxes



CPS Verification Selection Process cont.

Development of Verification Selection Criteria

- Use of Random and Immune groups
 - 2.5% of applicants selected randomly
 - 2.5% of applicants not selected even if criteria are met (held immune from selection)
 - Used as control groups to measure effectiveness of targeted selection



CPS Verification Selection Process cont.

Development of Verification Selection Criteria

- Applicants excluded from analysis
 - QA schools
 - Schools who do 100% verification



CPS Verification Selection Process cont.

Development of Verification Selection Criteria

- Analysis Approach
 - Changed statistical procedure to Stepwise Linear Regression to produce error equations
 - Separate equations produced using IRS data and applicant/payment data
 - Equations then integrated to define final criteria



CPS Verification Selection Process cont.

Development of Verification Selection Criteria

- Criteria defined for each dependency status
 - 63 for dependents
 - 61 for independents
- Score for meeting each criteria determined by regression equation



CPS Verification Selection Process cont.

Development of Verification Selection Criteria

- Selection based on score cut-off that selects 30% of applicants with the most potential error, and that error would result in significant change in grant award



CPS Verification Selection Process cont.

30% Verification Limit Option

- If CPS selects fewer than 30% of school's applications for federal aid, school must verify all selected applicants
- If CPS selects more than 30%, school has options --
 - Verify all applicants selected, or
 - Limit verification to 30% of total number of federal aid applicants at the school



CPS Verification Selection Process cont.

30% Verification Limit Option

- ED strongly encourages verification of all selected students
- Schools choosing to verify more than 30% can --
 - Follow verification requirements outlined in the Application and Verification Guide for all selected applicants (see chapter 3), or
 - Follow federal verification requirements for 30% of applicants, but use own procedures for those beyond 30%



Quality Analysis Verification Tool

- Any school can use the Tool to analyze FAFSA elements to determine the effectiveness of *localized* verification



What is the Quality Analysis Tool?

- Part of the EDE Suite of Software
- Available for all schools in '02-03
- Analyze FAFSA application/ISIR record information
- Generate reports showing effect of changes in data on EFC/Pell eligibility
- Improve/customize institutional verification procedures
- Inform the Federal Verification process



What is Locally Designed Verification?

- Focus on local sources of error
- Focus on the unique population of an individual school or campus
- Target resources on error prone populations where impact on EFC/Pell Grant eligibility is greatest
- Stop “pestering” applicants that report accurately or have changes that have zero impact



The Power of Data

- Schools can conduct in-depth analysis of applicant data
- A series of reports can be constructed using custom formats, selected fields, and queries to answer questions about your applicant population



What's In It For Me?

- As schools identify common FAFSA errors, they can educate students and parents
- Schools can determine if CPS edits are working for their “targeted” population
- If schools choose to verify “above and beyond” 30% the tool can help determine if the additional effort is worth the investment of time, resources, and impact on awards



Field Change Report

- Provides a panoramic view of ISIR Fields that have a direct effect on the EFC
- Illustrates how corrections to ISIR records impact the EFC
- A good report for schools to use to begin analysis



Related Sessions

To learn more about the *Quality Analysis Tool*:

- Session #40: Take the Quality Analysis Tool for a Test Drive. ***Hands On.***
- Session #12, Which, Who, How? And So What?: Using the Quality Analysis Tool to Answer Your Institutional Verification Questions.
- Visit the PC lab.
- Attend QA Focus Group for New Schools and New QA Coordinators



We appreciate your feedback!
Send your questions and
suggestions to:

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Questions

