

### Resolving C-Flags

**Resolving C Flags**

AASFAA Annual Conference  
April 11-13, 2017

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David Bartnicki  
U.S. Department of Education

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### What are C-Flags?

- A C-Flag (also known as a C Code) is generally placed on an ISIR/SAR when database match results require resolution by the school
  - Central Processing System (CPS) also generates a C code if an applicant's response to the FAFSA drug question (question 23) requires resolution or financial aid administrator action

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### What are C-Flags?

- Along with a C Code, CPS adds comment codes and text to the student's transaction to provide information to the student and to you about the student's processed Free Application for Federal Student Aid (FAFSA®)
  - In rare cases, the C Flag is provided on an ISIR/SAR without a corresponding comment due to an excessive number of comments and some of the comments must be suppressed so that a SAR/ISIR can be generated
- Comment codes and text are printed on paper SARs and on ISIRs printed from EExpress for Windows or other financial aid software used by schools

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### Resolving C-Flags

**C-Flags Importance**

- Data may need to be corrected to ensure the right student, gets the right aid, at the right time
- Student Title IV eligibility may be impacted



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**List of C-Flags**

C codes are set on a student’s record based on his or her eligibility conditions and arranged with comments associated with the area of concern

- *Selective Service Match*: 30, 33, and 57
- *DHS Match*: 46, 105, 109, 141, 142, and 144
- *Social Security Administration Citizenship Status*: 146
- *Student’s SSN Match*: 63 and 64
- *Veterans Affairs Status Match*: 162, 173, and 180

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**List of C-Flags**

- *NSLDS*: 10, 20, 38, 39, 41, 42, 43, 65, 66, 67, 77, 79, 86, 90, 100, 101, 102, 107, 115, 116, 124, 132, 133, 134, 135, 136, 138, 254 to 256, 260, 289 to 294, 309 to 314, 346, 347, 359, 360, 392, and 393
  - *Potential Pell Overpayment*: 20, 38, 39, 41, 42, 43, 346, and 347
  - *Potential FSEOG Overpayment*: 10, 65, 66, 67, 77, and 79
  - *Potential Perkins Overpayment*: 86, 90, 100, 101, 102, and 107
  - *Potential TEACH Grant Overpayment*: 289, 290, 291, 292, 293, and 294
  - *Potential Iraq and Afghanistan Service Grant Overpayment*: 309, 310, 311, 312, 313, and 314
  - *Overpayments general*: 133

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### Resolving C-Flags

**List of C-Flags**

- **NSLDS:** 10, 20, 38, 39, 41, 42, 43, 65, 66, 67, 77, 79, 86, 90, 100, 101, 102, 107, 115, 116, 124, 132, 133, 134, 135, 136, 138, 254 to 256, 260, 289 to 294, 309 to 314, 346, 347, 359, 360, 392, and 393
  - *Federal Student Loans Discharge:* 115
  - *Federal Student Loans Active Bankruptcy:* 116
  - *Federal Student Loans Default:* 124, 132, 134, 135, 136
  - *SSN NSLDS Record Conflict:* 138
  - *Federal Student Loan Limits:* 254, 255, 256, 260, 392 and 393
  - *Unusual Enrollment History:* 359 and 360

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**List of C-Flags**

- Responses to *Question 23/Drug Conviction:* 53, 54, 56, and 58
- *Cross year edits:* 399 (new for 2017-2018)
  - Address conflicting 2015 tax data provided between 2016-2017 and 2017-2018
  - Will apply only for the 2017-2018 cycle and will be removed for the 2018-2019 cycle



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**Specific C-Flag Resolutions**



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### Resolving C-Flags

**C-Flags: Grant/Perkins Overpayments**

Overpayment Issue:

- NSLDS indicates a Grant/Perkins overpayment

Resolution:

- Normal overpayment requirements apply
- Student must:
  - Repay the overpayment in full, or
  - Make satisfactory arrangements for repayment
- Student may need to work with current school, prior school or ED depending on who is holding the overpayment

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**C-Flags: Grant/Perkins Overpayments**

Resolution:

- Sample Comment Code: 38
  - *“To resolve your Federal Pell Grant overpayment, your Financial Aid Administrator must contact the school associated with the Pell overpayment.”*
- School must have proof that overpayment resolved
  - If on payment plan, must ensure still current before each disbursement IF NSLDS still does not show payment plan in place or paid in full
- Student/school work with NSLDS if overpayment entered in error
  - NSLDS will work with data provider to resolve

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**C-Flags: Bankruptcy**

Bankruptcy Issue (116):

- One or more student loans in an active bankruptcy status

Resolution:

- *If no defaulted loans listed in bankruptcy, eligible for TIV aid*
- If defaulted loans listed in active bankruptcy, not eligible for TIV aid unless:
  - Documentation shows debt dischargeable
  - Loan repaid in full
  - Loan rehabilitated
  - Made 6 consecutive, full, voluntary payments on time and continue to make payments

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### Resolving C-Flags

**C-Flags: Selective Service**

Selective Service Data Issue (30, 33, and 57):

- Did not register with Selective Service
- ED unable to register student due to lack of data, missing signature or outside age range
- Problem with gender question – “male”

Resolution

- If between 18 and 25 student must:
  - Indicate male and “register me” on SAR
  - Complete SS form at local post office
  - Register online – [www.sss.gov](http://www.sss.gov)

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**C-Flags: Selective Service**

Resolution

- If registered:
  - Present Selective Service Registration Acknowledgement
  - Letter of registration
- If exempt, provide proof such as: (full list in FSA HDBK)
  - Noncitizen who first entered the U.S. after he or she turned 26
  - Transgender males assigned the sex of female at birth
  - Males currently in the armed services and on active duty
  - Males not yet 18 at time they complete their applications
  - Males born before 1960
  - *A letter from Selective Service is not required if the student's documentation supports an exemption*

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**C-Flags: Selective Service**

Resolution

- If fail to register and past the age criteria:
  - Student must prove did *NOT knowingly/willfully fail to register*
    - If served on active duty in armed forces but did not register before turning 26 is eligible to receive FSA funds
      - » Provide DD214 showing service in armed forces
  - Student must get status information letter from Selective Service which may or may not support claim
    - If letter not received in 30 days, school MAY award aid if information supports did not intentionally fail to register
    - If Selective Service letter later shows student did knowingly and willfully fail to register, student is liable for TIV funds

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### Resolving C-Flags

**C-Flags: Selective Service**

Resolution

Factors to consider if failed to register and past the age criteria:

- Where the student lived when he was aged 18–25
- Whether the student claims that he thought he was registered
- Why the student claims he was not aware of the widely publicized requirement to register when he was aged 18–25

*Student is not eligible for TIV aid until, and if, provides enough information and documentation to support that he did not willingly and knowingly fail to register*

- If you determine that the student’s failure to register was knowing and willful, the student loses FSA eligibility

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**C-Flags: DHS**

DHS Data Issue (46, 105, 109, 141, 142, and 144):

- Cannot confirm eligible noncitizenship
- Need more information
- Missing or incorrect Alien Registration Number (ARN)
- Changed an already verified citizenship or ARN answer

Resolution

- ARN concerns:
  - If ARN missing or incorrect, add correct number and RESUBMIT
    - Do NOT submit G-845 yet
    - Wait 3 days and follow process for new DHS match flags
    - March 9, 2015 EA for updating ARNs on ISIRs

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**C-Flags: DHS**

Resolution

- Automatic Secondary Confirmation fails:
  - If automatic secondary confirmation fails or 10 business days have passed from resubmission, being mandatory PAPER secondary confirmation process (G-845)
    - If documentation includes an HHS Eligibility or Certification letter and/or the student provides a copy of a T-Visa (human trafficking) follow the instructions GEN-06-09
    - If battered immigrant-qualified alien status under Violence Against Women Act, follow the instructions in GEN-10-07
  - Review FSA HDBK Vol. 1 Chapter 2 for eligible noncitizen statuses and G-845 review process
    - July 19, 2016 EA contains new G-845 mailing instructions

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## Resolving C-Flags

### C-Flags: DHS

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| <p><b>Eligible Noncitizens:</b></p> <ul style="list-style-type: none"> <li>Lawful permanent residents</li> <li>Conditional residents</li> <li>Refugees</li> <li>Asylees</li> <li>Parolees (at least 1 year)</li> <li>Cuban-Haitian Entrants</li> <li>T-visa</li> <li>Battered immigrants-qualified aliens (VAWA)</li> <li>J-Treaty</li> <li>Freely Associated States</li> </ul> | <p><b>Ineligible Statuses:</b></p> <ul style="list-style-type: none"> <li>Persons with nonimmigrant visas</li> <li>Family unity status</li> <li>Temporary residents</li> <li>Illegal aliens under the legalization program (amnesty)</li> <li>Temporary protected status</li> <li>DACA</li> <li>Withholding of removal order</li> <li>U-visas</li> </ul> |
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### C-Flags: SSA Citizenship

**Social Security Data Issue (146):**

- Cannot confirm U.S. citizenship

**Resolution**

- If actually eligible noncitizen:
  - Update citizenship question (#14) and provide ARN (#15)
- If U.S. Citizen provide:
  - Birth certificate showing that the student was born in the United States or specific U.S. territories or commonwealths
    - birth certificate showing born abroad not acceptable
  - U.S. passport - current or expired
    - Passport Cards acceptable but NOT “limited” passports

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### C-Flags: SSA Citizenship

**Resolution**

- If U.S. Citizen provide:
  - Form FS-240 (Consular Report of Birth Abroad), FS-545 (Certificate of birth issued by a foreign service post), or DS-1350 (Certification of Report of Birth)
    - A match flag of \* (asterisk) generally indicates that the student was born in a foreign country to American parents
  - Certificate of Citizenship (N-560 or N-561) - individuals who derive U.S. citizenship through a parent
    - Can be used by foreign children adopted by U.S. parents (Child Citizenship Act)
  - Certificate of Naturalization (N-550 or N-570)

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### Resolving C-Flags

**Citizenship or Immigration Documents**

**GEN-15-08** – Citizenship and Immigration Documentation

- Process through which a school and student can *confirm student's citizenship or immigration status when student is unable to appear in person at school*
- Confirmation of Eligible Noncitizen Status
  - If unable to provide original documentation (e.g. distance education), school policy may permit students to photocopy, scan, or image immigration documents, and submit electronic images or paper copies to school for confirmation
  - Subsequently, the school must initiate the paper-based secondary confirmation process using the G-845 form once confirmation documents are received from noncitizen student

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**Citizenship or Immigration Documents**

**GEN-15-08** – Citizenship and Immigration Documentation

- Confirmation of U.S. Citizenship or U.S. National Status
  - If unable to provide original documentation (e.g. distance education), school policy may permit students to photocopy, scan, or image citizenship documents, and submit electronic images or paper copies to school for confirmation
  - NOTE: the G-845 secondary confirmation form is never used to confirm a student's status as a U.S. citizen or national

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**Citizenship or Immigration Documents**

**GEN-15-08** – Citizenship and Immigration Documentation

- Photocopying or Imaging
  - Reproduction of these documents is lawful for limited purpose of applying for Title IV, HEA student financial assistance
  - A school may provide additional guidance on how (e.g. time, place, and media) student should submit photocopies or other images of his or her documentation
  - If the school chooses to allow a student to submit a hard copy or electronic image of an original document, school should have a process in place to *ensure that a student is submitting an exact copy*, such as an affidavit
    - a sample copy of an affidavit is attached to the DCL

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### Resolving C-Flags

**C-Flags: SSA Identifiers**

Student Social Security Data Issue (63 and 64):

- Date of Birth (DOB) does not match SSN (reconfirmed)
- Name does not match SSN (reconfirmed)

Resolution

- Student reconfirmed name or DOB
  - CPS suppressed rejects but student must provide supporting documentation
    - DOB proof - birth certificate, passport, etc.
    - Name proof - marriage license, court order, etc.

**Correct SSA records - 1-800-772-1213; [www.socialsecurity.gov](http://www.socialsecurity.gov)**

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**C-Flags: Veteran Affairs**

VA Data Issue (162, 173 and 180):

- Veterans Affairs did not confirm qualifying veteran for Title IV aid (FSA standards different from VA standards)

Resolution

- If currently serving on active duty in the U.S. Armed Forces for purposes other than training, change your answer to Item 50 (veteran) from "Yes" to "No" and answer "Yes" to Item 49 (active duty)
  - On active duty if currently serving in the U.S. Armed Forces or are a National Guard or Reserves enlistee who is on active duty for other than state or training purposes

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**C-Flags: Veteran Affairs**

Resolution

- Meet Veteran status:
  - Members of U.S. military released (or will be released by June 30) under a condition other than "dishonorable"
    - No minimum time served requirement (*boot camp counts*)
    - DD214 or upcoming release orders from military branch, memorandum format or letter, stating intent to release
  - U.S. service academy or preparatory school cadets for at least one day and released under conditions other than "dishonorable"
    - Provide proof of attendance
    - Students serving in ROTC or currently attending a U.S. military academy are NOT veterans

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## Resolving C-Flags

### C-Flags: Veteran Affairs

Resolution

- Meet Veteran status:
  - *Members of the **National Guard or Reserves** if called up to active federal duty by presidential order for a purpose other than training (does not matter how long active duty lasted)*
    - Must have a character of service not "dishonorable"
    - DD214 , government orders, commanding officer letter...



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### C-Flags: Unusual Enrollment History

UEH Issue (359 and 360):

- Concerns with student enrollment behavior over a period of time at different schools while receiving TIV aid

Resolution

- UEH Flag 2 (#359)
  - Review student's enrollment /financial aid data to determine if, during **4 award year review period** (13-14, 14/15, 15/16 & 16/17 for 2017-2018 award year), student received a **Pell Grant and/or Direct Loans at institution performing the review**
  - If so, no additional action required *unless* have UEH concerns, then follow guidance for a UEH Flag of '3'.
  - If not, must follow guidance provided for UEH Flag of '3'

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### C-Flags: Unusual Enrollment History

Resolution

- UEH Flag 3 (#360)
  - Review student's academic records to determine if student received academic credit at the institutions the student received Pell Grants or Direct Loans at during the **four award year period** (2013-14 , 2014-15, 2015-16 and 2016-17 for 2017-2018 award year)
    - Academic credit is considered to have been earned if the academic records show that the student completed any credit-hours or clock-hours
    - Official transcripts NOT required

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### Resolving C-Flags

#### C-Flags: Unusual Enrollment History

##### Resolution

- UEH Flag 3 (#360)
  - *Academic Credit Earned*: If determined student earned any academic credit at each of the previous institutions during each award year, no further action is required *unless* institution has other reasons to believe student enrolled just to receive credit balances
  - If it is determined that academic credit was NOT earned at one or more of the previous institutions OR the school had reasons to believe student just enrolled for TIV funds, the institution must follow the "Academic Credit Not Earned" guidance

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#### C-Flags: Unusual Enrollment History

##### Resolution

- UEH Flag 3 (#360)
  - *Academic Credit NOT Earned*: If student did not earn academic credit at a previous institution, including current school, must obtain documentation explaining why failed to earn credit
  - Must determine whether the documentation supports
    - (1) the reasons given by the student for the student's failure to earn academic credit; and
    - (2) student did not enroll only to get credit balance funds
  - Institutional determinations are final and not appealable to the Department, and reasons for the decision must be documented and maintained for possible review

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#### C-Flags: Unusual Enrollment History

##### Resolution

- UEH Flag 3 (#360)
  - *Closed School*: If prior school has closed, must verify school has closed - may use ED's Closed School Reports, at: [www2.ed.gov/offices/OSFAP/PEPS/closedschools.html](http://www2.ed.gov/offices/OSFAP/PEPS/closedschools.html)
  - If student does not have any record of academic credit earned at closed school, and you have records showing student earned credit at all other schools corresponding with the UEH flag, you may accept a signed and dated statement from student to substantiate the claim
    - Statement includes: name of the closed school, the academic period credits earned, and, if known, type/number of academic credits which were earned (can be in general terms if unknown)
    - If student has not earned academic credits at the closed school, you must follow the guidance when academic credit is not earned

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### Resolving C-Flags

**C-Flags: Drug Convictions**

Drug Conviction Issues (53, 54, 56 and 58):

- Drug question #23 left blank
- Convicted of possessing/selling illegal drugs for offense that occurred while enrolled and receiving federal student aid
  - Convictions reversed, set aside, or removed from record, or received when a juvenile, (unless she was tried as an adult) do not count

Resolution

- If incorrect or missing, update question #23
- Loss of eligibility
  - Possession of illegal drugs – 1<sup>st</sup> offense, 1 year from conviction; 2<sup>nd</sup> offense, 2 years; 3<sup>rd</sup> offense, indefinite
  - Selling illegal drugs – 1<sup>st</sup> offense, 2 years from conviction; 2<sup>nd</sup> offense, indefinite

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**C-Flags: Drug Convictions**

Resolution

- Regaining eligibility:
  - Schools must provide each student who becomes ineligible due to a drug conviction clear and conspicuous written notice of loss of eligibility and methods to become eligible again
  - Student regains eligibility day after period of ineligibility ends (i.e., for a 1st or 2nd offense); or when successfully complete a qualified drug rehabilitation program that includes passing two unannounced drug tests given by such a program
  - When student regains eligibility during award year, may award Pell Grant, TEACH, and Campus-Based aid for the current payment period and Direct Loans for the period of enrollment

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**C-Flags: Conflicting Information**

Conflicting Information Issue (399 – ONLY on 2017-18 ISIR):

- Possible conflicting information resulting from the use of 2015 income and tax information for 2016-2017 and 2017-2018 FAFSAs
- CPS will identify conflicting information between two years that once resolved would have significant impact on EFC
- If comment code 399 not included on 2017-18 ISIR, school is not required to determine if there are any differences *in income or tax information* between two ISIRs
  - Other conflicting information must be resolved

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### Resolving C-Flags

**C-Flags: Conflicting Information**

Resolution

- School does NOT have to resolve comment code 399 if:
  - School never received a 2016-2017 ISIR
  - School received a 2016-2017 ISIR but did not and will not disburse TIV aid in *either* year
- School does have to resolve comment code 399 if:
  - School received 2016-2017 ISIR and disbursed or may disburse TIV aid or School received 2016-2017 ISIR but did not review or process a 2016-2017 ISIR
    - Unless no longer enrolled in 2016-17 and not expected to enroll in 2017-18

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**C-Flags: Conflicting Information**

Resolution

- School does NOT have to resolve comment code 399 if:
  - The institution determines that the student was, or will be, a graduate student for all of 2016-2017 and will continue to be a graduate student for all of 2017-2018; and
  - The student did not, and will not, receive Federal Work-Study for either the 2016-2017 or 2017-2018 award years.
    - Note that this relief does not apply to a student who was or who will be an undergraduate student even if the student has already completed a bachelor's degree program

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**C-Flags: Conflicting Information**

Resolution

- School must compare all of 2015 income and tax-related FAFSA/ISIR items from both years' ISIRs to determine which are in conflict
- If, for either year, *school had verified conflicting information or student/parent used IRS DRT and did not change any of transferred data*, school can assume verified or DRT values are correct and submit changes to other ISIR's year's values
  - Exception
    - If school is aware that subsequent to verification, amended tax return was filed, school must ensure both years' ISIRs based on amended tax data

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### Resolving C-Flags

**C-Flags: Conflicting Information**

Resolution

- Until conflicting information is resolved, school may not disburse any additional 2016-17 or 2017-18 Title IV aid
  - Once resolved EFC may decrease or increase
- If unable to resolve, either because student didn't respond or adequately clarify reasons for conflicting information, school must consider student in an overaward status for any need-based 2016-17 Title IV aid that was disbursed
  - except FWS – though no more FWS can be earned

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**C-Flags: Conflicting Information**

Resolution - Overawards and Overpayments

- Title IV Grants and Perkins Loans
  - Adjust subsequent disbursements
  - If not resolved by adjusting subsequent disbursements, student must repay portion disbursed no longer eligible for
  - School is not liable
  - Follow normal overpayment rules and procedures
- Direct Subsidized Loans
  - Does not need to be immediately repaid but instead will be repaid under terms of promissory note
  - No action school must take except to record its determination

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**Resources**



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### Resolving C-Flags

**Resources and References**

- Federal Student Aid Handbook
- Dear Colleague Letters
- Electronic Announcements
- ISIR Guide
- *SAR Comment Codes and Text Guide*  
– List all C codes and corresponding text and resolution highlights

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**Contacts**

- Atlanta School Participation Team  
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– Main Number: 404-974-9303  
– Arva Thomas (IIS) 404-974-9412  
– Cassandra Weems (IIS) 404-974-9305
- Atlanta Training Officers  
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**Training Feedback**

To ensure quality training we ask all participants to please fill out an online session evaluation

- Go to <http://s.zoomerang.com/s/DavidBartnicki>  
• Evaluation form is specific to David Bartnicki
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
- Additional feedback about training can be directed to [joann.borel@ed.gov](mailto:joann.borel@ed.gov)

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### Resolving C-Flags

**Questions?**

THANK You!

David Bartnicki  
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