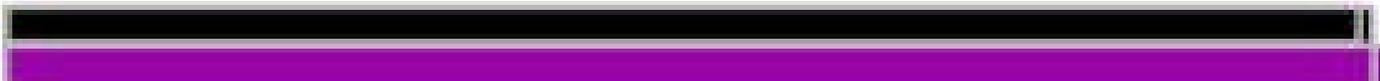




Electronic Access Conference

2002

THE U.S. Department of
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General Capstone Session

Student Eligibility And Disbursement

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The Student Aid Lifecycle

Student Aid Awareness Application Processing System



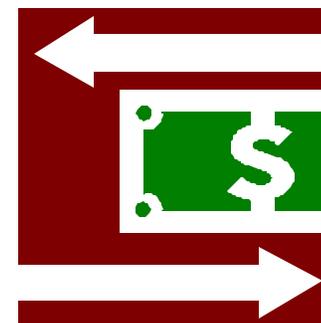
Student Eligibility



Disbursement and Cash Management

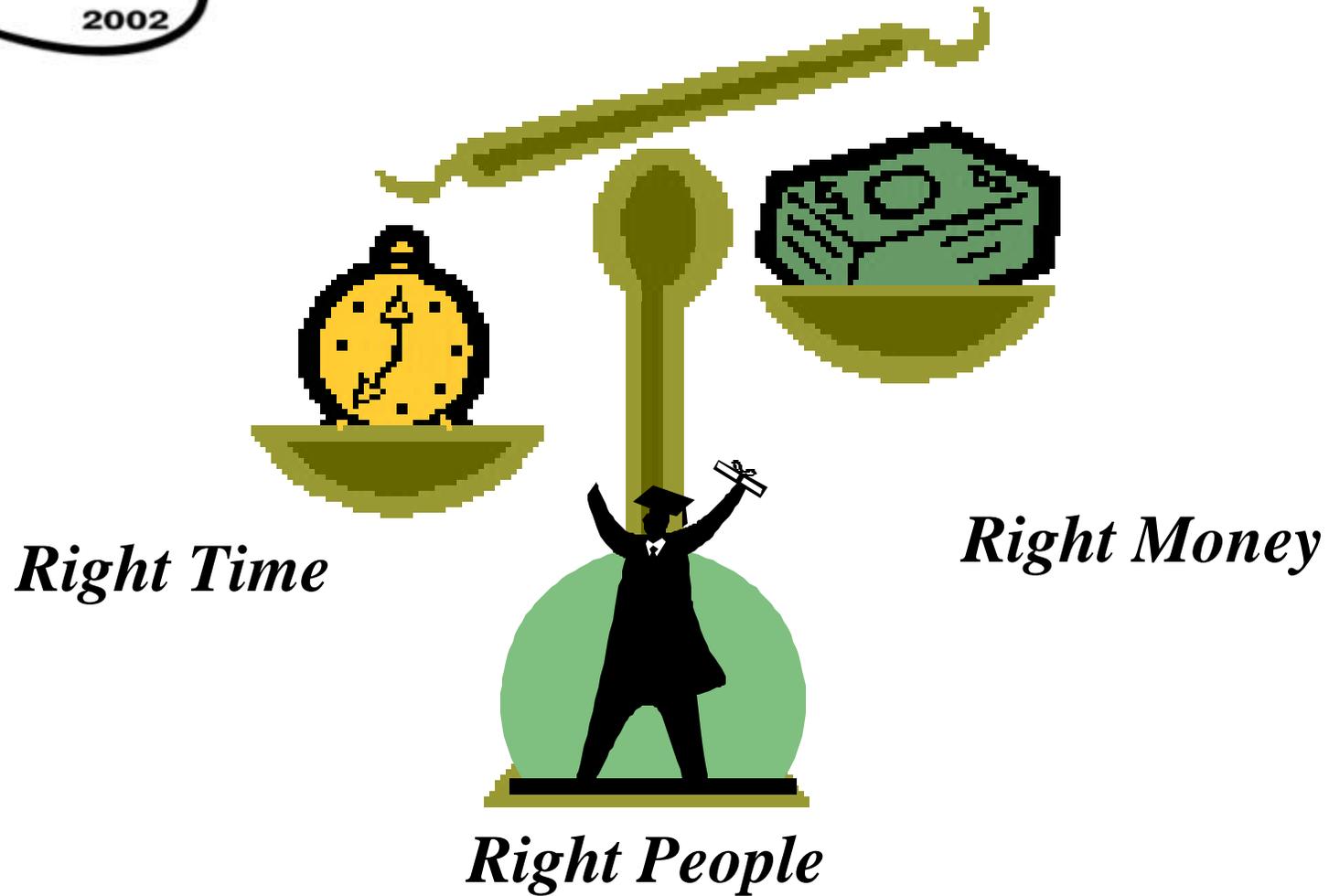


Repayment of Title IV Loans



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The Balancing Act





Student Eligibility

- **Eligibility**
- **Determine Need**
 - **Cost of Attendance (COA)**
 - **Expected Family Contribution (EFC)**
 - **Verification**
 - **Resources and Estimated Financial Assistance (EFA)**
- **Packaging/Awarding**
- **Disbursement**
- **Cash Management**

Eligible Student

- **Section 484 of the HEA comprises the student eligibility provisions.**





Eligible Student

To be eligible for Title IV aid a student must:

- **Have a high school diploma or**
 - a. **Have the equivalent, such as a GED certificate.**
 - b. **Pass an ability-to-benefit test approved by ED.**
 - c. **Complete a high school education in a home school treated as a home school or private school by State law.**
- **Certify that the federal student aid will only be used for educational purposes.**
- **Is not in default on a federal student loan or owes money on a federal student grant.**
- **Not have a drug-related conviction that makes him or her ineligible.**



Eligible Student

- **Be a U.S. citizen or an eligible non-citizen.**
- **Have a valid Social Security number.**
- **Be registered with the Selective Service if required.**
- **Be a regular student, i.e., one enrolled or accepted for enrollment in an eligible program to earn a certificate or degree.**
- **Meet satisfactory academic progress standards set by the school.**
- **Not be incarcerated.**
- **Have financial need.**



Eligible Student

- **The Department uses data matches with other federal agencies (e.g. the Social Security Administration, INS, Selective Service) and internal edits on the application to check eligibility.**
- **Schools are required to check comments and flags on the ISIRs from the Central Processing System.**
- **Schools must clear up any conflicting information when it arises.**

Determining Need

Cost of Attendance (COA)

less

Expected Family Contribution (EFC)

less

Resources/Estimated Financial Assistance (EFA)

*** Need = COA – EFC – Resources/EFA**

*** Generally the student's aid package may not exceed his or her need.**



Cost of Attendance (COA)

- **Determined by School**
- **Components of the COA:**
 - **Tuition and fees normally assessed for a student carrying the same academic workload.**
 - **Books and supplies**
 - **Transportation**
 - **Miscellaneous and personal expenses**
 - **The documented cost of the purchase or rental of a personal computer.**



Cost of Attendance (COA)

- **Room and board.**
- **Cost for care of a student's dependents.**
- **Reasonable costs associated with study-abroad programs approved for credit by the home institution.**
- **Disability expenses for disabled students.**
- **Cost related to co-op education employment.**
- **Fees required to receive student loans.**



Expected Family Contribution (EFC)

- **Congressionally mandated formulas**
- **Uses the applicant's (and parents' if dependent) income, assets, and other information.**
- **The CPS calculates the official EFC based upon data provided by the applicant on the FAFSA.**

Expected Family Contribution (EFC)

- **Variations of the EFC formula**
 - Full Data Formula
 - Simplified Needs Test
 - Automatic zero EFC if the applicant meets certain conditions





Verification Overview

- **Title IV Programs Have Significant and Long-Standing Public and Political Support**
 - **More than \$10 Billion in Pell Grant alone**
 - **More than \$50 Billion Total Aid**
- **To maintain this support we must ensure that money is spent properly – Right money to right students.**
- **System of Self-Reported Data**
 - **Corrections and Updates Needed**

Verification

- If CPS selects more than 30% of applications for verification, you only have to verify 30%.
- The school may select additional applications for verification.
- Required Items to verify:
 - Household Size
 - Number in College
 - AGI
 - U.S. Taxes Paid
 - Certain types of untaxed income and benefits



Verification

- Possible Documentation (copies are okay)
 - Verification worksheets
 - Tax returns
 - W-2 forms
 - Tax transcripts
 - Signed statements



Verification Overview

Tools for Ensuring Accuracy

- IRS Match
- Verification
 - Selection Criteria Refined Using IRS Match Data and Statistical Model
- Outreach and Training
- Technical Assistance
- Program Review Focus





FAFSA – IRS Data Match

- **Part of President’s Management Agenda**
- **Current HEA Language Does Not Work**
- **ED/Treasury/OMB Drafted Legislation to amend the Internal Revenue Code**
- **Submitted to Congress in June**
- **Draft Language Does Not Allow Release of IRS Data to Schools**
- **Early Internal Discussions on Implementation**



Professional Judgment

- Case by Case basis
- Document Unusual Circumstances
- Used For:
 - COA Adjustments
 - EFC Components
 - Dependency Status
 - Loan Certification/Origination



Resources/Estimated Financial Assistance

Campus-based (Resources)	FFELP (Estimated Financial Assistance)
Pell Grants	Same
Direct Loans, FFEL and other	Same
Grants	Same
Tuition and Fee Waivers	Same
Scholarships	Same
Certain Fellowships and Assistantships	Same
Net earnings from need-based employment	Same
Veterans Benefits	Chapter 30 not counted for subsidized loans
Americorp Benefits	Americorp Benefits not counted for subsidized loans



Packaging

Some decisions the school must make, for example:

- Should priority be given to students who apply first?
- How will the school package for the neediest students?
- Should grants, loans, and work-study be awarded differently based on the year of the student?
- Order of awards
- **Policy must be documented and made available to Students and prospective Students**



Packaging

Aid Type: Federal Pell Grant

Who Receives:

- Undergraduates only (those who have not received a bachelor's degree)
- Exception for certain teacher education students

Amount for 2002-2003 Award Year:

- From Payment Schedules (COA, EFC, Enrollment Status)
- Minimum \$400 Maximum \$4,000



Packaging

Aid Type: FSEOG

Who Receives:

- Undergraduates only (those who have not previously received a bachelor's degree)
- Those with lowest EFC must be awarded first

Amount for 2002-2003 Award Year:

- School's Packaging Policy
- COA less EFC less Resources
- Minimum \$100 Maximum \$4,000



Packaging

Aid Type: Federal Perkins Loan

Who Receives:

- **Undergraduates and Graduates**
- **Those with “exceptional financial need” undefined**

Amount for 2002-2003 Award Year:

- **School’s Packaging Policy**
- **COA less EFC less Resources**
- **Annual Limits \$4,000 Undergraduate and \$6,000 Graduate**



Packaging

Aid Type: Federal Work Study

Who Receives:

- Undergraduates and Graduates

Amount for 2002-2003 Award Year:

- School's Packaging Policy
- COA less EFC less Resources
- Minimum Wage Rate

Packaging

Aid Type: FFEL and Direct Loan Subsidized Loans	Aid Type: FFEL and Direct Loan Unsubsidized Loans
<p>Who Receives:</p> <ul style="list-style-type: none"> ■ Undergraduates and Graduates 	<p>Who Receives:</p> <ul style="list-style-type: none"> ■ Undergraduates and Graduates
<p>Amount:</p> <ul style="list-style-type: none"> ■ (COA-EFC-EFA) ■ Annual and aggregate loan limits depending upon grade level 	<p>Amount:</p> <ul style="list-style-type: none"> ■ (COA-EFA) ■ Annual and aggregate loan limits depending upon grade level



Annual Loan Limits for Subsidized and Unsubsidized Stafford Loans

Dependent Undergraduate Student	
1 st Year	\$2,625
2 nd Year	\$3,500
3 rd and beyond	\$5,500

Independent Undergraduate and PLUS denial Student	
1 st Year	\$6,625 Only \$2,625 of this amount may be subsidized loans
2 nd Year	\$7,500 Only \$3,500 of this amount may be in subsidized loans
3 rd and beyond	\$10,500 Only \$5,500 of this amount may be in subsidized loans.

Graduate Student
Up to \$18,500 Only \$8,500 of this amount may be in subsidized loans Note: Increased amounts for certain health profession students.



Aggregate Loan Limits for Subsidized and Unsubsidized Stafford Loans

Maximum total debt from Stafford Loans when you graduate

Dependent Undergraduate Student	Independent Undergraduate Student	Graduate Student
\$23,000 as a dependent undergraduate student	\$46,000 as an independent undergraduate student. Only \$23,000 of this amount may be in subsidized loans.	\$138,500 as graduate or professional student. Only \$65,500 of this amount may be in subsidized Loans. The graduate debt limit includes Stafford loans received for undergraduates study. Note: Increased amounts for certain health profession students.



Packaging

Aid Type: PLUS Loans

Who Receives:

- Parents of eligible dependent students

Amount for 2002-2003 Award Year:

- Up to the COA less EFA



Interest Sessions

Session Number	Session Title
6	Unexplained Side of Resources: Fellowships, Assistantships, 529 Plans, etc.
7	NSLDS Transfer Student Monitoring & Eligibility Changes
8	Resolving Student Eligibility Issues
9	CPS Edits, Verification Selection, and FSA's Quality Analysis Tool: Tools for Improving the Accuracy of Application Information
10	NSLDS Data Conflict Resolution and You
12	Which? Who? How? And So What?: Using the Quality Analysis Tool to Answer Your Institutional Verification Questions
52	How EFCs Are Calculated (Two Part Session)



Cash Management and Disbursement

K

- Purpose of this portion is to promote an understanding of:
 - How Federal student aid dollars are financed
 - Title IV cash management and disbursement rules
 - Protections for Students/Borrowers
 - Program Integrity



2002-2003 Title IV Expenditures (Estimated)

Title IV Program	Dollars Disbursed	Students Aided (Duplicated)
Pell Grant	\$10,700,000,000	4,500,000
Campus Based	\$ 3,500,000,000	1,200,000
DL and FFEL	\$64,200,000,000	6,200,000
Total	\$78,400,000,000	



Cash Management Rules (34 CFR, Subpart K)

- Student aid dollars are intended solely for the use of the student
- Cash management rules intended to:
 - Promote sound cash management of the student aid programs
 - Minimize cost to taxpayer for making funds available to students
 - Minimize the cost to the student



Business Process for Requesting Funds (668.162)

- FFELP: School certifies the loan and provides lender with disbursement information
- Pell/DL/Campus-Based: School obtains the money from the U.S. Treasury via ED's Grants Administration and Payments System (GAPS)

Methods for Requesting Funds from ED (668.162)

- Advance Payment Method
- Reimbursement Method
- Cash Monitoring Method
- Just In Time Payment Method





Requesting Funds (668.162)

K

- Advance Payment: School can request funds that it expects to disburse within 3 days of receipt.
- Reimbursement: After making disbursement, providing student specific documentation, and receiving ED's approval, school requests funds.
- Cash Monitoring: School disburses and reports then requests funds.
- Just In Time (JIT): School reports disbursement seven days before funds needed then requests funds.
- FFELP: 3 day rule applies for EFT and Master Check.

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Maintaining and Accounting for Funds (668.163)

- Federally insured bank account required for all FSA program funds --
 - Separate Account or Combined with Other Institutional Funds – ED May Require Separate Account
- Notify bank that account contains federal funds



Interest Bearing Account (668.163)

- DL/Pell/Campus-Based must be in interest bearing account, low risk account, unless --
 - Less than \$3 million in annual Title IV drawdowns
 - Less than \$250 in interest earned
 - JIT
- Interest >\$250 per award year must be returned to Department by June 30

Disbursement (668.164)

- Definition: When a school credits a student's account or pays a student directly with:
 - Funds received from Department
 - FFELP funds received from lender
 - Institutional funds when disbursed as Title IV aid

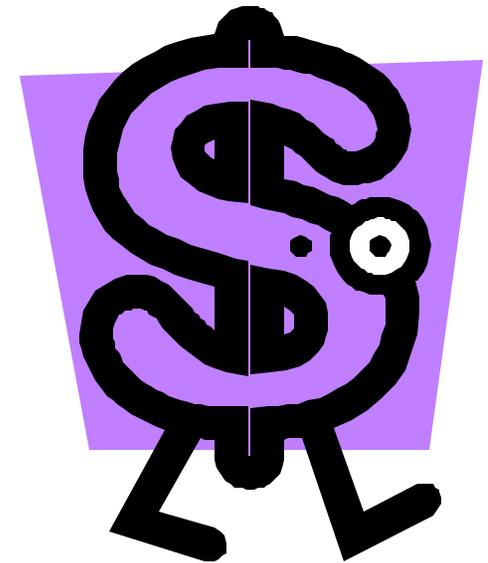




Allowable Credits to Student Accounts (668.164)

K

- Current Charges for:
 - Tuition and Fees
 - Room and Board if contracted with school
 - Other current educationally related expenses if student/parent (PLUS) authorizes in writing





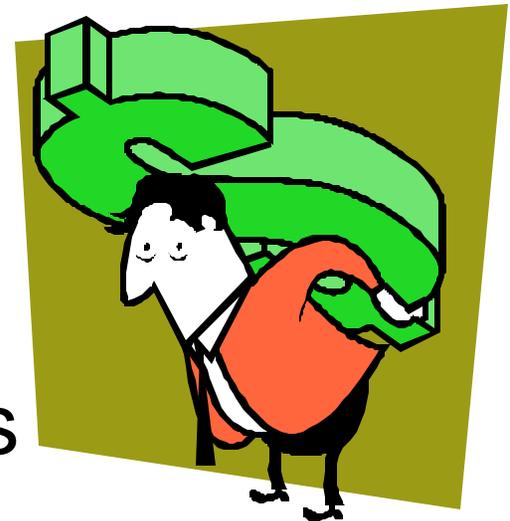
Allowable Credits to Student Accounts (668.164)

K

- Prior Year Charges if:
 - Student has/will have credit balance in current year and student authorizes for:
 - Up to \$99 or
 - Greater than \$99 if taking funds will not impact student's ability to pay current year costs

Credit Balances (668.164)

- Amount of Title IV aid that exceeds institutional charges
 - Must release ASAP but no later than 14 days after balance is created
- Can hold if student authorizes in writing





Methods of Direct Payment (668.164)

- Releasing FFELP check to borrower
- Issuing a check requiring an endorsement by student/parent
- Initiating an authorized Electronic Funds Transfer (EFT) to student designated bank account
- Paying in cash with receipt signed by student
- School smart card ok but cannot charge the student a fee for making withdrawals

Late Disbursements (668.164)

- Pell/FSEOG/Perkins: Student no longer enrolled for the payment period
- DL/FFELP: Student no longer enrolled at least ½ time.
- Must pay no later than 120 days after student became ineligible
 - Later with ED's Approval
- Changed from
“ISIR Processed by School”
to *“ISIR Processed.”*





School Notifications (668.165)

- Award Notice - Type and amount of aid and when and how disbursed (Award Letter).
- Loan Notice - If loan funds credited to account.
 - Includes:
 - Date and amount of disbursement
 - Right to cancel all or part of loan
 - Procedures for cancellation
 - Borrower given at least 14 days to respond
- Must be sent no earlier than 30 days before or no later than 30 days after action
- No need to receive return receipt



Student Authorizations (668.165)

- Disbursing to the student's bank account
- Using funds to pay for allowable charges other than tuition/fees and room and board
- Holding excess credit balances
- Applying funds to prior year charges
- Student can cancel notice
- Cannot be coerced



Overview of Common Origination and Disbursement (COD)

- Redefines aid origination and disbursement processes for Pell Grants and Direct Loans, and provides optional common reporting opportunities for campus-based programs
- Integrates a common process with a system designed to support origination, *disbursement*, and reporting
- Increases accountability and program integrity

COD Cash Management Tools

- Customer Service assistance
 - Primary representative for each School/Service
 - Performs outreach activities including for funding issues (calls & warning messages)
 - Reconciliation Team
 - Provides Funds Management Support to Schools
 - Has access to GAPS information





COD Cash Management Tools

- Aging of Drawdowns
 - Each drawdown is aged to see how long it takes to “substantiate” the draw
 - Lets a school know at any point how much funds have not been substantiated

- Funds are available based on actual disbursement records
 - Records are accepted 30 days out
 - CFL is increased 7 days out



COD Cash Management Tools

■ COD Web Pages

- Provide up to date information about funds drawn by school
- Allow for easy comparison of accepted student level disbursement records to funds
- Allow easy view of Current Funding Level
- Show GAPS activity
- Provide for self-assessment of cash management compliance



► **School Search**

▼ **School Information**

- School Summary
- Financial Aid Contact
- Eligibility
- General
- Options
- Funding Info
- Summary Financial Info
- Refunds of Cash
- Cash Activity
- Events
- Message List
- Yearly Totals

Cash Activity

TUSKEGEE UNIVERSITY i

Program/Year Selection

Program

Award Year

Cash Activity Summary

Net Draws \$37,900
Cash > Accepted & Posted Disbursements & older than 30 days \$36,900

	Totals		
Date of Transaction		10/29/2002	
Time		10:03:56 PM	4:14:52 PM
Drawdowns/Payments	\$45,000.00		
Drawdown Adjustments	\$0.00		
Refunds of Cash	(\$7,100.00)	(\$1,000.00)	(\$1,000.00)
Returns of Cash	\$0.00		
Drawdown Offsets	\$0.00		
Days Since Net Draws Increase			
Days Left For On-time Reporting			
Payment Control Number			
Accepted & Posted Disbursements Applied	\$1,000.00		
% of Accepted & Posted Disb. Applied to Net Draws	2.6%		
Cash > Accepted & Posted Disbursements	\$36,900.00		
% of Cash > Accepted & Posted Disbursements	97.4%		
Source System		COD	COD

Shows draw downs and any cash activity

Amounts in parentheses decrease net draws

School Search School Yearly Totals HELP

- School Information
 - School Summary
 - Financial Aid Contact
 - Eligibility
 - General
 - Options
 - Funding Info
 - Summary Financial Info
 - Refunds of Cash
 - Cash Activity
 - Events
 - Message List
 - Yearly Totals

TUSKEGEE UNIVERSITY

Award Year: '02-'03

	Total Awarded	Total Disbursed	Recipients
Total Pell Awards	\$95,900.00	\$6,302.40	20
Total Direct Loan Awards	-	-	-
Total Subsidized	\$2,000.00	\$500.00	1
Total Unsubsidized	-	-	-
Total PLUS	\$2,000.00	\$0.00	-

Shows by program:

- Total dollar amount for awards
- Total dollar amount for actual disbursements
- Total number of recipients for the selected school



Interest Sessions

Session Number	Session Title
	General Session: Federal Regulatory and Reauthorization Update
17	Return of Title IV Funds
18	Electronic Signatures
19	Cash Management Overview, A - Z
23	COD and Pell Grants: Updates to Edits and Record Layouts for 2003-2004
24	COD and Direct Loan: Updates to Edits and Record Layouts for 2003-2004
26	Common Origination and Disbursement (COD) – Using the New Web Site
28	Common Origination and Disbursement (COD) and Direct Loans – Balancing the Books
29	Common Origination and Disbursement (COD), Pell and Direct Loans – Funding for Schools
44	CommonLine and the Common Record
51	ELMNet

**THANK
YOU!**