



## **Federal Perkins Loan Changes**

Beginning with FY 2000:

- ◆ If school's cohort default rate is 25% or more, then a zero default penalty (no allocation)
  - ▲ default reduction plan not required
- ◆ If school's cohort default rate is 50% or more for the three most recent award years, then:
  - ▲ loss of program participation
  - ▲ liquidation of portfolio

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## **Federal Perkins Loan Changes (cont'd)**

- ◆ Elimination of Expanded Lending Option
  - ▲ Instead:
    - *Increase in annual loan limits at all participating schools*
      - » \$4,000 for undergraduate students
      - » \$6,000 for graduate students
    - *Increase in aggregate loan limits at all participating schools*
      - » \$40,000 for graduate students
      - » \$20,000 for undergraduates who have completed 2 years toward a B.A. degree
      - » \$8,000 for all other students

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### ***Federal Perkins Loan Changes (cont'd)***

- ◆ Extension of deferments and cancellations currently in statute to all borrowers with outstanding loans
- ◆ Incentive repayment program
  - ▲ Lower interest rate (4%) after 48 consecutive payments
  - ▲ 5% discount of unpaid principal balance if paid early
  - ▲ Federal money may not be used to fund these incentives
- ◆ Title IV eligibility restored to borrowers with satisfactory repayment arrangements. Borrowers may receive this benefit only once.

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### ***FFEL and Direct Loan Changes***

- ◆ No multiple disbursement required if:
  - ▲ School has default rate of less than 10% for 3 years and loan period is not more than one semester, one trimester, one quarter, or four months or
  - ▲ Study abroad student and school has cohort default rate of less than 5%
- ◆ No delayed disbursement required if:
  - ▲ School has default rate of less than 10% for 3 years or
  - ▲ Study abroad student and school has cohort default rate of less than 5%
- ◆ Master promissory note required

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## 2. Recipient Financial Management System (RFMS)

- Beginning July 1, 1999, schools will use the new Recipient Financial Management System (RFMS) to report student payment information to ED for the Federal Pell Grant Program.

### a. Records



### ***Recipient Financial Management System (RFMS)***

Four types of records that a school sends to RFMS:

- ♦ origination records
- ♦ disbursement records
- ♦ special disbursement records
- ♦ data request records

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### ***Origination Records***

- ♦ Include demographic data about the school and any branches
- ♦ Used to report an expected award amount and expected disbursement dates for each student who may receive a Federal Pell Grant
- ♦ Must be sent before or at the same time as the disbursement record
- ♦ Can be sent as early as the spring before the award year

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Notes

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### ***Disbursement Records***

- ◆ Used to report how much was or will be disbursed and when the disbursement occurred or will occur
- ◆ Can be sent to RFMS up to 30 days (beginning July 1) before and 30 days after the actual disbursement
- ◆ Have a direct effect on a school's Federal Pell Grant authorization level
- ◆ Will not be accepted unless an accepted origination record is on file

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### ***Special Disbursement Records***

- ◆ Required for schools on reimbursement payment method
- ◆ Contain more data than a regular disbursement record
- ◆ May also be used by schools to track their Federal Pell Grant funding on a payment-period basis

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### ***Data Request Records***

- ◆ Used to track how the Federal Pell Grant Program is administered
- ◆ Include Multiple Reporting Records (MRRs), batch replacements, Electronic Statements of Account (ESOAs), and Year-to-Date (YTD) data

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### ***Acknowledgements***

The acknowledgement record from ED includes an action code that specifies one of three statuses:

- ◆ Accepted: All data were accepted. No further action required.
- ◆ Corrected: RFMS corrected one or more data fields. Review record to ensure no corrections are needed.
- ◆ Rejected: Errors in one or more data fields or a duplicate record result in a rejection. Correct and resubmit records; resubmit duplicates only if data changes.

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## ***b. Funding***

## Notes

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### ***Funding***

- ◆ Initial funding amounts are estimated by ED and authorizations are created and posted to RFMS.
- ◆ RFMS generates an Electronic Statement of Account (ESOA) and sends it to the school.
- ◆ This initial authorization is the amount against which school draws down funds.
- ◆ RFMS goal is to have funds available for drawdown within 24 to 36 hours of receiving the school's data transmission.

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- Accepted disbursement records drive the funding level in GAPS, providing funds for schools to draw down.
- The RFMS goal is to have funds available for drawdown within 24 to 36 hours of receiving the school's data transmission.



### ***Just-in-Time Payment Pilot***

- ◆ Pilot for 1999-2000 award year with a small number of schools.
- ◆ Schools using just-in-time payment method have funds directly deposited into their bank account once RFMS accepts a student's disbursement record.
- ◆ To sign up to participate during the next pilot year, 2000-01, send an email to [#pell\\_systems@ed.gov](mailto:#pell_systems@ed.gov).

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***c. Requesting Data***

Notes



***Electronic Statements of Account (ESOAs)***

- ♦ Generated by RFMS at the time of the initial authorization.
- ♦ Generated when a school sends in disbursement records that result in an adjustment to the school's account.
- ♦ Can also be requested by the school.

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***Multiple Reporting Records (MRRs)***

- ♦ Sent automatically when a potential overpayment or concurrent enrollment occurs.
- ♦ Potential overpayment occurs when two or more schools send a disbursement record for a student and the percentage of the student's Federal Pell Grant eligibility used is greater than 100%.
- ♦ Concurrent enrollment occurs when two or more schools send in origination and disbursement records for the same student with enrollment dates within 30 days of each other.

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- Schools can also request an MRR to obtain information about other schools that may have submitted origination or disbursement records for their students.



### ***Year-to-Date (YTD) Records***

- ◆ Replace the Student Payment Summary (SPS).
- ◆ Contain origination and disbursement records for every student processed by the school.
- ◆ Only sent on request.

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#### ***d. Benefits***



### ***Benefits of RFMS***

Benefits of new system include:

- ◆ an entirely electronic process
- ◆ reduced turnaround time
- ◆ all records are acknowledged
- ◆ ED can forecast funding needs more accurately
- ◆ flexibility in submitting records

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### **3. Access America for Students**

- Access America for Students will provide electronic, Web-based access to government services.
- Access America for Students also tests key concepts of the Modernization Blueprint (formerly Project Easy Access for Students and Institutions).
- The timeline for implementing the Access America for Students pilot project is aggressive, with the pilot project scheduled to begin in the 1999-2000 funding year.
- More information is available at <http://easi.ed.gov>