



NEW SCHOOL GUIDE

———— 2009 ————



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GO FURTHER
FEDERAL STUDENT AID®

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Federal Student Aid, an office of the U.S. Department of Education, ensures that all eligible individuals benefit from federal financial assistance—grants, loans and work-study programs—for education beyond high school. By championing the promise of postsecondary education, we uphold its value as a force for greater inclusion in American society and for the continued vitality of America as a nation.



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Introduction

PURPOSE & SCOPE OF THE GUIDE

The U.S. Department of Education has prepared the *New School Guide* to assist you as your school begins participating in the Federal Student Aid (FSA) programs. This *New School Guide* is designed to give you a quick introduction to program and systems requirements that you should consider as a part of your start-up activities.

However, it should not be assumed that this *Guide* is all-inclusive. For a more complete explanation of specific program requirements, you should refer to the *Federal Student Aid Handbook*. The *Handbook*, published each year by the Department and distributed to school financial aid offices, is a primary reference for financial aid administrators on the regulatory requirements of the FSA programs.

We also offer a similar document describing accounting, recordkeeping and reporting procedures for fiscal or business officers, informally known as the *Blue Book*. Both of these publications are available on the Information for Financial Aid Professionals (IFAP) Web site (www.ifap.ed.gov).

IMPORTANCE OF THE IFAP WEB SITE

Participating schools are specifically required to have access to IFAP and its contents, since IFAP is the means by which the Department notifies schools of FSA program requirements. We strongly recommend that you bookmark the IFAP Web site and sign up for regular notification of publications that are posted on this site.

To register, click on My IFAP, then select the New User Registration option. Registration for My IFAP results in automatic registration to receive weekly e-mail notifications summarizing the new additions to IFAP for the week. You will be able to update your subscription options to also receive e-mail notifications that are content specific, to receive only content specific notifications, or to receive no notifications.

FURTHER ASSISTANCE

At the end of this *Guide*, we have included as appendices:

- A) a list of resources and contact information for FSA call centers that can assist you with your questions about systems issues.
- B) a checklist of important requirements that should be addressed at startup, and
- C) a reference list of User IDs and passcodes required for access to ED and FSA systems.

For continuing assistance with participation requirements, please stay in touch with the School Participation Team for your state.

FEEDBACK

If you have comments or suggestions about this *Guide*, please feel free to send them to the Publications group at: fsaschoolspubs@ed.gov

THE FSA PROGRAMS

The Federal Student Aid (FSA) programs include grants, loans, and work-study for students. Since you will be setting up your school systems to report data for these programs, we'll introduce them according to the process that is used to make awards.

Awards for most of the FSA programs are tracked through the Common Origination and Disbursement System (COD) and funds are provided to participating schools through the Department's G5 payment system. These aid programs are:

- **Federal Pell Grants**
- **ACG and National SMART Grants**
(Academic Competitiveness Grants;
National Science and Mathematics Access to Retain Talent Grants)
- **TEACH Grants**
(Teacher Education Assistance for College
and Higher Education Grants)
- **Federal Direct Loans**
(**Stafford Subsidized** and **Unsubsidized** Loans, and **PLUS** loans)

Schools may also elect to participate in the campus-based programs. For these programs, unlike the others, the school is given an annual funding allocation from which to make student awards according to program guidelines. These programs are:

- **FSEOG grants**
(Federal Supplemental Educational Opportunity Grants)
- **Federal Perkins Loans**
- **Federal Work Study**

Schools receive an annual allocation for these programs, which is drawn through the G5 payment system. The school reports Perkins Loan awards to the National Student Loan Data System, but does not report student-specific data to the Department for FSEOG or Federal Work-Study.

There is one FSA loan program that is funded through private lenders.

- **Federal Family Education Loans (FFEL)**
(**Stafford Subsidized** and **Unsubsidized** Loans, and **PLUS** loans)

Schools that participate in the FFEL programs send loan data to the lender, and receive loan funds from the lender.

FSA Program Requirements

Before beginning to participate in the FSA programs, a school should familiarize itself with the administrative and other requirements that it will have to fulfill, including tracking student and program eligibility. Some of these requirements require substantial lead-time, so a school should begin planning for implementation as soon as possible. Once it begins participating in the FSA programs, a school must continue to meet certain academic, financial, and administrative standards.

THE PROGRAM PARTICIPATION AGREEMENT & ECAR

Signing the Agreement

Upon approval of a school's application to participate, a member of the School Participation Team (SPT) will send an electronic notice to the CEO/President and the financial aid administrator notifying them that the school's Program Participation Agreement (PPA) is available to print and review. The school must print two original PPA documents. The PPA must be printed in portrait orientation and not edited in any way.

The appropriate official(s) at the school must sign and date both copies of the PPA (photocopied or scanned signatures are not acceptable) and send both PPAs to the address on the PPA transmittal letter. All pages of the PPA must be returned.

The SPT will return the school's copy of the PPA, signed and dated on behalf of the Secretary.

Certification by lower-tier contractors

The PPA includes a *Certification By Lower Tier Contractor* form. The school must make copies of the form and obtain the signatures of any and all Lower Tier Contractors on copies of the certification. The signed certification(s) are to be retained in the school's files. A Lower Tier Contractor includes any contracted individuals not considered employees of the school, who participate in the school's administration of the FSA programs (e.g., third-party servicers or loan servicers).

Purpose and scope of the Agreement

The PPA contains critical information about a school's participation in the FSA programs. The PPA identifies the school's OPEID number, the effective date of a school's approval, the date by which the school must reapply for participation, the date on which the approval expires, and the FSA programs in which the school is eligible to participate.

The PPA includes any conditions specific to the school, including the conditions related to its provisional certification (discussed later in this chapter). In addition the PPA summarizes the general terms and

CHAPTER 1 HIGHLIGHTS

- Signing the Program Participation Agreement
 - purpose & scope of agreement
 - expiration/termination of agreement
 - Eligibility & Certification Approval Report (ECAR)
- Eligibility after approval
- Training requirement
- Systems to confirm student eligibility
- Staffing & Third-party servicers
- Continuing participation requirements
 - Cohort default rates
 - 90/10 rule
 - Other financial standards
 - Audits and program reviews
- Updating school application data
 - Changes requiring ED's prior written approval
 - changes that do not require ED's written approval
 - foreign school reporting on the E-App
 - other changes reported on the E-App

Receiving e-mails from ED

Be on the watch for e-mails from an "@ed.gov" address and adjust any spam folders to allow them to pass through.

conditions required for participation in the FSA programs. By signing the PPA, the President/CEO of the school is agreeing to comply with the laws, regulations, and policies governing the FSA programs.

Expiration or termination of the Agreement

The PPA expires on the date indicated on the PPA unless the school applies for recertification and a new PPA is issued. A school may choose to end its participation at any time. To do so, the school must submit an E-App for “Voluntary Withdrawal from ALL Title IV Programs.”

A school’s PPA expires on the date that—

- the school changes ownership that results in a change in control,
- the school closes or stops providing educational programs for a reason other than a normal vacation period or a natural disaster that directly affects the school or its students;
- the school ceases to meet the eligibility requirements,
- the school’s period of participation expires, or
- the school’s provisional certification is revoked.

In the case of a previously approved additional location of the school, the school’s PPA no longer covers a location as of the date on which that location ceases to be a part of the participating school.

The PPA may be terminated by the Department if the school meets any of the conditions listed above (except for the one about expiration). A school that has been terminated by the Department generally may not apply to be reinstated for 18 months.

The Eligibility and Certification Approval Report

When the SPT returns the school’s copy of the PPA, an SPT staff member will also send the school an e-mail indicating that the approval letter and Eligibility and Certification Approval Report (ECAR) are available online.

The ECAR contains the most critical data elements that form the basis of the school’s approval and lists the levels of programs offered. The ECAR also identifies any nondegree programs, short-term programs, and additional locations that have been approved for the FSA programs, as well as those that have been recently disapproved. Both the PPA and ECAR must be kept available for review by auditors and Department officials, including individuals conducting FSA program reviews (discussed later in this chapter).

ELIGIBILITY AFTER APPROVAL

Effective date for participation

The date the PPA is signed on behalf of the Secretary is the date the school may begin FSA program participation. The Department's Program Systems Service and regional offices are notified, as well as state guaranty agencies, that the school is approved to participate in the FSA programs.

Receipt of Federal School Code

Students will use the Federal School Code on the FAFSA to designate the school(s) that they want to receive their FAFSA data.

To confirm that the Federal School Code has been posted, the school must check the www.fafsa.ed.gov Web site, and select the "Search for School Codes" link. This code is typically posted within two weeks after the PPA has been signed on behalf of the Secretary. Schools applying for participation only in the Direct Loan program should request assignment of a Federal School Code when requesting the Direct Loan code from COD School Relations—see Chapter 2.

Beginning to disburse funds

A school may make Pell, ACG/SMART, and TEACH grant disbursements to students for the payment period in which the PPA is signed on behalf of the Secretary. Schools receiving initial certification can participate in the Campus-Based programs in the next award year that funds become available. FFEL and Direct Loan program disbursements may begin in the loan period that the PPA is signed.

Additional programs or locations

FSA funds can only be given to students in approved programs at approved locations. If your school wants to get approval for additional programs or locations, it must file an E-App and receive approval first (in most cases). See the discussion on updating the E-App later in this chapter.

Provisional certification

When a school is first approved to participate, the PPA for a new school will include an *Initial Certification* provision. This provision explains that the school has been granted provisional certification for a period not to exceed one complete award year, in which it must demonstrate that it satisfies the standards of financial stability and administrative capability. New schools may also have other provisional certification conditions which must be met by the school.

Updating, adding, deactivating Federal School Codes

A school must maintain a Federal School Code for its main location. Federal School Codes may also be requested for approved additional locations if the school wants students to be able to separately identify which location they will attend when submitting the FAFSA. Federal School Codes should also be requested for locations if the school will be requesting a separate Direct Loan code for the location(s).

Instructions for updating, adding, and deactivating Federal School Codes are available on the E-App Web site under the Federal School Code Addresses link: www.eligcert.ed.gov

REQUIRED TRAINING FOR NEW SCHOOLS

Training on the Web

www.ed.gov/FSA/training

Visit the training Web site to register for **required FSA Fundamentals** training (requires OPEID) and to review other training options for new schools:

- FSA COACH Web-based Training
- FSA COACH for Foreign Schools
- Web Demo: FAFSA on the Web and FAA Access to CPS Online

Note that new schools get priority in registering for FSA Fundamentals, see correspondence from the Department for more details.

This site also links to Web-based tutorials for staff who will be working with EDEXpress software, the COD system, and Return of Title IV Funds software; or completing the FISAP application/report for the Campus-Based Programs.

Webinars and other training opportunities are also offered on current topics and program changes.

Note that training sessions are also offered at FSA conferences, which are held in the fall. For more information, go to:
fsaconferences.ed.gov

Training requirement

In order to participate in any FSA program, a school that is new to the FSA programs must send two representatives (its president/CEO and a financial aid administrator) to a *Fundamentals of Title IV Administration* training workshop offered by the Department. The training requirement must be completed within 12 months before or after the execution of the Program Participation Agreement.

- The chief executive officer (CEO) may elect to send another executive level officer of the school in his or her place. The CEO or his/her designee must attend at least the first two days of the training.
- The attending financial aid administrator must be the person designated by the school to be responsible for administering the FSA programs. The financial aid representative must attend all four and one-half days of the workshop.
- If the school uses a consultant to administer its financial aid, the consultant must attend the training as the school's financial aid representative. Because the school ultimately is responsible for proper FSA program administration, the Department strongly recommends that a financial aid employee from the school attend the training as well.

The school may request a waiver of the training requirement for the financial aid administrator and/or the chief executive from its School Participation Team. The Department may grant or deny the waiver for the required individual, require another official to take the training, or require alternative training.

Training Content

Fundamentals of Title IV Administration training provides a new school with a general overview of the FSA programs and their administration. It does not cover fiscal and accounting procedures in detail.

We recommend that school staff familiarize themselves with the key topics by taking the on-line *FSA Coach* training prior to attending the *Fundamentals* training.

SYSTEMS TO CONFIRM STUDENT ELIGIBILITY FOR AID

FSA funds can only be given to regular students who are enrolled in eligible programs, and meet other eligibility criteria described in the law. As part of its administrative requirements, your school must establish internal systems to confirm that a student is eligible for FSA funds.

In general, the student must:

- have a Social Security Number
- be a citizen or eligible noncitizen
- not be in default on an FSA loan or owe an overpayment on an FSA grant
- if a male in the applicable age range, be registered with Selective Service

Students are also required to submit a *Free Application for Federal Student Aid (FAFSA)* to calculate an “Expected Family Contribution” (EFC) that the school uses to determine the student’s financial need for aid. The FAFSA can be filed on-line at www.fafsa.ed.gov.

As a part of FAFSA processing, the eligibility requirements listed above will be confirmed using data matches with the National Student Loan Data System and other federal databases such as Social Security, Selective Service, and Immigration (Department of Homeland Security). If the match is unsuccessful or indicates that the student is not eligible, the school will need to resolve the inconsistency and document the student’s eligibility before providing any FSA funds to the student.

The school will also be required to verify the reported financial data for those students selected for verification. This process is described in detail in the *Application and Verification Guide* (see sidebar).

Individual FSA programs have additional eligibility requirements. For instance, Pell Grants and FSEOG are generally only available to students who have not yet earned a baccalaureate degree, and a student must meet specific academic criteria to receive an ACG/SMART or TEACH grant. Also note that special rules apply to incarcerated students and correspondence students. These requirements are described in detail in Volume 1 of the *FSA Handbook*.

Once the student is enrolled, other eligibility requirements come into play, such as the requirement that a student maintain satisfactory progress in his/her program of study. In addition, a student may lose FSA eligibility if convicted for a drug offense that occurred while enrolled and receiving FSA funds.

Key Web Sites for exchanging student data

A participating school exchanges student data through several important FSA systems.

- Central Processing System (CPS) for student applications (FAFSA) data
- Common Origination and Disbursement (COD) for Pell, ACG/SMART, and TEACH grants; and for Direct Loans
- National Student Loan System (NSLDS) Web site for the student’s financial aid history, enrollment information, and transfer monitoring.

The Student Aid Internet Gateway (SAIG) manages enrollment for several of these systems, and also hosts the electronic mailbox (or “destination point”) for data exchanges with FSA systems. We’ll discuss these systems in more detail in Chapter 2.

More information

Student eligibility requirements are covered in detail in the *Application and Verification Guide* and Volume 1 of the *FSA Handbook*.

These publications are available on the Information for Financial Aid Professionals Web site (IFAP) at: www.ifap.ed.gov

Definition of family

For purposes of “separation of functions,” a member of an individual’s family is a parent, sibling, spouse, child, spouse’s parent or sibling’s, or child’s spouse.

Electronic processes & separation of functions

While electronic processes enhance accuracy and efficiency, they also can blur separation of functions so the awarding and disbursement occur virtually simultaneously. Schools must set up controls that prevent an individual or an office from having the authority (or the ability) to perform both functions. In addition, your system also should have controls that prevent cross-functional tampering. For example, financial aid office employees should not be able to change data elements that are entered by the registrar’s office.

Finally, your system should only allow individuals with special security classifications to make changes to the programs that determine student need and awards, and it should be able to identify the individuals who make such changes.

For more on information security requirements, see Volume 2 of the *FSA Handbook*.

Checking debarment

You can check to see if an individual or school has been debarred by using the Excluded Parties List System: <https://www.epls.gov/>

STAFFING & THIRD PARTY SERVICERS

When preparing to participate in the FSA programs, your school needs to ensure that it has adequate staff to provide services to students and meet the administrative requirements of the programs.

Adequate staffing & coordination of information

The number of staff that is adequate depends on the number of students aided, the number and types of programs in which the school participates, the number of applicants evaluated and processed, the amount of funds administered, and the type of financial aid delivery system the school uses.

When planning for participation, remember that your school needs to ensure *coordination of information* between its administrative offices. For instance, the financial aid office needs to know if a student ceases making satisfactory progress, because the student will no longer be eligible for FSA funds.

Separation of functions

In addition, the organization of your school’s administrative offices must be organized in such a way that there is a *separation of function* that ensures that no single person or office can authorize FSA awards *and* disburse the awarded funds. Small schools are not exempt from this requirement even though they may have limited staff. Individuals working in either authorization or disbursement may perform other functions as well, but not both authorization and disbursement. These two functions must be performed by individuals who are not members of the same family and who do not together exercise substantial control over the school. If a school performs any aspect of these functions via computer, no one person may have the ability to change data that affect both authorization and disbursement.

Hiring prohibitions

When filling positions, your school needs to ensure that none of the applicants have been debarred or suspended, or have previous offenses or liabilities that would affect its eligibility to participate in the FSA programs.

- Before a school may receive FSA funding, it must certify that neither the school nor its employees have been debarred or suspended by a federal agency. (See Volume 2 of the *FSA Handbook* for a discussion of the school’s responsibilities.)
- A school may not employ an individual who will be involved in the administration of FSA programs or the receipt of FSA funds if the individual has been convicted of (or has pled *nolo contendere* or *guilty*) to a crime involving the acquisition, use, or expenditure of federal, state, or local government funds, or has been administratively or judicially determined to have committed fraud or any other material violation of law involving federal, state, or local government funds.
- A school is not financially responsible if any person who exercises substantial control over the school (or any members

of the person's family alone or together) owes a liability for an FSA program violation or has ever exercised substantial control over another school (or a third-party servicer) that owes a liability for an FSA program violation.

Third-party servicers

Schools are permitted to contract with consultants or third-party servicers to carry out some of the administrative requirements for the FSA programs. However, the school ultimately is responsible for the use of FSA funds and will be held accountable if the consultant or servicer mismanages the programs or program funds.

When the school contracts with a servicer, the servicer must agree to comply with all applicable requirements, to refer any suspicion of fraudulent or criminal conduct in relation to FSA program administration to ED's Office of Inspector General, and, if the servicer disburses funds, to confirm student eligibility and return FSA funds (if required) when a student withdraws.

If the contract is terminated, or the servicer ceases to perform any functions prescribed under the contract, the servicer must return to the school all unexpended FSA funds and records related to the servicer's administration of the school's participation in the FSA programs.

As when hiring individuals, a school may not contract with a third-party servicer who has been debarred or suspended, or has previous offenses or liabilities that make the servicer ineligible for FSA purposes. (See Volume 2 of the *FSA Handbook* for additional information.)

Notifying ED of Third-party servicers

A school must notify ED within 10 days if the school begins or ends a contract with a third-party servicer (use the E-App—Section J). You don't need to provide a copy of the contract unless ED requests a copy.

Also note that your school must obtain a signed *Certification By Lower Tier Contractor* from all of its third-party servicers, including those whose contract begins at any time after the PPA was signed. Please note that while schools must report ATB Testers with the third-party servicers in Section J of the E-App, they are not considered a third-party servicer and the school does not need to obtain a signed *Certification By Lower Tier Contractor* from the ATB Tester(s).

Third-party servicers defined

A third-party servicer is an individual or organization that enters into a contract (written or otherwise) with a school to administer any aspect of the school's FSA participation, such as:

- processing student financial aid applications, performing need analysis, and determining student eligibility or related activities;
- certifying loans, servicing loans, or collecting loans;
- processing output documents for payment to students, and receiving, disbursing, or delivering FSA funds;
- conducting required student consumer information services;
- preparing and certifying requests for advance cash monitoring or reimbursement funding, preparing and submitting notices and applications required of eligible and participating schools, or preparing the Fiscal Operations Report and Application to Participate (FISAP); or
- processing enrollment verification for deferment forms or Student Status Confirmation Reports.

A person or organization performing the following functions is *not* considered to be a third-party servicer and is not subject to third-party servicer requirements.

- performing lockbox processing of loan payments;
- performing normal electronic fund transfers (EFTs) after being initiated by the school;
- publishing ability-to-benefit tests;
- financial and compliance auditing;
- mailing documents prepared by a school or warehousing school records;
- participating in a written arrangement with other eligible schools to make eligibility determinations and FSA awards for certain students; and
- providing computer services or software.

An employee of a school is not a third-party servicer. For this purpose, an employee is one who:

- works on a full-time, part-time, or temporary basis,
- performs all duties on site at the school under the supervision of the school,
- is paid directly by the school,
- is not employed by or associated with a third-party servicer, and
- is not a third-party servicer for any other school.

Checklist

See Appendix B for a checklist of requirements for participation in the FSA programs. In addition to student aid and systems requirements, note that a school also must meet general requirements for student consumer information, campus security, privacy of educational records, etc., that are not directly connected to student aid.

Establishing school and financial aid procedures

A school is required to have written policies for admissions, satisfactory academic progress, refunds, and other determinations, and in many cases, the school is required to make these policies readily available to enrolled students and/or prospective students and their families.

In general, it is a good practice to maintain a procedures manual at your school that describes how application information is verified, how aid is awarded and disbursed, the process for requesting and handling special circumstances (use of professional judgment), and the process for handling satisfactory academic progress appeals, etc. A procedures manual helps ensure equal treatment for all of your students, and can be used to demonstrate compliance with FSA program rules.

CONTINUING PARTICIPATION REQUIREMENTS

After a school begins participating in the FSA programs, it is responsible for following certain general requirements. We've listed these requirements in Appendix B—they are discussed in greater detail in Volume 2 of the *Federal Student Financial Aid Handbook*.

Several of these requirements are of particular interest to new schools, so we will briefly describe them below.

Cohort Default Rates

Your school may lose eligibility to participate in the FSA programs if it has a cohort default rate for Stafford (Subsidized/Unsubsidized Direct) loans that equals or exceeds 25% for one or more of the three most recent fiscal years or if the most recent cohort default rate is greater than 40%.

Generally speaking, a cohort default rate (CDR) is the percentage of a school's student borrowers who enter repayment on Direct Subsidized or Unsubsidized (Stafford/Ford) loans during a particular fiscal year and who default before the end of the next fiscal year. (There are other criteria and exceptions — see the complete definition in the *Cohort Default Rate Guide*, which is available in the Publications area of the IFAP Web site.)

The Department releases *draft* default rates in February to allow schools an opportunity to review and correct the data that will be used to calculate their official cohort default rates. In the early fall of each year, the Department issues the *official* cohort default rates. Under certain conditions, a school may be able to submit an appeal if it is subject to a loss of eligibility. See the *Cohort Default Rate Guide* for more information.

We encourage schools to take an active role in monitoring their default rates and taking preventive measures to reduce the potential for default. Thorough loan counseling is essential to make sure that students only borrow what they need for educational expenses, understand the responsibility to repay the loan, and know their repayment options. In addition, many schools have found it helpful to stay in touch with their student borrowers during repayment, to identify borrowers who are in delinquency, and to remind borrowers of their repayment options, including forbearance and deferment.

90/10 rule

A proprietary institution may derive no more than 90% of its revenues from the FSA programs. The calculation rules (what can be counted in overall revenues versus revenues from FSA programs) are described in Volume 2 of the *FSA Handbook*.

If a school fails to satisfy the 90/10 Rule for one year, its participation status becomes provisional for two fiscal years. However, if the school does not satisfy the 90/10 Rule for 2 consecutive fiscal years, it loses its eligibility to participate in the FSA programs for at least 2 fiscal years. Schools have 90 days after their most recently completed fiscal year has ended to report to the Department if they did not satisfy the 90/10 Rule for the fiscal year.

Other financial standards

The Department calculates financial ratios (primary reserve, equity, and net income) for proprietary and private non-profit schools based on their annual audited financial statements. The ratios are then used to derive a composite score for the school.

A proprietary or private non-profit school must maintain a composite score of 1.5 to be considered financially responsible. A school with a composite score below 1.5 may participate under an alternative standard of financial responsibility which includes additional Department oversight and may require the school to post a letter of credit.

In addition, a school must maintain sufficient cash reserves to return FSA funds when a student withdraws, and it must be current in its debt payments.

Audits

A school generally must have an independent auditor conduct an annual audit of the school's compliance with the laws and regulations that are applicable to the FSA programs in which the school participates (compliance audit), and an audit of the school's financial statements (financial statement audit).

Normally, all financial statement and compliance audits conducted to satisfy the annual audit requirement must be done in accordance with the Department's *FSA Audit Guide*. However, public colleges, State and local universities, and non-profit schools must have their audits conducted in accordance with OMB *Circular A-133*. (Circular A-133 allows an FSA compliance audit under the criteria of the Department's *FSA Audit Guide* under limited circumstances.)

All audits must be based on the school's fiscal year. FSA audits must be submitted to the Department within six months after the close of the fiscal year, while Circular A-133 Audits must be submitted within nine months after the close of the fiscal year. All audits are submitted to the Department through the eZ-Audit Web site, which is the same site used to submit the audits required for initial eligibility.

Program reviews

The Department conducts program reviews to confirm that a school meets FSA requirements for institutional eligibility, financial responsibility, and administrative capability. Program reviews are not conducted on a regular schedule. The Department selects schools for review giving priority to those that meet criteria specified in the law.

These program reviews are typically conducted by the School Participation Teams, but may be conducted by the Department's Office of the Inspector General.

Program reviews may also be conducted by the agencies which guaranty the school's FFEL program loans. These reviews will focus primarily on FFEL administration and the General Provisions requirements in the regulations that relate to FFEL recipients. Schools with high student loan default rates are more likely to have a program review conducted by a guaranty agency.

Schools participating in the FSA programs must cooperate with program reviews conducted by representatives of the Department, the Office of the Inspector General, and guaranty agencies.

Waiver of audit requirement

A proprietary school can request a waiver of the requirement for an annual audit if it disbursed less than \$200,000 in each of the two most recently completed award years. (A new school will not be eligible for an audit waiver until it has participated in the FSA programs under the same ownership for at least 3 award years preceding the school's waiver request.)

The Department can approve a waiver of the audit requirement for up to 3 years, but note that the ensuing audit will still cover the years of the waiver approval.

A public or private nonprofit institution that expends less than \$500,000 in federal funds in a fiscal year is exempt from filing compliance audits *after* the school gains initial eligibility.

FSA Audit Guide

The full name of the *FSA Audit Guide* is "Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers." The *FSA Audit Guide* can be found in the Publications area of the IFAP Web site.

OMB Circular A-133

Circular A-133 is a release of the Office of Management and Budget. Its full name is "Audits of States, Local Governments, and Non-profit Organizations" www.whitehouse.gov/omb/circulars

Updating & Recertification

Schools must apply for recertification 3 to 6 months prior to the expiration of their PPA. The Reapplication Date indicated on the PPA is the deadline for submitting the recertification application through the E-App Web site. While ED will send reminder notices about this requirement, the school is responsible for submitting the application by the deadline even if those notices are not received.

If ED receives an application no later than 90 days prior to the expiration date of the PPA and the application is materially complete when submitted, the school will automatically be on a month-to-month certification until ED issues its decision on the application. During the recertification process, the school must report updated information to ED.

If the school remains eligible, a new PPA will be issued in response to the recertification application. The school may remain on provisional certification or may be fully certified. After the initial approval, schools may be recertified for up to 4 years. After the first recertification, schools are typically recertified for 3 to 6 years. However, schools that fail to meet the eligibility requirements may be denied recertification.

UPDATING SCHOOL APPLICATION DATA

Expanding eligibility

The ECAR that the Department sends to the school identifies the educational programs and locations that are eligible. (The eligibility of a school and its programs does not automatically include separate locations and extensions.) If a school wishes to extend its eligibility to include a location at which at least 50% of an education program is offered, or to provide aid to students in an educational program that is not listed on the ECAR, the school must ensure that it applies and receives approval for any new educational program or location.

For a school that is new to the FSA programs, new additional locations will not generally be allowed during the initial provisional certification period. Applications for adding additional locations are usually not considered until the school has submitted a compliance audit covering a full year of participation, and that audit has been reviewed by the Department.

Generally, schools in their initial period of participation may not award FSA funds to a student in an educational program that is not included in the school's approval documents. During the initial period of participation in the FSA programs for these school, the Department will not approve additional educational programs that would expand the school's eligibility.

An exception would be considered if the school demonstrates that the program has been legally authorized and continuously provided for at least two years prior to the date of the request. "Continuously provided" includes the requirement that there have been students enrolled and attending the program for the entire two-year period, with no gaps other than for normal, scheduled vacation breaks and holiday periods, or for a period when the school temporarily closed due to a natural disaster that directly affected the school or its students.

Reporting Changes

A school is required to report changes to certain information on its application within 10 days, as listed in the chart on the following pages. If a change occurs in an E-App item not listed on the following pages, the school must update the information when it applies for recertification.

When a school submits an E-App to report a change, if further action is needed, the Department will tell the school how to proceed, including what materials and what additional completed sections of the E-App need to be submitted. If you have questions about changes and procedures, you should contact the School Participation Team for your state.

E-App changes requiring prior written approval from ED

All schools must report and wait for written approval before disbursing funds when the following occur (the number in parentheses refers to the number of the question on the E-App):

- a change in accrediting agency (notify the Department, when you **begin** making any change that deals with your school's institution-wide accreditation) (#15);
- a change in state authorizing agency (#17);
- a change in institutional structure (#18);
- an increase in the level of educational programs beyond the scope of current approval (#26);
- the addition of accredited and licensed nondegree programs beyond the current approval (#27);
- the addition of short-term (300–599 clock hour) programs (#27);
- changes to the FSA programs for which the school is approved.* (Approvals from your accrediting agency and state authorizing agency are **not** required for this change.) (#37);
- a change in the type of ownership (#22-24);
- a change in ownership (#24); and
- the addition of an accredited and licensed location (#30) when a school—
 - » is provisionally certified; or
 - » is on the cash monitoring or reimbursement system of payment; or
 - » has acquired the assets of another school that provided educational programs at that location during the preceding year, and the other school participated in the FSA programs during that year; or
 - » would be subject to a loss of eligibility under the cohort default rate regulations (34 CFR 668.188) if it adds that location; or
 - » has been advised by the Department that the Department must approve any new location **before** the school may begin disbursing FSA funds.

When one of the changes that requires the Department's written approval occurs, a school must notify the Department. The school must apply to the Department for approval of the change via the electronic application within 10 calendar days of the change. As soon as the school has received approvals for the change from its accrediting agency and state authorizing agency, it must send to the Department:

- copies of the approval for the change,
- any required documentation, and
- Section L of the E-App containing the original signature of the appropriate person

* For TEACH Grants, select "Add TEACH Grants" and then use question 69 to explain the eligibility criteria that your school meets for TEACH Grant participation. See Dear Colleague Letter GEN 08-07, posted on June 3, 2008.

E-App changes that do not require ED's written approval

Though they need not wait for the Department's approval before disbursing funds, all schools must **report** the following information to the Department.

- change to name of the school* (#2)
- change to the name of a CEO, president, or chancellor (#10)
- change to the name of the chief fiscal officer or chief financial officer (#11)
- change in the individual designated as the lead program administrator (financial aid administrator) for the FSA programs (#12)
- change in governance of a public institution (#24)
- a decrease in the level of program offering (e.g., the school drops all its graduate programs) (#26)
- change from or to clock hours or credit hours (#27)
- address change for a principal location* (#29)
- name or address change for other locations* (#30)
- the closure of a branch campus or additional location that the school was required to report (#30)
- the addition of an accredited and licensed location unless the school meets the conditions specified on the previous page (34 CFR 600.20(c)(1)) (#30)
- change to the school's third-party servicers that deal with the FSA program funds (#58)

When one of these changes occurs, a school must notify the Department by reporting the change and the date of the change to the Department via the E-App within 10 calendar days of the change. In addition, a school must send to the address below

- any required supporting documentation, and
- Section L of the E-App containing the original signature of the appropriate person.

Foreign school reporting on the E-App

A **foreign school** must report changes to its postsecondary authorization (#42), degree authorization (#43), program equivalence (#44), program criteria (#45), or to its U.S. administrative or recruiting office (#46).

A **foreign medical school** must report changes to the facility at which it provides instruction (#47), its authorizing entity (#46), the approval of its authorizing entity (#46), the length of its program (#46), or the clinical or medical instruction that it provides in the U.S.

Other changes reported on the E-App

-
- Change to address for FSA mailings to an address different than the legal street address (#13)
- Change to address for FSA mailings to an additional location that is different than the legal street address (#30)
- Change of Taxpayer Identification Number (TIN) (#6a)
- Change of DUNS number (#6b)
- Change in board members (#20)
- Reporting foreign gifts (see Chapter 12) (#71)
- Change to institution's Web site address (#9)
- Change of phone/fax/e-mail of CEO, president, or chancellor (#10)
- Change of phone/fax/e-mail of CFO (#11)
- Change of phone/fax/e-mail of financial aid administrator (#12)

-
- As soon as it has received approvals for the change from its accrediting agency and state authorization agency, a school must send the Department copies of the approvals for change.

Participating in FSA Systems

All schools that participate in the Federal Student Aid programs must be able to exchange student and other data through the Department's electronic systems. This chapter discusses the major FSA systems that are used to track the student's eligibility, payments, and cumulative aid received, and to adjust school authorizations.

OVERVIEW OF FSA SYSTEMS, WEB SITES, AND SOFTWARE

There are many different kinds of data exchanges between schools and FSA systems, but virtually all of them are conducted over the Internet. The key student records that your school is required to share with the Department are

- the Institutional Student Information Record (ISIR) generated by the Central Processing System (CPS), which contains student data from the FAFSA and other federal databases,
- the “common record” for the Common Origination and Disbursement (COD) system, which contains award and payment information for FSA grants and Direct Loans,
- the Enrollment Monitoring Report through the National Student Loan Data System (NSLDS), which is used to establish a student's eligibility for in-school loan deferments (even if your school does not offer FSA loans), and
- the Transfer Monitoring Report through NSLDS, which is used to track aid that may have been received by a transfer student at a previous school.

Individual student records are typically combined into “batch files” for convenience. To exchange these batch files with FSA systems, you will need to enroll for an electronic mailbox or “Destination Point” at the Student Aid Internet Gateway (SAIG), which will be our first topic. The advantage of batch files is that they make it easy to submit data for many students at one time, since they can usually be generated from databases kept at your school.

Traditionally, schools have used local PC or mainframe software to view and correct student records such as the ISIR and COD common record. We'll discuss some of your systems and software options in the next chapter.

In recent years, it has also become possible for schools to view and edit these records directly on the Web. Therefore, you'll also need to enroll for access to the CPS, COD, and NSLDS Web sites, as described later in this chapter. Using a Web site rather than submitting a batch file may be practical if you only need to report for a small number of students, for instance, reporting recent transfer students to NSLDS.

CHAPTER 2 HIGHLIGHTS

- Enrolling in SAIG
 - SAIG Mailbox/Destination Point used for student records ((ISIRs and COD Common Records, DL & NSLDS reports)
 - School must designate Destination Point Administrator (DPA)
 - DPA must sign and submit SAIG enrollment form
 - Also use SAIG Enrollment Site to sign up for eCDR packages, FISAP (Campus-Based schools), CPS on-line access, and NSLDS on-line access
- Using the SAIG site to enroll in other FSA systems
 - FAA Access to the CPS
 - NSLDS
- Enrolling in COD
 - School must designate COD Security Administrator
 - Contact COD School Relations
- Enrolling in the G5 payment system
- Enrolling in eZ-Audit
- Enrolling in the eMPN Web site
- Surveys & reports
 - IPEDS
 - Campus Security
 - Equity in Athletics

Beginning Direct Loans participation

Send your e-mail request to CODSupport@acs-inc.com, and include:

- Name of the school
 - Address including city, state and zip code
 - Person requesting participation (Financial Aid Director or an official listed on the E-App), with e-mail and phone number of the official
 - OPEID, COD ID, and DUNS number
- Request for Federal School Code (if not yet assigned)

Guarantee agency listing

To find a list of guaranty agencies, organized by the state for which they are the designated guarantor and listing any other states they serve, visit the Department’s Education Resource Organizations Directory of State Guaranty Agencies at wdcrobcolp01.ed.gov/Programs/EROD/org_list.cfm?category_cd=SGA

College Navigator Web site

Student enrollment, default rates, crime statistics, and other information provided by the school through the IPEDS surveys is used to populate the College Navigator Web site, which enables prospective students and their parents to search and compare characteristics of postsecondary schools..

The College Navigator site is maintained by the National Center for Education Statistics: nces.ed.gov/collegenavigator/

Receiving FSA funds

To receive FSA funds (other than FFEL loan funds), your school will also need to enroll in the Department’s G5 payment system. Drawing funds from G5 and paying students will usually be the responsibility of your business or fiscal office.

Schools that participate in the Campus-Based programs also need to enroll in the *eCampus-Based* Web site to report prior-year data and to apply for funds for the coming year.

Beginning participation in Direct Loans

If your school has applied to participate in the Direct Loan Program and has been approved (as indicated on the PPA), you must send an e-mail request to the COD School Relations Team to begin actively participating in the Direct Loan Program (see sidebar).

If you are enrolling an additional location for its own DL code separate from the main campus DL code, you must first obtain a unique DUNS number for the additional location. You must also ensure that the location and its DUNS number have been reported through the E-App, and that your school has received ED approval for the location. (If you do not have a DUNS number for a location, you can contact Dun & Bradstreet at 1-800-333-0505 to have a number assigned.)

If everything is in order, your school will receive a Welcome Letter which will include a Direct Loan Code and will explain the next steps in the process.

Beginning participation in FFEL

If your school has elected to participate in the FFEL programs and has been approved (as indicated on the PPA), you should contact one or more guaranty agencies that serve the state in which the school is located.

Guaranty agencies will provide information on their application process, any forms needed to enroll in their electronic services, and details of the training and other services they provide.

Other Web data exchanges

Schools must use electronic processes to submit and receive school performance data with the Department, such as the *eCDR* process for electronic delivery of annual cohort default rate information. (Also note that your school is required to submit audits and financial information through the *eZ-Audit* Web site; your school was required to enroll in this site as part of its initial application for eligibility.)

Finally, schools need to use other Department Web sites to report information that is not directly related to the FSA programs:

- *IPEDS surveys*. Student enrollment, graduation rates, and other school characteristics.
- *Campus Security report*. Annual report of crimes committed on the school’s campus.
- *Equity in Athletics report*. Participation rates, financial support, and other information on men’s and women’s intercollegiate athletic programs.

ENROLLING IN SAIG

Purpose

By enrolling to participate in the **Student Aid Internet Gateway (SAIG)**, your school can begin to exchange student data electronically with FSA systems through one or more SAIG Mailboxes (Destination Points). Your SAIG enrollment also controls access to several FSA Web sites, such as the CPS and NSLDS Web sites (*FAA Access to CPS* and *NSLDS Professional Access*). See the following sections for CPS and NSLDS options.

How it works

Your school determines which services it needs and which staff to enroll as Destination Point Administrators (DPAs). Your school must designate a Primary DPA. This individual is the only person within the organization who may enroll other organizational staff for additional SAIG destination points (mailboxes) and associated services.

The Primary DPA can use the SAIG Enrollment Web site to add or remove users, edit information about the entity, or change the entity's enrollment in various SAIG services. The Primary DPA may choose to enroll additional DPAs with individual mailboxes for each service or function or combine services and functions within a single SAIG Mailbox.

How to enroll in SAIG

To sign up for an SAIG Mailbox, go to the SAIG Enrollment home page and select *Enroll for SAIG Mailbox*. You will need the following information

- your school's OPEID number, Federal School Code, and Direct Loan code (if participating in Direct Loans). The OPEID is shown on your school's Program Participation Agreement (PPA) or ECAR, which can be viewed on the E-App site.
- name, address, Social Security Number (SSN), and date of birth for each Destination Point Administrator.

After completing the on-line enrollment process, you will be instructed to print, complete and sign the enrollment signature documents. Be sure

- each DPA reads and signs the *Responsibilities of the Destination Point Administrator* statement.
- you have obtained the necessary signatures for the responsibilities section of the Certification form. By signing this form, your school certifies that each DPA will follow the security requirements for permitting other people to use his/her destination point. (Your President, CEO, Chancellor, or equivalent persons can designate another person to be your school's responsible authorizing official.)

SAIG Enrollment

To complete your SAIG Enrollment Form go to:
www.fsaweбенroll.ed.gov

For assistance, contact:
CPS/SAIG Customer Service:
1-800-330-5947



Mail SAIG Enrollment Forms

CPS/SAIG Technical Support
P.O. BOX 4429
Iowa City, IA 52244-4229

or overnight to:
CPS/SAIG Technical Support
2400 Oakdale Blvd.
Coralville, IA 52241



DPA and NSLDS

Only the DPA for a destination point can access the NSLDS Web site using the TG number for that mailbox. Other users of that mailbox have access to all of the batch files sent to that mailbox, including Enrollment and Transfer Monitoring reports.

A DPA can enroll additional staff in NSLDS Online by going to the SAIG Enrollment Web site and selecting "Add Another NSLDS OnLine User." Note that each additional NSLDS user will have his or her own SAIG Mailbox and TG number, and will be the DPA for that Mailbox.

<https://www.fsaweбенroll.ed.gov>

Other SAIG users

In addition to participating schools, the following entities use SAIG mailboxes to exchange data with ED:

- Third-party servicers
- FFEL guaranty agencies or their servicers
- FFEL lenders or and servicers

Services available through your SAIG mailbox

You may enroll for the following services through the SAIG Web site using your school's OPEID or other identifier (as indicated):

- **Central Processing System**
[Federal School Code] Submit initial FAFSAs, FAFSA corrections and/or receive ISIRs
- **Pell Grant Processing (COD System)**
[Pell code] Submit and receive Pell Grant payment data
- **Direct Loan Processing (COD system)**
[Direct Loan code] Submit and receive Direct Loan award/payment data
- **Direct Loan Servicing**
[Direct Loan code] Submit and receive Direct Loan reports
- **Direct Loan Borrower Delinquency Report**
[Direct Loan code] Receive Direct Loan Borrower Delinquency Report
- **NSLDS Batch**
[OPEID] Submit and receive NSLDS batch files: Financial Aid History/Transfer Student Monitoring, Enrollment Roster Files (formerly known as SSCRs), Perkins Loan data
- **NSLDS eCDR**
[OPEID] Receive the electronic Cohort Default Rate report
- **NSLDS Professional Access**
[OPEID] Web site to update NSLDS information: Loan History, Pell Grant, Enrollment History, Overpayment History, Enrollment Reporting Schedule, Data Provider Schedule, On-line Reports, Transfer Monitoring, and Origination Contacts. Schools also have an option to select Enrollment Access and /or Overpayment Updates .
NOTE: Only the DPA for a mailbox can have access to NSLDS On-line. so you will have to create a separate SAIG Mailbox for each staff member who needs on-line access to NSLDS.
- **FISAP/eCampus-Based**
[OPEID] Participate in Campus-Based Programs

Adding SAIG Users to an SAIG Mailbox

The DPA can give multiple individuals (SAIG Users) access to the SAIG mailbox by obtaining signatures on the SAIG User Agreement (see Attachment B, SAIG Enrollment Form).

Access to the data files in your SAIG mailbox(es) is controlled through your local software (e.g., EDConnect, or equivalent software) as discussed in Chapter 3.



Mail the completed documents to CPS/SAIG (see sidebar on previous page for address).

CPS/SAIG Customer Service will contact your school with the processed enrollment information and TG Number for that Mailbox (Destination Point.). The DPA will also receive the processed enrollment information by mail or e-mail. DPAs must contact CPS/SAIG Customer Service to activate the TG Number for that Mailbox (Destination Point).

SAIG User Agreements must be kept on file at your school.

Adding or updating SAIG mailbox information

To add a new Destination Point (SAIG mailbox with assigned TG Number) or designate a new individual as DPA, you will need to submit a new SAIG enrollment form. Signature pages are also required when changing authentication information (SSN, date of birth, password), enrolling for eCDR services, and adding or changing services if the destination type is listed as "Third Party Servicer."

You may use the SAIG Web site to modify existing services for a destination point, change demographic information, delete a destination point, or enroll for a test mailbox identification number. (The SAIG Web site can also be used to update enrollment information for other Web services, such as the CPS and NSLDS Web sites, as described later in this chapter.)

ENROLLING IN FAA ACCESS TO CPS

Purpose

The *FAA Access to CPS* Web site enables you to view and correct aid application information for students who are considering attending your school. (FAA stands for “Financial Aid Administrator.”) In addition, you can use this site to enter FAFSA or Renewal FAFSA information for a student, review or analyze verification data, and perform “Return of Title IV Aid” calculations for students who withdraw from your school.

How it works

The **Central Processing System (CPS)** is used

- to collect and verify the information that the student submits on the *Free Application for Federal Student Aid* or *FAFSA on the Web*,
- to calculate the Expected Family Contribution (EFC) that you use to award FSA funds, and
- to check certain information on the application against several major federal databases, including Social Security, Selective Service, Immigration (Department of Homeland Security), and the National Student Loan Data System (NSLDS).

The student’s application information is sent to your school in the form of an Institutional Student Information Record (ISIR), which includes comments (based on CPS review of the application information) and the student’s financial aid history from NSLDS. This electronic document serves as the basis for any later corrections or adjustments.

How to enroll in FAA Access to CPS

Your school must obtain an SAIG Mailbox as described in the previous section. Once the SAIG Mailbox has been established, the Destination Point Administrator (DPA) assigned to the mailbox that is used to send and receive FAFSA and ISIR correction data will automatically have access to the *FAA Access to the CPS* Web site.

Enrolling Additional Users on FAA Access to CPS

Using the TG number for the Mailbox that is used to exchange CPS data for your school, the DPA can set up access for additional users from the SAIG enrollment site. The DPA has the option to enroll new users with the same access rights as the DPA (owner of the TG number, who always has full rights) or the option to choose specific processing year cycles and level of access (read or write). *Read* access means that the user can view but not change data, while *Write* access enables a user to change the data. If your school has multiple locations with different Federal School Codes, the DPA can limit which campuses the user can access in order to view, add and/or update records.

FAA Access to CPS

FSA User ID and Password

Beginning in May 17, 2009, users will be issued a new FSA User ID and will establish a password. (Previously, CPS users logged in with a PIN.) Be sure that you enter a valid e-mail address for the person you are adding on the demographic information page. An e-mail containing the FSA User ID will be sent to that address.

The DPA must complete and print an *FAA User Statement* for each employee to be granted CPS Web access. Your school must keep a copy of the FAA User Agreement in its files. To add multiple users, a DPA must return to the “Add a new FAA User” screen and repeat this process.

Newly enrolled users will receive an e-mail message containing a link to the online enrollment system. During the enrollment process the user will select and respond to several challenge questions and establish a password. Once enrollment is complete, the user will be e-mailed his or her FSA User ID.

Changing an existing FAA user or user rights

A DPA can also use the SAIG Enrollment site to make changes to information and access rights for existing users. Select the “Enroll for FAA Online Access” icon on the first page and provide the TG number for the mailbox used to send and receive FAFSA and ISIR correction data. By selecting the “View/Change an Existing FAA User or User Rights” tab, you can begin to make the changes to your SAIG enrollment form. Once you have updated the record, you can select additional users to change/update if needed.

ENROLLING IN THE COMMON ORIGATION & DISBURSEMENT SYSTEM (COD)

Purpose

The **Common Origination & Disbursement System (COD)** enables your school to set payment amounts and payment dates for students who are eligible to receive FSA grants (Pell, ACG/SMART, TEACH) and Direct Loans.

How it works

You may send new and updated student records to the COD system by sending batch files through your SAIG mailbox, or create or update records on the COD Web site.

You can use the COD Web site to view award/disbursement records (for FSA grants and Direct Loans) that your school has transmitted to the COD Processor, as well as other documents and reports processed by COD.

Enrolling in the COD Web site

Your school must submit a written request to the COD School Relations Center to establish one or more Security Administrators with the highest level of access (“Level 5,” see below) to the COD Web site. The request must be on your school’s letterhead (see box on next page for required information).

COD School Relations will send a user name and password to the e-mail address that you provided in the request letter. For security reasons, the user name and password will be sent in separate e-mail notifications. This password is sensitive information and should not be shared with anyone.

A COD Security Administrator can create new User Profiles on the COD Web site (under the “User” menu) to give access to other users at your school. Your COD Security Administrator creates a temporary password which is automatically sent to each new user via e-mail. New users should use the temporary password to log into the COD Web site and then update/modify this password.

The Security Administrator can set different user levels for COD Web site users. Security levels range from 1 to 5.

- *Level 1* can perform credit check requests.
- *Level 2* can only “view” information.
- *Levels 3, 4, and 5* can create and update person (student/parent borrower), awards and disbursements, order and request school correspondence, request Pell Grant Administrative Relief, update school report options for Direct Loans, and update School Balance Confirmation for Direct Loans.



COD Web site features

- view, update, and create other school users
- view, update, and create award and disbursement data
- view reconciliation and drawdown information
- reset COD passwords, update and lock out users
- add and edit messages

COD School Relations

1-800-848-0978
or
codsupport@acs-inc.com.

Security Administrator information

- School name and COD ID (for your school's COD ID, contact the COD School Relations Center)
- Security administrator's first and last name, job title, work address, phone, fax, and e-mail
- Security administrator's signature
- Approving authority's name, title, work telephone number, e-mail address, and signature (this must be a different and higher-ranking school official unless here is no higher-ranking school official than the security administrator)
- A "keyword" of no more than 20 characters that can be used to identify the user if he or she forgets the Web site password
- School's Third-Party Servicer (optional)



Mail the signed security administrator request letter (printed on your school's letterhead) to:

U.S. Department of Education
Attn: COD Web Access
COD School Relations Center
P.O. Box 9003
Niagara Falls, NY 14302

Deactivation of Security Administrator ID

Your security administrator ID will be deactivated if you do not:

- Reset a temporary password within a 24-hour period;
- Access the COD Web site for a consecutive 6-month period following the first visit and change of temporary password; or
- Access the COD Web site for a consecutive 3-month period following the last visit of a user who has logged onto the COD Web site more than one previous time.

You can reactivate your security administrator ID by contacting COD School Relations.

Only a Security Administrator (Level 5) can add and update processing options, create new users, update user profiles, lock/unlock users, reset user passwords, and add, edit, and delete school messages.

The Security Administrator can also update the Direct Loan Officer contact information/ mailing address and the Pell Grant Officer contact information/ mailing address. However, updates to the school name; address (including any additional locations); and President, Chief Financial Officer, and Financial Aid Administrator information, must be made through an update to the E-App.

ENROLLING IN NSLDS PROFESSIONAL ACCESS

Purpose

Schools participating in the FSA programs must use NSLDS to track the grant and loan amounts received by a transfer student at other schools to ensure that the student does not exceed annual or aggregate award limits.

NSLDS is also used to track the enrollment status of student loan borrowers. This information is shared with lenders for purposes of loan deferment. (A student who is attending a postsecondary school at least 1/2-time is usually eligible for in-school deferment.)

How it works

The **National Student Loan Data System** is a comprehensive database of students and parents who have received FSA grants (Pell, ACG/SMART, TEACH) or loans (Perkins, Stafford, PLUS). The financial aid history and enrollment status of FSA recipients is reported to NSLDS by schools, lenders, and guaranty agencies. All schools participating in FSA programs must have at least one destination point for NSLDS services that includes on-line enrollment reporting.

The Central Processing System (for the FAFSA) retrieves the student's financial aid history from NSLDS and adds it to the ISIR that is sent to the school so that a financial aid administrator can determine if the student has received aid at other schools that must be counted towards the annual or aggregate award maximums.

However, note that your school is also required to send identifying information for transfer students to NSLDS, so that the NSLDS system can notify schools of aid payments that had not been recorded by NSLDS at the time of the ISIR match. In some cases, you may also need to use the NSLDS Web site to check the student's records to resolve conflicting information.

A school must report the enrollment status for all FSA borrowers at the school, even if the student's FSA loans were awarded at another school. Enrollment status reporting is very important because it ensures that the student qualifies for in-school deferment on loan repayment. Therefore, schools are required to complete a Student Status Confirmation Report (SSCR) on a regular basis. Many schools arrange for the enrollment reporting function to be handled by a third party.

NSLDS
PROFESSIONAL ACCESS

.....
NSLDS Web site, Customer Service Center (CSC)

NSLDS Professional Access
(secure connection)
<https://www.nsls.ed.gov>

1-800-999-8219, Monday through
Friday from 8 a.m. to 9 p.m. ET.

ENROLLING IN THE G5 PAYMENT SYSTEM

Purpose

The G5 payment system is used to request and receive funds, report expenditures, adjust drawdowns, and access current grant and payment information. Your school must establish a User ID with G5 to draw and receive Federal Student Aid funds.

How it works

Schools request federal cash electronically using the G5 Web site, ED's portal page for grant administration. Before you can use G5, your school must be registered with the Department and have received a grant award. To begin using the G5 payment system, you must provide your school's DUNS Number, provide bank account information, and obtain a G5 User ID and Password.

The grant award number

The grant award number is a unique, eleven-character number that identifies each grant award issued by a specific office to a specific grantee. You will need to request and return all ED funds by grant award number.

Providing bank information

Funds requested from G5 will be transmitted to the payee's bank account using either the Automated Clearing House (ACH) or the FEDWIRE transmission method. A payee designates its method of transmission when providing its bank account information.

ACH users must complete a Direct Deposit Sign-Up Form (SF1199A), which can be obtained from the bank or the G5 Hotline. (The bank must complete and sign Section 3). Fedwire Users must complete Fedwire Sign-up forms, containing signatures of both the payee and bank officials.

The school must send a copy of the Grant Award Document with a cover letter (written on official letterhead) requesting the new bank account (or change to bank account information) to the Office of Chief Financial Officer, Department of Education. The letter must include the payee DUNS number, e-mail address (if available) for the person to receive automated notification, and original signature and phone number of the person requesting the bank information must.

Obtaining a G5 User ID and Password:

To request a G5 User ID and Password from the Department of Education, submit an External Access Security Form, which is available from the e-Payments Web site (see sidebar). The Department will issue GAPS User IDs and Passwords to those individuals authorized by the payee to access GAPS for requesting funds or reporting expenditures.



A school uses the G5 payment system to request funds for --

- Pell Grants
- ACG/SMART Grants
- TEACH Grants
- the Campus-Based programs (FSEOG, Perkins, and Federal Work-Study)
- Direct Loans (Subsidized, Unsubsidized, and PLUS)

G5 references

Web site:
<http://e-grants.ed.gov/egHome.asp>

G5 Payee Hotline
1-888-336-8930

G5 Production System External User
Access requests to:
Fax: 202-401-0006

G5 User ID and Password Sign-Up External Access Security Form

<http://e-grants.ed.gov/gapsweb/download/externalaccessform.htm>
(see Appendix D of the GAPS Payee Guide for a copy of SF1199A).

Bank account requirements

The bank account(s) into which ED transfers FSA funds must be federally insured or secured by collateral of value reasonably equivalent to the amount of FSA program funds in the account. A school generally is not required to maintain a separate account for each FSA program; however, it may establish multiple accounts.

The school must identify that FSA funds are maintained in the account by including the phrase "federal funds" in the account name.



IPEDS Surveys

Schools that participate in the FSA programs are required to respond to Integrated Postsecondary Education Data System (IPEDS) surveys in a timely and accurate manner. You complete the survey the August after you register. The surveys collect data on:

- Institutional Characteristics
- Finance, Student Financial Aid, and Human Resources
(Employees by Assigned Position, Salaries, etc.)
- Enrollment, Completion, and Graduation Rates

The keyholder is the person responsible for ensuring that all data are submitted accurately and that all surveys are locked. (There is only one keyholder per school, but the keyholder can generate additional User IDs and passwords for up to 6 people who can enter data.)

If your school is not already registered and submitting IPEDS surveys, upon gaining eligibility it must send an e-mail to the IPEDS Helpdesk (see below) and request to be added to the IPEDS Universe. The e-mail should include the school's OPEID and address of its main campus; mailing address (if different) and phone number; the name and title of its chief administrator (CEO); and the name, phone, and e-mail for the keyholder.

**http://nces.ed.gov/IPEDS/submit_data/
HELP Desk (1-877-225-2568 or ipedshelp@rti.org)**

Campus Crime Reporting

Schools are required to submit an annual statistical report to ED on campus crimes. The survey data is collected through the Department's Campus Crime and Security Web site (requires password and User ID):
surveys.ope.ed.gov/security

More detailed information on campus crime reporting and the Annual Security Report are provided in the *Handbook for Campus Crime Reporting*, which is available at

www.ed.gov/admins/lead/safety/campus.html

The *Handbook* defines the categories of crime and procedures for reporting them, as well as the requirements for timely warnings and maintenance of a daily crime log.

Each year in the late summer, a letter and a registration certificate from the U.S. Department of Education are sent to the institution's president or chief executive officer. The certificate includes the User ID and password needed to access the Campus Crime and Security Survey Web site.

EADA on the Web

Coeducational schools that participate in the FSA programs and have an intercollegiate athletic program must submit an annual report on athletic participation and financial support. This is referred to as the Equity in Athletics Disclosure Act (EADA) report.

Each year in August, a letter and registration certificate are sent to the institution's president or chief executive officer. The certificate includes the User ID and password needed to access the EADA Survey, and the due date for completion of the survey.

The survey data is submitted at:
<http://surveys.ope.ed.gov/athletics>

For help with this site, contact:
eadahelp@westat.com

Prospective students, their families, and the public can view the EADA reports for participating schools on the Web at: **<http://ope.ed.gov/athletics/>**

Software & Security Considerations

Chapter 3

In Chapter 2 we described the enrollment process for the FSA systems that are used to confirm student eligibility and disburse FSA funds. In this chapter we'll give an overview of the software and security issues that must be considered when planning how your school will process FSA data and reports. The security of personal and organizational data has become increasingly important in recent years, and federal law requires that your school have an information security plan. This chapter may assist you in developing your school's plan.

SOFTWARE PROVIDERS

While your school is required to have at least one SAIG Mailbox and to enroll in FSA systems such as the CPS, COD, and NSLDS, the Department doesn't specify what software must be used at your school to open, create, or correct FSA records and reports.

As a service to participating schools, FSA provides free PC-based software to transmit and receive data over the Internet (EDconnect) and to work with student application and award/disbursement records (EDEXpress). FSA also provides software to electronically certify student enrollment and address information with the NSLDS (SSCR), and to assist schools participating in the Direct Loan (Direct Loan Tools) and Perkins Loan (Perkins DataPrep) programs.

However, schools may choose to use software developed by third-party vendors, or develop their own PC or mainframe-based software programs to work with FSA records and reports. Some of the more sophisticated software products have the advantage of being able to share information with other offices at your school—for instance, enrollment data with your bursar's office and payment information with your business office.

If you choose a third-party software product, you are responsible for ensuring that it can perform the necessary functions to open, edit, and create FSA student records and reports. (In particular, your software must be able to send and receive COD records in XML format.) Ultimately, the responsibility for ensuring the timeliness and accuracy of electronic data rests with your school.

CHAPTER 3 HIGHLIGHTS

- Software Providers
 - Communications software: EDconnect
 - Data processing: EDEXpress, mainframe, & 3rd party software
- Security issues
 - SAIG Mailbox & Destination Point Administrator
 - FSA Web site access
 - Software permissions
- Options for controlling data flow & user access
 - Creating SAIG Mailboxes
 - Setting user permissions in the software
 - Setting file paths
- Examples
 - Single mailbox & multiple mailboxes
 - Password protection policies

ED Software downloads

FSA software, as well as related manuals and technical references, can be downloaded from the Web at: fsadownload.ed.gov

For help installing the software, call CPS/SAIG Technical Support at 1-800-330-5947 or email: CPSSAIG@ed.gov

Security precautions

- Exit EDconnect and EDEExpress completely when leaving a workstation for long periods of time.
- Have a unique user ID and password.
 - Choose passwords that cannot be guessed easily.
 - Don't leave login information in public view.
 - Don't allow students to enter or edit any information in your software
 - Keep all personal information printed from software or ED Web sites in a secure place.
 - Have the appropriate level of access.
 - Close student records when updates are completed.
 - Delete access for staff who are no longer employed or responsible for FSA program administration.

SECURITY ISSUES

Because student aid records contain personally-identifiable information that is quite sensitive, your school must take special care to ensure that only appropriate members of the administrative staff have are able to view and edit those records. The person who configures the security settings in EDEExpress is usually referred to as the "Systems Administrator."

The Systems Administrator can be one of the Destination Point Administrators identified in the SAIG enrollment process, as discussed in Chapter 2. Or it may be someone at your school who has general responsibility for the installation of new software and the security of the network. In either case, the person configuring the software should give careful consideration to how it will be used and the types of access required for each user.

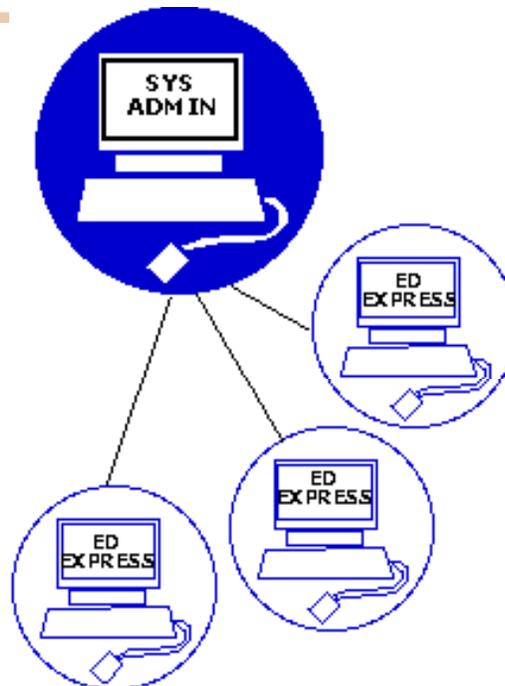
Managing permissions for school staff requires a little planning, because access to FSA data is controlled at three different levels:

- *SAIG Mailbox.* The Destination Point Administrator (DPA) specifies what kinds of data are sent to a particular mailbox when the mailbox is created. The DPA also creates and updates the SAIG Password for that mailbox, which is shared by all members of the Security Group that will be using that mailbox.
- *FSA Web sites.* The Destination Point Administrator for a primary mailbox can enroll users for the CPS and NSLDS Web sites. (NSLDS Web access requires the creation of

Local Security

Since software programs such as EDconnect and EDEExpress are used to access student records and build a database of student information, the school must be careful to restrict access to the software to those staff members who are authorized to view and/or change student records.

When software is installed on a server and will be used by multiple users, the Systems Administrator will assign access rights to each of the individual users.



a separate mailbox for each user.) The COD Security Administrator performs a similar function for the COD Web site.

- *EDconnect & EDExpress (or equivalent)*. User permissions for software that is run on school computers are set locally, and the information about the school staff who are using the software is not transmitted to any of the FSA systems.

Because access is configured separately for Web users and software users, it is possible for a Web user to have access to some data that he or she cannot open in local software (or vice versa). In general, we recommend that you configure the access rights in EDconnect and EDExpress so that they are consistent with the permissions that you have established through the SAIG Enrollment Form, the SAIG Web site, and with COD School Relations. (See Chapter 2.) For instance, if you have given a user access to CPS data in EDconnect and EDExpress, then you would probably want to give that user the capability to view and edit ISIR data on the *FAA Access to CPS* Web site.

Information security requirements

Schools that participate in the FSA programs are required to follow Federal Trade Commission regulations, which require all financial institutions to develop, implement, and maintain a comprehensive information security program that includes administrative, technical, and physical safeguards designed to achieve the following objectives:

- Insure the security and confidentiality of customer information,
- Protect against any anticipated threats or hazards to the security or integrity of such information, and
- Protect against unauthorized access to or use of such information that could result in substantial harm or inconvenience to any customer.

For more information on these requirements, see Volume 2 of the *FSA Handbook*.

Setting user permissions in the software

If you are acting as the Systems Administrator and are setting up EDconnect or EDEExpress software on a PC, you can set the access rights for each Security Group that you create. All of the users in a Security Group have the same access rights.

Your EDEExpress Security Groups do not have to mirror your EDconnect Security Groups, because the access rights that are being assigned are quite different. EDconnect controls the ability to send or receive files to SAIG Mailboxes, and we recommend that you only establish one Security Group for each of your school's mailboxes. EDEExpress controls the functions for working with the individual records (viewing, updating, printing, etc.).

- *EDconnect—Security View>Properties.* Since you will only create one EDconnect Security Group for each of your SAIG Mailboxes, all of the users in that Group have the same access to the mailbox. In other words, you cannot limit their access so that they can send/receive only certain types of files.
- *EDEExpress—Tools>Global>Security Groups.* Because you can create multiple Security Groups in EDEExpress, you can set very specific levels of access to different types of data (Global, App Express, Pell, DL, COD, and Packaging). For instance, you could create a Security Group just for your counselors, with permission to view (but not edit) ISIR records, while another Security Group of more senior staff would have the ability to edit ISIRs, as well as access rights for COD data.

You can organize your Security Groups to control workflow. For instance, you might give your COD workgroup the capability to create and update Common Records, but not give them the permission to transmit files in EDconnect. A member of the EDconnect Security Group for the SAIG Mailbox would be responsible for sending and receiving files on a predetermined or *ad hoc* schedule. This would be one way to stage your work in larger batches.

Security Group Setup—Examples

SAIG Mailboxes at Career Tech: Single Security Group

	EDconnect	EDExpress Software	
 TG 99991	 DP-1 SAIG PW: 123abc DPA: Bill Frisell Steve Lacy	 Admin Group: Bill Frisell Steve Lacy	Career Tech has set up two SAIG mailboxes for the 2 members of its small financial aid office. Bill Frisell and Steve Lacy use the first mailbox to exchange CPS, COD, and NSLDS batch files. Because only the DPA of a mailbox can have on-line access to NSLDS, Steve Lacy has a separate mailbox for that purpose.
 TG 99992	 NSLDS User 1 SAIG PW: def123 DPA: Steve Lacy		

SAIG Mailboxes for AEC University: Multiple Security Groups

	EDconnect	FinAid Software	
 TG 00001	 COD Security Group SAIG PW: 456xyz DPA: Lester Bowie Don Moye Joseph Jarman	 Admin Group Lester Bowie Malachi Favors	AEC University has a larger aid office, and has set up separate mailboxes for staff who work with application data (ISIRs) and those who are responsible for Pell and Direct Loan awards (COD). Each security group has its own TG number and SAIG password, which are used by all of the users in that group. Note that Joseph Jarman belongs to both the COD and Apps Groups.
 TG 00002	 Apps Security Group SAIG PW: 345tuv DPA: Malachi Favors Roscoe Mitchell Joseph Jarman	 COD Users Don Moye Joseph Jarman	
 TG 00003	 NSLDS User1 SAIG PW: 234qrs Don Moye	 Apps Users Roscoe Mitchell Joseph Jarman	In addition, several of the staff have individual mailboxes so that they can have access to the NSLDS Web site. AEC University uses a product called Finaid Software to create and modify student records. Staff members are given access to different types of records, depending on their responsibilities.
 TG 00004	 NSLDS User2 SAIG PW: 678nop Roscoe Mitchell	 NSLDS Users Don Moye Roscoe Mitchell	

Security Group Setup—Examples (continued)

SAIG Mailboxes at TriState College: Multiple Locations

EDconnect



TG 11110

Apps - Maryland Security Group
SAIG PW: abcd4321
 DPA: John Barth
 Upton Sinclair



TG 11111

Apps - Virginia Security Group
SAIG PW: def8765
 DPA: Willa Cather
 Mary Lee Settle



TG 11112

Apps - DC Security Group
SAIG PW: ghij1098
 DPA: Jessie Fausett
 Ann Beattie

EDEExpress Software

Admin Group:
 John Barth
 Willa Cather

Apps - Maryland Security Group
 John Barth
 Upton Sinclair

Apps - Virginia Security Group
 Willa Cather
 Mary Lee Settle

Apps - DC Security Group
 Jessie Fausett
 Ann Beattie

TriState College has campuses in three different locations, so it has requested and received a different Federal School Code for each campus. Therefore, Tristate has three different mailboxes for ISIR data.

(This example does not show TriState's other SAIG Mailboxes for COD, NSLDS, etc.)

SAIG Mailbox Rules and Security Groups.

For each SAIG Mailbox that it establishes, a school must designate at least one “Destination Point Administrator” who is responsible for the security of the data sent and received through that mailbox.

- Only the DPA of an SAIG Mailbox can have access to the NSLDS Web site.
- In EDconnect, there will be a “Security Group” of users at the school for each SAIG Mailbox; users will have the same SAIG password and common access to that Mailbox.
- In EDEExpress, Security Groups have the capability to read and modify different types of files.

The EDEExpress Security Groups are not necessarily associated with a particular Mailbox, and can have different users than the EDconnect Security Groups.

Sample Password Policies

Password Requirements

As a user, you may be responsible for any activity initiated by your user ID since you are the only person who should have your logon information. You must protect your user account(s), and not allow anyone else to use your account or use your computer while logged in under your account (except as required for system administration). In order to protect your user credentials, you must adhere to the following guidelines:

- Password must be at least eight (8) characters in length.
- Must contain a mixture of alpha and numeric characters, upper and lower case letters, well as special characters.
- The password must not match or resemble the word 'password' in any form (e.g., as-is, capitalized, or adding a number).
- The password cannot contain the same string as your userID or that contains your name.
- The password cannot be a dictionary word in any language.
- Do not lend or divulge the password to other persons, including individuals purporting to be system administrators.
- Never make the password visible on a screen, in written form (e.g., on sticky notes).
- When you leave your computer unattended, you must either log out or invoke protection of your system (e.g., a password-protected screensaver).
- Avoid using the "remember password" feature.

Password Construction Guidelines

Strong passwords have the following characteristics:

- Contain both upper and lower case characters (e.g., a-z, A-Z);
- Have digits and punctuation characters as well as letters (e.g., 0-9, !@#\$%&*);
- Are at least eight (8) characters long; and
- Are not based on personal information, names of family, etc.

Poor, weak passwords have the following characteristics:

- The password contains less than eight (8) characters.
- The password is a common usage word such as names of family, pets, and friends, or birthdays and other personal information such as addresses and phone numbers.

System Development Standards

Each system should have its own password selection standard that adheres to the above guidelines while being commensurate with the level of security required by the level of sensitivity of the system.

As a system owner/manager, you must ensure your system(s) contain the following security precautions:

- Should support authentication of individual users.
- Should not store passwords in clear text or in any easily reversible form.
- Regular changing of passwords should be systemically enforced in accordance with procedures outlined in the system security plan.
- Users should be warned automatically prior to the expiration times and will be prompted to change their password automatically once expired.
- Should disable user accounts after three (3) consecutive invalid attempts are made to supply a password.
- Should require the reinstatement of a disabled user account by a Help Desk technician or a system administrator.

Appendix A: Getting Help

Once your school has begun participating in the FSA programs, we offer continuing assistance in a number of ways, including online tools, toll-free help centers that are designated for specific areas of FSA administration, and assistance from School Participation Teams.

School Participation Teams

You've already worked with the School Participation Team for your state during the application and certification process. You may also contact your school's SPT with questions related to the FSA programs, including when to update your school's information on the E-App Web site, how to get authorization from different FSA systems, and interpretation of federal regulations. In addition to specialists on the teams, each location has at least one Institutional Improvement Specialist (IIS) who will be your primary resource after your school is initially certified and during the first few years of participation.

Current contact information for the School Participation Teams is posted at:
www.ed.gov/offices/OSFAP/services/casemanagement.html

Call centers

CPS/SAIG Technical Support

Phone: 800-330-5947 (no cost per call)

For questions related to the Central Processing System (CPS), the Student Aid Internet Gateway (SAIG), Web products such as FAA Access to CPS Online, and assistance with software products such as EDconnect and EDExpress.

COD School Relations Center

Grant Programs: 800-474-7268 (no cost per call)
Direct Loan Program: 800-848-0978 (no cost per call)
Applicant Services Line: 800-557-7394 (no cost per call)

For questions related to Common Origination and Disbursement (COD), ACG, National SMART Grant, Pell Grant, TEACH Grant, and Direct Loan processing.

Campus-Based Call Center

Phone: 877-801-7168 (no cost per call)

For questions related to the Campus-Based Programs, Fiscal Operations Report and Application to Participate (FISAP), and Federal Perkins Loan cohort default rates.

eZ Audit

Phone: 1-877-263-0780

Questions about financial statements and compliance audits through the web.

FSA Research and Customer Care Center

Phone: 1-800-433-7327

Contact the FSA Research and Customer Care Center (RCCC) for assistance regarding the FSA programs and the Information for Financial Aid Professionals (IFAP) Web site.

G5 Hotline

Phone: 888-336-8930 (no cost per call)

For questions related to G5, the Department of Education's electronic system for grants management and payments.

National Student Loan Data System (NSLDS)

Phone: 1-800-999-8219

Contact the NSLDS Customer Service Center for assistance regarding eligibility questions, overpayments, details on loan history and other NSLDS functions.

 **Resources on the Web****Information for Financial Aid Professionals (IFAP)**

ifap.ed.gov

IFAP is your link to official guidance on FSA program requirements, including the annual FSA Handbook and ongoing updates in the form of Dear Colleague Letters and Electronic Announcements.

FSA Download

www.fsadownload.ed.gov/index.htm

FSA Download is your source for all ED-developed software (i.e. EDEXpress, SSCR, Direct Loan Tools), along with User Guides and Technical References for FSA systems and required file formats.

FSA Pubs

www.fsapubs.org

You can use the FSA Pubs Web site to order technical publications, such as the Federal Student Aid Handbook; or bulk publications for your students, such as Funding Education Beyond High School and the Direct Loan Basics brochures.

Training for Financial Aid Professionals

www.ed.gov/FSA/training

Use this Web site to identify ongoing training opportunities and register for instructor-led courses. You can also take on-line training in many subject areas, including Webinars, downloadable software training, Web-based system demos, and a general overview of the FSA programs (FSA Coach).

FSA Conferences

fsaconferences.ed.gov

The FSA fall conference is an important venue for learning about changes to FSA program requirements, as well as updates on systems, software, and the FAFSA process.

FSA Technical Support

www.ed.gov/FSA/services/fsatechsubscribe.html

Subscribe to the FSATech email listserv to ask technical questions about FSA systems, software, and mainframe products, and receive answers from other financial aid professionals.

FSA Assessments

ifap.ed.gov/qahome/fsaassessment.html

The FSA Assessments can be used to anticipate and address problems, spot-check the systems you are using to manage information, prepare for your audit or other review, maximize the efficiency of your staff and acquaint new staff with how FSA works.

Appendix B:

Checklist—Participation Requirements

see Volume 2 of the Federal Student Aid Handbook for details

Required electronic processes

A school must be able to exchange data electronically with FSA's systems. This includes:

- ✓ using the E-App to submit and update the school's eligibility information: **www.eligcert.ed.gov**
- ✓ enrolling in the Student Aid Internet Gateway (SAIG) and setting up a mailbox to receive electronic files: **www.fsawebenroll.ed.gov**
- ✓ using *FAA Access* or its SAIG mailbox to exchange FAFSA or ISIR data with the Department's Central Processing System:
<http://www.fafsa.ed.gov/FOTWebApp/faa/faa.jsp>
or **www.saigportal.ed.gov**
- ✓ using the COD Website or SAIG mailbox to exchange award and disbursement data for Pell Grants, ACG/SMART grants, and Direct Loans:
cod.ed.gov or **www.saigportal.ed.gov**
- ✓ using the eCampus-Based (eCB) System to file the FISAP application and report (see Volume 6):
www.cbfsap.ed.gov
- ✓ submitting the school's Federal Perkins Loan data, student enrollment records, FSA program overpayments, and Transfer Student Monitoring records to the National Student Loan Data System (NSLDS):
<https://www.nslsdfap.ed.gov/secure/logon.asp>
- ✓ electronically submitting the school's annual compliance and financial statement audits, and any other required audits: **ezaudit.ed.gov**
- ✓ using the Default Management Web site to receive draft and official cohort default rate data electronically:
ifap.ed.gov/DefaultManagement
- ✓ using the Information for Financial Aid Professionals (IFAP) Web site to review Dear Colleague Letters, announcements, or Federal Registers: **ifap.ed.gov**

Academic requirements & standards

- ✓ Academic progress policy. A school must have a satisfactory academic progress policy that includes a qualitative and quantitative standard and is at least as strict for FSA recipients as non-FSA recipients.
- ✓ Ability to Benefit limits. An eligible institution may admit as regular students only persons who have a high school diploma or its recognized equivalent, or persons who are beyond the age of compulsory school attendance in the state in which the school is located. To be eligible for Federal Student Aid, students who are beyond the age of compulsory attendance but who do not have a high school diploma or its recognized equivalent must meet ability-to-benefit criteria or meet the student eligibility requirements for a student who is home schooled. No more than 50% of a school's regular students may be enrolled without a high school diploma or equivalent at a school that does not provide a 4-year bachelor's degree or 2-year associate degree program.
- ✓ GED preparatory program. A school that admits students without a high school diploma or its recognized equivalent (except home-schooled students) must make a GED preparatory program available to its students.
- ✓ A school may not deny readmission to a service member of the uniformed services for reasons relating to that service.
- ✓ Withdrawal rates. Schools that seek to participate in an FSA program for the first time must have an undergraduate withdrawal rate for regular students of no more than 33% for an award year in order to be considered administratively capable.
- ✓ Incarcerated student limits. No more than 25% of a school's regular students may be incarcerated students. (A public or private non-profit school can request a waiver from ED.)
- ✓ Correspondence study limits & distance education

General school requirements

- ✓ Fire safety. A school must maintain a log that records all fires in on-campus student housing facilities and publish an annual fire safety report with campus fire safety practices and standards of the school.
- ✓ Missing persons policy. A school that provides on-campus housing must establish a missing student notification policy for students.
- ✓ Anti-drug abuse. To participate in any FSA program, a school must certify on the E-APP that it has implemented a program to prevent drug and alcohol abuse by its students and employees. To participate in the Campus-Based programs, a school must annually certify on its application for funds that it provides a drug-free workplace.
- ✓ Timely reporting of crimes. Schools must have policies that encourage complete timely reporting of all crimes to the campus police and appropriate law enforcement agencies.
- ✓ Testing emergency/evacuation procedures. A school must test emergency response and evacuation procedures annually.
- ✓ Copyrighted Material. The school must certify that it has developed plans to effectively combat the unauthorized distribution of copyrighted material and will, to the extent practicable, offer alternatives to illegal downloading or peer-to-peer distribution of intellectual property.
- ✓ Voter registration. If your school is located in a state that has not enacted the motor vehicle/voter registration provisions of the National Voter Registration Act, it is required to make a good faith effort to distribute voter registration forms to its students.

Administrative restrictions

- ✓ Incentive compensation. A school may not make any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any individual or entity engaged in recruiting or admission activities or in making decisions regarding the award of FSA program funds.
- ✓ Prohibited activities in loan programs. A school is prohibited from paying points, premiums, payments, or additional interest of any kind to an eligible lender or other party in order to induce a lender to make loans to students at the school or to the parents of the students.
- ✓ Preferred Lender Lists. Schools with preferred lender arrangements must compile and make available a list of the lenders that it promotes and recommends.]

- ✓ Private education loan certification. Upon request from a student or parent who is applying for a private education loan, a school must provide the disclosure form required under The Truth in Lending Act and the information needed to complete the form (to the extent the school has that information).
- ✓ Prohibition on use of FSA funds for lobbying. FSA funds may not be used to pay any person for attempting to influence
 - a Member of Congress or an employee of a Member of Congress, or
 - an officer or employee of Congress or any agency.
 In addition, FSA funds may not be used to hire a registered lobbyist or to pay any person or entity for securing an earmark.

Reporting to ED

- ✓ Contracts with 3rd-party servicers. Schools are required to notify the Department of all existing third party servicer contracts by using Section J of the E-App.
- ✓ Lobbying certification & disclosure. Any school receiving more than \$100,000 for its participation in the Campus-Based programs must provide an annual certification with its FISAP not use federal funds to pay a person for lobbying activities in connection with federal grants or cooperative agreements. If the school has used nonfederal funds to pay a nonschool employee for lobbying activities, the school must disclose these lobbying activities to the Department.
- ✓ Reporting foreign sources. Most postsecondary schools must report ownership or control by foreign sources, as well as contracts with or gifts from the same foreign source that, alone or combined, have a value of \$250,000 or more for a calendar year.

Restrictions & prohibitions that apply to the owners, officials, or staff of the school

- ✓ Code of Conduct. Schools that participate in the FSA loan programs must develop and enforce a code of conduct.
- ✓ Restrictions on advisory board compensation. A person employed in a financial aid office who serves on an advisory board cannot receive anything of value from the lender but can receive reimbursement for reasonable expenses associated with participation. (A school must report annually to ED any such reimbursement paid to an employee in the financial aid office, or to employees who have responsibilities with respect to financial aid at the school.)
- ✓ Outstanding liabilities. A person who exercises substantial control over the school (or any members

of the person's family alone or together) may not owe a liability for an FSA program violation, or have ever exercised substantial control over another school (or a third-party servicer) that owes a liability for an FSA program violation.

- ✓ Crimes involving FSA funds. Schools are prohibited from having as principals or employing, or contracting with other organizations that employ individuals who have pled *nolo contendere* or guilty to a crime involving the misuse of government funds.
- ✓ Debarment & suspension. A school may not employ in a management or supervisory capacity an individual who has been suspended, or debarred by a federal agency. Similarly, a school may not have a relationship with a lender, third-party servicer, or loan servicer that has been debarred or suspended.

Administrative requirements for financial aid

- ✓ Coordinating official. A participating school must designate a capable individual to administer the FSA programs and to coordinate aid from these programs with all other aid received by students attending the school.
- ✓ Consistency of information. A school must have a system of identifying and resolving discrepancies in all FSA-related information received by any school office.
- ✓ Adequate staff. The aid administrator must be supported by an adequate number of professional, paraprofessional, and clerical personnel.
- ✓ Checks & balances. A school must have an adequate system of internal checks and balances, including, at a minimum, separation of the functions of awarding and disbursing funds.
- ✓ Counseling. Schools must provide adequate financial aid counseling to all enrolled and prospective students, including entrance and exit counseling.
- ✓ OIG referrals. A school must refer to the Department's Office of Inspector General (OIG) any credible information indicating that an applicant for Federal Student Aid may have engaged in fraud or other criminal misconduct in connection with his or her application.

Providing consumer information

- ✓ Information about the school's programs and facilities. A school must provide students and prospective students with information about the school and its operations, such as the school's accreditation and licensure, the faculty and other instructional staff, degree

and certificate programs, any plans the school has for improving the academic programs [NEW], instructional and laboratory facilities, special facilities for disabled students, and student body diversity in the categories of gender and ethnicity of enrolled (and full-time students who receive Federal Pell Grants).

- ✓ Information about the school's policies. A school must provide information about its satisfactory progress policy, school policies on transfer of credit, and other policies relating to copyright infringement, fire safety, vaccination, missing persons procedures, emergency and evacuation procedures, etc.
- ✓ Information about costs. A school must provide information on the costs of attending the school, and it must include, on its Internet course schedule, the International Standard Book Number (ISBN) and retail price for required and recommended textbooks and supplemental material (alternatives are discussed in the FSA Handbook, Vol. 2).
- ✓ Financial aid information. A school must inform students about federal, state, local, and private sources of aid, application procedures, need analysis, packaging policies, and the required return of aid when a student withdraws.
- ✓ Placement/matriculation of graduates. A school must provide information on the placement of and types of employment obtained by graduates of the school's degree or certificate programs, and the types of graduate and professional education in which graduates of the school's 4-year degree programs enrolled.
- ✓ Retention rates. A school must disclose the retention rates of certificate- or degree-seeking first-time full-time undergraduate students.
- ✓ Completion/graduation rates (Student Right-to Know). A school that awards athletically-related aid must disclose information on Graduation, Completion, and Transfer-Out Rates for student-athletes and the general student body at the school.
- ✓ Athletic funding/participation (Equity in Athletics). Any coeducational school that has an intercollegiate athletic program must disclose participation rates, funding support, and other information for its athletic programs.
- ✓ Loan counseling. A school must provide loan counseling to first-time Stafford borrowers and exit counseling to student FFEL/DL borrowers who have completed their program of study or are withdrawing from school.

- ✓ Drug & alcohol abuse prevention. A school must provide students, faculty, and employees with information about the risks, penalties, and treatment options associated with drug and alcohol abuse.
- ✓ Campus security. A school must publish an Annual Security Report and distribute the report to its students and employees by October 1st of each year.
- ✓ Misrepresentation. A school that substantially misrepresents the nature of its educational program, its financial charges, or the employability of its graduates may be fined or have its FSA participation limited, suspended, or terminated.

Recordkeeping & privacy

- ✓ A school must keep comprehensive, accurate program and fiscal records documenting its eligibility to participate and financial responsibility, student eligibility for FSA awards, and providing a clear audit trail for all disbursements and repayments of FSA funds.
- ✓ Generally, records must be kept for at least 3 years after the end of the award year. (In the case of FFEL/DL, three years after the end of the award year the student last attended.)
- ✓ Access to records and personnel. A school must provide timely access to authorized officials.
- ✓ Privacy. Personally identifiable information may not be disclosed to other parties without the prior written consent of the student, except for specific cases defined in the Department's FERPA regulations.
- ✓ Disciplinary proceedings. Schools are required to disclose, upon request, the results of disciplinary hearings to the victims of crimes of violence or sex offenses.
- ✓ Information security requirements. A school must have a comprehensive security program to safeguard the information of students and parents.

Default rates & financial standards

- ✓ 90/10 rule. A proprietary institution may derive no more than 90% of its revenues from the FSA programs.
- ✓ Cohort default rates. A school may lose its eligibility in the FSA programs if its cohort default rate for Stafford loans is 25% or higher for one or more of the three most recent fiscal years or if the most recent cohort default rate is greater than 40%. A school may lose its eligibility in the Perkins Loan program if its Perkins cohort default rate exceeds 15%.
- ✓ Composite score. A proprietary or private non-profit school must have a composite score of at least 1.0, based on an ED formula that takes into account the school's primary reserve, equity, and net income ratios.
- ✓ Refund reserve standard. A school must have sufficient cash reserves to return FSA funds when a student withdraws.
- ✓ A school must be current in debt payments

Appendix C: FSA/ED Systems Access

This is a reference to the different User IDs and passwords that an individual might require for access to FSA data systems and ED funding. It is unlikely that any single individual would have access to all of these system; particularly in cases where the regulations require separation of functions. Reminder: do not share your password information with others. Keep any password list in a secure location that is not accessible to any other individuals.

SAIG Mailbox	Password can be updated via EDconnect or on the Web site. Note: a DPA can allow others access to his/her SAIG mailbox (password). The new user must sign an SAIG User Statement.	TG Number <input type="text"/> Password <input type="text"/>
CPS, eCB, SAIG, eCDR	For FAA Access to CPS, eCampus-Based (FISAP), SAIG Web enrollment, and electronic Cohort Default Rates, you will need an FSA User ID, which you can obtain by going to the SAIG enrollment site.	FSA User ID* <input type="text"/> Password <input type="text"/> <small>* PIN number used until May 17, 2009</small>
COD/DLSC Web sites	Your COD password is also used to access borrower account information and DL reports on the DL Servicing Web site. [No updating required]	Username <input type="text"/> Password <input type="text"/>
NSLDS Web Site	You must be enrolled through SAIG as a Destination Point Administrator. Users may update their NSLDS passwords on the NSLDS Web site.	TG Number <input type="text"/> Password <input type="text"/>
EDCONNECT	Each EDconnect user has his/her own password. You may update your password in the software.	Username <input type="text"/> Password <input type="text"/>
EDExpress	Each EDExpress user has his/her own password. You may update your password in the software.	Username <input type="text"/> Password <input type="text"/>
G5 Payment System	You may update your password by selecting "Maintenance" after logging in to the GAPS Web site.	Username <input type="text"/> Password <input type="text"/>
E-APP	Password does not need to be updated	Username <input type="text"/> Password <input type="text"/>
eZ-Audit	For password resets, call 1-877-263-0780.	Username <input type="text"/> Password <input type="text"/>

