
Appendix



GLOSSARY

Academic Achievement Incentive Scholarship Program

The purpose of this gift-aid program is to help financially needy students who have demonstrated their academic abilities. The scholarships are for students who are eligible for Federal Pell Grants and graduate after May 1, 2000 in the top 10 percent of their high school graduating class. An Academic Achievement Incentive Scholarship equals up to the amount the student is eligible for in Federal Pell Grant, which can result in doubling the student's grant amount. This program is unfunded for the 2000-01 award year.

academic year

A time period of at least 30 instructional weeks in which a full-time undergraduate student is expected to complete:

- ◆ For an educational program whose length is measured in credit hours: 24 semester hours, 24 trimester hours, or 36 quarter hours.
- ◆ For an educational program whose length is measured in clock hours: at least 900 clock hours.

However, there is an exception for those schools with at least a two-year program that awards an associate degree, or a four-year academic program that awards a bachelor's degree. Those schools may request, in writing, that ED reduce the minimum period of instructional time of the academic year for any of its programs as long as they are at least 26 weeks in length.

accepted with corrections

A category of Federal Pell Grant processed payment data found to be inaccurate but for which the Recipient Financial Management System (RFMS) made certain corrections during processing. A school must review the records carefully and resubmit them if RFMS's corrections are inaccurate.

Access America for Students

Access America for Students provides electronic Web-based access for participating students to government services.

accounting for restricted funds for limited purposes

A restricted fund made up of a self-balancing group of accounts: assets, liabilities, capital (fund balance), revenues, and expenses. It is important to note that individual funds are separated completely from one another and from the general fund of the institution and are self-balancing. That is, the debit balances of the debit accounts within the fund equal the credit balances of the credit accounts within the fund. This ensures the integrity of individual funds and provides control over fund expenditures. "Restricted" means that the use of the funds has been restricted to some specific activity by donors and/or other external parties.

accounting period	A time period for which financial records are maintained and at the end of which financial statements are prepared. See <i>Financial statement</i> .
accrual basis	The type of accounting under which incomes are recorded when earned (regardless of when cash is actually received) and expenses are recorded when liabilities are incurred (regardless of when cash is actually expended).
accrued salaries	Wages earned between the last pay date and the end of the accounting period being reported, but not yet paid to the appropriate students. The unpaid student wages are considered a school liability.
ACH and ACH/EFT	See <i>Automated clearinghouse (ACH)</i> .
adjusting entry	A journal entry made for purposes of correcting an error (such as a transfer of funds between accounts) or recording an accrual (such as earned, but unpaid, student payroll at the end of an accounting period).
administrative capability	<p>A school must show that it has the administrative capability and the financial responsibility to participate in federal Title IV student aid programs. Administrative capability covers specific areas in the management of an institution. These areas include:</p> <ul style="list-style-type: none"> ◆ establishing and maintaining student records and financial records, ◆ submitting ED-required reports, ◆ designating a capable Title IV financial aid administrator at an institution, ◆ writing procedures for school offices involved with Title IV programs, ◆ communicating to the financial aid administrator all information received by any school office that might affect a student's Title IV aid eligibility, ◆ dividing the functions of authorizing payments for Title IV funds and disbursing Title IV funds, <i>and</i> ◆ employing an adequate number of qualified staff. <p>For further information, refer to 34 CFR 668.16 or Chapter 2 of <i>The Blue Book</i>. See also <i>Financial responsibility</i>.</p>
administrative cost allowance (ACA)	A dollar figure the federal government allots an institution to offset the cost of administering the Federal Pell Grant Program and campus-based programs.
administrative offset	An offset assessed by ED against a Title IV participating school to collect program review, audit, and formal fine debts. ED withholds a portion of a school's Grant Administration and Payment System (GAPS) authorized payments and applies them toward the school's debt.

advance payment method	Under this payment method, a school may submit a request for funds to ED before disbursing aid to eligible students. If the request is approved, ED will make an electronic funds transfer of the requested amount to the school's bank account.
agency funds	The conduit or clearinghouse funds established to account for assets (usually cash) received for, and paid to, other funds, individuals, or organizations. Externally designated scholarship funds are an example of agency funds. Because assets received this way are held briefly and are to be disposed of at the direction of others, only asset and liability accounts are needed.
allocation	A specific sum of money awarded for an institution to use during a specific period. Campus-based funds (Federal Supplemental Educational Opportunity Grant [FSEOG], Federal Work-Study [FWS], and Federal Perkins Loan) are allocated to a school on an award-year basis. An allocation may also be referred to as obligation, award authorization, grant authorization, or Document Number. See <i>Releasing campus-based program funds</i> and <i>Supplemental appropriation</i> .
allowable charges	Educational expenses that a student incurs for which a school may credit a student's account with Title IV funds. These charges may be credited to a student's school account and paid using Title IV funds. These charges may include current charges for tuition and fees and room and board (if the student contracts with the school for these services). Other current charges that a student incurs for educationally related activities may be considered allowable charges if the school obtains the student's authorization (or parent's authorization for PLUS Loan funds) to have such charges paid with Title IV funds. Allowable charges may also include certain minor charges for the previous award year. See <i>Current charges</i> .
AmeriCorps	A program of national and community service that provides education awards of up to \$4,725 a year. Individuals may work before, during, or after their postsecondary education and can use their awards either to pay current educational expenses or future educational expenses, or to repay federal student loans.
appropriation	At the federal level, a congressional legislative act allocating a specific amount of public funds to be spent for a specific purpose during a fiscal year or award year. The dollar amount appropriated may be equal to or less than (but not more than) the total amount permissible under the authorizing statute. An appropriation bill originates in the U.S. House of Representatives. General appropriation acts are supposed to be approved by both houses of Congress by the seventh day after Labor Day before the start of the fiscal year to which they apply. Continuing resolutions allocate funds for expenditures when the appropriations bill for the new fiscal year has not been enacted. See <i>Continuing resolution</i> and <i>Supplemental appropriation</i> .

assets	Owned property that must be reported on a student's financial aid application. These are financial holdings such as cash on hand in checking and savings accounts, trusts, stocks, bonds, other securities, loan receivables, real estate (excluding the family's primary home), business equipment, and business inventory.
assignment	A school's transfer of a defaulted National Defense Student Loan, National Direct Student Loan (NDSL), or Federal Perkins Loan to ED for collection. Once ED accepts a loan, it acquires all rights, title, and interest on the assigned loan. In certain cases, guaranty agencies also assign defaulted FFEL Program loans to ED.
audit	<p>An independent examination of a school's financial transactions, accounts, reports, and compliance with applicable laws and regulations to determine whether the school is:</p> <ul style="list-style-type: none"> ◆ maintaining effective control over revenues, expenditures, assets, and liabilities; ◆ properly accounting for resources, liabilities, and operations; ◆ producing financial reports that contain accurate, reliable, and useful financial information and that are accurately presented; <i>and</i> ◆ complying with applicable laws, regulations, and ED directives. <p>Under ED regulations, governmental and nonprofit postsecondary institutions must have an audit performed pursuant to the requirements of OMB Circular A-133. A-133 audits are combined financial and compliance audits. For-profit postsecondary institutions are permitted to obtain separate or combined financial and compliance audits, performed in accordance with the audit guide issued by the U.S. Department of Education, Office of Inspector General. See <i>Independent audit</i>.</p>
audit exceptions	Actions identified through an audit that are not in compliance with federal guidelines. These are often referred to as "Audit Findings."
<i>Audit Guide</i>	A manual to be used by independent auditors performing audits of Title IV student financial aid program funds at institutions.
audit report	A report prepared by an auditor after a federal audit is performed. In a nonfederal audit, this report is prepared by an auditor or audit firm according to the guidelines provided in the <i>Audit Guide</i> or according to OMB Circular A-133. See <i>Federal audit</i> .
audit trail	A systemic feature that provides for a clear, easy-to-follow path from summary reports and ledgers back to lower-level summary information and primary documentation of individual transactions.

authorization (legislative)	At the federal level, a congressional legislative act that establishes a program, specifies its general purpose and conduct, and unless open-ended, sets a ceiling for the dollar amount that can be used to finance it. An authorization must be enacted before dollar amounts can be appropriated for program spending.
authorization (spending)	The approved expenditure level for a federal aid program for an award year. Each award year, ED notifies each participating institution of its authorized levels of expenditures for the Federal Pell Grant Program and the campus-based programs in which it participates. See <i>Final funding authorization</i> .
automated clearinghouse (ACH)	A nationwide, electronic financial network providing a paperless, efficient means of making payments by electronically transmitting debits and credits through the Federal Reserve Communications System. It takes approximately three business days for funds to reach a school's bank account. ACH payments offer a wide range of applications, including direct deposit and preauthorized debits. Also referred to as Automated Clearinghouse/Electronic Funds Transfer (ACH/EFT). See <i>Automated voice response (AVR)</i> and <i>Operator-assisted mode</i> .
automated FEDWIRE system	A process of electronically transferring funds with same-day deposit for requests made before 2 p.m., Eastern Time (ET) and next-day deposit for requests made after 2 p.m. ET. See <i>FEDWIRE</i> .
automated suspension of funds	The automated decrease of an allocation (authorization amount) listed in the Grant Administration and Payment System (GAPS). This decrease occurs when an inactive award (allocation) is closed. As a result, the school must adjust its own expenditure records for that allocation to the appropriate disbursement amount.
automated voice response (AVR)	An option for placing requests for automated clearinghouse (ACH) payments through a service bureau. This request is made using a touch-tone telephone. It represents one of two payment-request modes available to schools. Compare <i>Operator-assisted mode</i> .
award	As a noun, a specific amount of financial assistance to pay for education costs offered to a student through one or more financial aid programs. As a verb, approving financial assistance to students. One function of an institution is to award campus-based financial aid to students who meet all the eligibility criteria.
award adjustment or revision	An action by a financial aid office resulting in an increase, a decrease, a program-source substitution, or a cancellation of a student's financial aid award. This may be necessitated by factors such as a change in the student's enrollment status or a change in the financial circumstances of the student's family or the student.
award packaging	See <i>Packaging</i> .

award period	This refers to the period of time the payee can request funds from GAPS. The length of the award period varies by program and authorizing statute. There are four periods in an award period: performance period, liquidation period, suspension period, and closeout period.
award year	The time period from July 1 of one year through June 30 of the following year for which financial aid awards are made. The award year differs from the federal fiscal year (October 1 through September 30). However, FFEL and Direct Loan funds are not tied to an award year.
base guarantee	An allocation determined by the allocation a school received for a previous award year; usually (but not always) the base guarantee is the amount received in the year directly previous.
batch	A group of records assembled in a single file that is then transmitted electronically as one unit to ED for processing. Each batch contains a header record and a trailer record with information about the records in the batch, including the number of records and the school ID number.
billing service	A private-sector business organization (“third-party servicer”) that services loan accounts (billing and/or receiving) for lenders and schools. A fee is charged for the service.
bookkeeping	Analyzing, classifying, and recording financial transactions according to a preconceived plan to provide a means by which an organization’s business may be conducted in an orderly fashion and to establish a basis for reporting the financial condition of an organization and the results of its operation. The two methods of bookkeeping are single entry and double entry. See <i>Double-entry bookkeeping</i> and <i>Single-entry bookkeeping</i> .
business office	The school office responsible for an institution’s financial accounting, including Title IV aid program accounting. The office disburses financial aid award payments to students and processes loan checks. It is sometimes referred to as the fiscal office, finance office, comptroller’s office, bursar’s office, treasurer’s office, or student accounts office. See <i>Separation of functions</i> .
Robert C. Byrd Honors Scholarship	A Title IV financial aid program that makes scholarships available to full-time postsecondary students with exceptional academic ability and promise. Students apply for the merit-based scholarships through their state education agencies. The program, created in 1984, was named to honor Senator Robert C. Byrd.
campus	Any building or property owned or controlled by an institution within the same reasonably contiguous geographic area and used by the institution in direct support of, or in a manner related to, the institution’s educational purposes, including residence halls. Also, any building or property (within the same reasonably contiguous geographic area) owned by the institution but controlled by another person, and frequently used by students. It also

campus-based programs

supports institutional purposes (such as a food or other retail vendor).

The term applied to three federal Title IV student aid programs administered on campus by eligible institutions of postsecondary education:

- ◆ Federal Perkins Loan Program,
- ◆ Federal Work-Study (FWS) Program, *and*
- ◆ Federal Supplemental Educational Opportunity Grant (FSEOG) Program.

See individual program names.

cancellation (of a loan)

In the Federal Perkins Loan Program, students who are engaged in certain public services such as teaching, service in a Head Start program, service in the Peace Corps or ACTION, or service in the military, and others that are identified by ED, may have their loans canceled. Cancellation is also granted in case of the borrower's death or total and permanent disability, if the school closed before the borrower completed the program, or in some cases, bankruptcy. Students must make application and meet specific requirements set by ED to have all or part of their loan canceled (including interest).

In the FFEL and Direct Loan Programs, a loan may be *discharged*, or canceled, if the borrower dies or becomes totally and permanently disabled; if the loan is discharged in bankruptcy; if the school closed before the borrower completed his or her program; or if the school falsely certified or originated the loan.

The FFEL and Direct Loan provisions generally use the term "discharge" rather than "cancellation." There is no regulatory distinction between the two terms. See *Discharge (of a loan)*.

capitalizing interest

A process in which interest that has accrued but has not been paid is added to the loan principal for both the FFEL and Federal Direct Loan Programs. Capitalization increases the amount of the principal and, consequently, the total amount that must be repaid.

carry forward/carry back

A special provision of the Federal Work-Study (FWS) Program and the Federal Supplemental Educational Opportunity Grant (FSEOG) Program that allows an institution to transfer up to 10 percent of its annual FWS and FSEOG allocations back to the previous award year or forward to the next award year. In addition, a school may carry back funds from the current award year to pay student wages earned from May 1 through June 30 of the previous award year. See *Federal Work-Study (FWS) Program* and *Federal Supplemental Educational Opportunity Grant (FSEOG) Program*.

Case Management and Oversight Service

A division in ED responsible for institutional audit resolution, program review, financial statement analysis, initial certification, and recertification.

cash advance	A transfer of funds from a federal agency (from an account in the U.S. Treasury through the Federal Reserve Bank) to a school, or institutional funds used in advance of a school receiving Title IV funds.
cash on hand	The amount of funds maintained in a school's bank account equal to the amount of funds to be disbursed to students. Cash on hand is also part of the equation used to calculate projected immediate-cash needs.
cash management	The federal regulations contained in Subpart K of 34 CFR 668. These regulations establish the rules and procedures a school must follow to request, maintain, disburse, and otherwise manage Title IV funds.
cash monitoring payment method	<p>When ED places a school on the cash monitoring payment method, ED provides funds to the school after the school makes disbursements to students and parents. Schools will then be paid using either a form of the advance payment method or reimbursement payment method.</p> <p>Schools receiving funds through advance payment request funds just as other schools under that method, except they must identify to ED the scheduled disbursements to students for whom those funds are requested. See <i>Advance payment method</i>.</p> <p>Under reimbursement cash monitoring method, the school must first make disbursements to eligible students and parents before ED provides the funds for the school through GAPS; however, the school must provide different documentation than under the reimbursement payment method. After submitting the appropriate documentation to ED, schools are reimbursed. See <i>Reimbursement payment method</i>.</p>
cash pooling	For institutions permitted to do so, depositing federal funds for all Title IV aid programs (except Direct Loans) in a single bank account.
Central Processing System (CPS)	ED's Central Processing System (CPS) analyzes information from Free Applications for Federal Student Aid (FAFSAs) and calculates Expected Family Contributions (EFCs). A series of edits is used to check the consistency of family-supplied and student-supplied information. Eligibility matches are also conducted with the U.S. Social Security Administration, the U.S. Immigration and Naturalization Service, and the U.S. Selective Service. In addition, each student is checked against ED's National Student Loan Data System (NSLDS). See <i>National Student Loan Data System (NSLDS)</i> .
chart of accounts	A list of financial account numbers and account titles arranged in a systematic way to help institutions identify the accounts in their fiscal management system and ledgers. These accounts form the foundation for the school's Title IV reporting process.

closeout period	The end of the award period. During this time, the award is closed and any remaining disbursements that have been made before the end of the award period are disbursed.
closing	The process of preparing, entering, and posting closing entries. A closing entry is a journal entry in which balances in revenue accounts and expense accounts are eliminated at the end of the accounting period (calendar year or fiscal year). Because revenue accounts and expense accounts provide the information for a statement of operations of a given accounting period, it is essential these accounts have zero balances at the beginning of each new period. Asset, liability, and fund balance accounts are not closed at the end of the accounting period, as their balances carry over to the new period.
Code of Federal Regulations (CFR)	The codification of final regulations published in the <i>Federal Register</i> . The CFR is divided into 50 titles that represent broad areas subject to federal regulation. Title 34 (Education) contains the regulations that govern the Title IV programs.
cohort default rate	A school receives a cohort default rate from ED for its participation in the FFEL and/or Direct Loan Program. If a school participates in the Federal Perkins Loan Program, it calculates its own cohort default rate and reports it to ED on the FISAP. In general, both types of cohort default rates reflect the percentage of an institution's current and former students who entered student-loan repayment in a specified year on loans received for attendance at that institution and who defaulted before the end of the following year. For any year in which fewer than 30 students entered repayment, the school's cohort default rate is, in general, the percentage of its students who entered repayment in that year and in the previous two years and who defaulted before the end of the year immediately following the year in which they entered repayment. The two types of cohort default rates are based on different definitions of the term "default," and the rules for calculating and applying the rates are also different. See <i>Default</i> .
collection agency	A business organization that receives delinquent or defaulted loan accounts from lenders and attempts to collect on those accounts. A fee is charged for the service.
collection costs	Reasonable costs incurred by using a collection agency or commercial skip-trace agency in an attempt to recover delinquent or defaulted student loan accounts. See <i>Collection agency</i> and <i>Skip tracing</i> .
community service	A service identified by an institution of higher education, through formal or informal consultation with local nonprofit, governmental, and community-based organizations, that is designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs.
compliance audit	See <i>Audit</i> and <i>Independent audit</i> .

composite score	A measure of financial responsibility for proprietary and private nonprofit institutions. ED uses the composite score to determine whether institutions demonstrate financial responsibility under the regulations in Subpart L of 34 CFR 668. Institutions provide the information that is used to perform these calculations in their required annual financial statement audits. See <i>Financial responsibility</i> .
continuing resolution	At the federal level, a joint congressional agreement between the U.S. House of Representatives and the U.S. Senate to continue appropriations for specific government agencies (at rates generally determined on the basis of previous fiscal-year appropriation levels). This is done when Congress has not yet enacted an appropriation act for those agencies for the current fiscal year. A continuing resolution must pass both houses of Congress and be signed by the President. See <i>Appropriation</i> .
contra account	The other side of an account. When used in T-account diagrams, the term “contra account” refers to the other part of the entry. For example, if a Cash Control, GAPS account is debited, the contra account (the account to be credited) might be Accounts Receivable, GAPS. If Cash Control, GAPS is credited, the contra account to be debited might be Expended Funds, GAPS. See <i>T-Account</i> .
control account	A ledger account in which posting occurs simultaneously to a number of identical, similar, or related accounts, usually called subsidiary ledger accounts. When these subsidiary ledger account balances are added together, that total should agree with the balance in the control account. A familiar example is accounts receivable. When several students have receivable balances in subsidiary accounts (an account receivable system), the sum of the balances for all the students agrees with the total in the general ledger, control account.
corrected	A category of Federal Pell Grant processed payment data returned to a school by RFMS that the school must keep on file. A school should not resubmit these corrected data records to RFMS unless the award-year data changes.
corrective action	As part of any fine, any limitation, suspension, or termination proceeding, or any adverse finding in a report or review, ED may require a postsecondary institution to take corrective action. This action may include making payments to eligible students or repaying any illegally used funds to ED. ED may offset any funds to be repaid against any benefits or claims due to the institution from ED.
corrective action plan (CAP)	A written plan an institution submits to ED, as required by an ED official, a hearing official, or the U.S. Secretary of Education. In this plan, the institution explains what reasonable and appropriate steps it will take to remedy any ED-determined violation(s) of applicable laws, regulations, special arrangements, agreements, or limitations based on present or prior financial aid audit or program review findings.

cost of attendance (COA)	Section 472 of the Higher Education Act, as amended (HEA) gives specific statutory parameters for determining a student's cost of attendance (COA) for Title IV aid programs. A student's cost of attendance includes tuition and fees, room and board expenses while attending school, allowances for books and supplies (which can include the cost of buying or renting a computer), transportation, loan fees (if it applies), dependent-care costs (if it applies), costs related to a disability (if it applies), and other miscellaneous expenses. In addition, reasonable costs for a study-abroad program and costs associated with a student's employment as part of a cooperative education program may be included. There are also special rules for less-than-half-time students and correspondence-study students. The cost of attendance is determined by the school. The cost of attendance is compared to a student's expected family contribution (EFC) to determine the student's need for aid (COA-EFA-EFC = student's need).
credit balance (Title IV)	Refers to those Title IV funds that exceed the student's allowable charges. A school must pay this balance directly to the student (or parent, if PLUS Loan funds create the credit balance) as soon as possible, but no later than 14 days after the credit balance occurs (or no later than 14 days after the first day of classes of the payment period if the credit balance occurs on or before the first day of class). For a school to hold a credit balance, the school must receive signed authorization from the student (or parent borrower). The school must, at all times, maintain cash in its bank account at least equal to the amount of the funds for that student (or parent).
current charges	Charges assessed the student by the school for the current award year or the loan period for which the school certified or originated a FFEL or Direct Loan. See <i>Allowable charges</i> .
current value of funds rate	An annual percentage rate published in a Treasury Financial Manual (TFM) bulletin that reflects the current value of funds to the U.S. Department of Treasury (Treasury) on the basis of certain investment rates. The rate may be found at the following Internet Web site: http://www.fms.treas.gov/prompt/cvfr-history.html
default	For Perkins Loans: Failure of a borrower to make a loan-installment payment when due or to meet other terms of a signed promissory note or written repayment agreement. For FFEL Program Loans and Federal Direct Program Loans: Failure of a borrower or endorser to make a loan-installment payment or to meet other terms of the promissory note, if the Secretary finds it reasonable to conclude that the borrower or endorser no longer intends to honor the obligation to repay. For loans repayable in the monthly installments, the failure must persist for 270 days. For loans payable in less frequent installments (FFEL only), the failure must persist for 330 days.

deferment (of a loan)	A period during which repayment of loan principal is suspended as a result of the borrower meeting one or more of a number of situations or categories established by law. The borrower does not pay interest on <i>subsidized</i> loans during deferment; interest continues to accumulate during deferment of an <i>unsubsidized</i> loan. Compare <i>Forbearance (on a loan)</i> .
delayed disbursement	A school may not disburse or deliver the first installment of a loan until 30 days after the student's first day of class. A delayed disbursement applies to a student in the first year of an undergraduate program who is a first-time borrower under the FFEL or Direct Loan Programs. Some schools with low cohort-default rates may be excused from this requirement.
delivery	In the Federal Family Education Loan (FFEL) Program, the process of a school transmitting loan proceeds to a borrower. For cash management purposes, the process of transmitting FFEL loan proceeds to a borrower is referred to as a "disbursement." See <i>Disbursement</i> .
delivery system	The process by which students apply for federal financial aid, are awarded federal funds, and use those funds to pay the cost of attendance they incur when they are enrolled in an eligible program of study at an eligible school.
Department of Education Central Automated Processing System (EDCAPS)	A centralized financial management system designed to integrate ED's separate financial processes.
Direct Consolidation Loan	Loans originated by ED's Consolidation Department that combine some or all of a borrower's Title IV loans (including non-Direct loans) into a single loan with one monthly payment. Borrowers may also consolidate certain types of loans made under the authority of the U.S. Department of Health and Human Services. In some cases, borrowers may consolidate defaulted loans, but they must agree to repay the consolidation loan under the Direct Loan Program's income contingent repayment plan or meet other eligibility criteria. Compare <i>Federal Consolidation Loan</i> .
Direct Loan	See <i>Direct Loan Program</i>
Direct Loan Program (William D. Ford Federal Direct Loan Program)	A federal program where the U.S. government (not a commercial lender) makes four types of education loans to enable a student or parent to pay the costs of the student's attendance at a postsecondary school. They were named in honor of Congressman William D. Ford. <ul style="list-style-type: none"> ◆ Direct Subsidized Loan ◆ Direct Unsubsidized Loan ◆ Direct PLUS Loan (for parents) ◆ Direct Consolidation Loan

Direct PLUS Loan	<p>These are also referred to collectively as Direct Loans. See individual loan names.</p> <p>A type of Direct Loan that a parent may receive for an undergraduate dependent student who is attending a school participating in the Direct Loan Program. The parent borrower is responsible for the interest that accrues on the loan during any period. The Direct PLUS Loan is made directly by the federal government through the student's school. Compare <i>Federal PLUS Loan</i>.</p>
Direct Subsidized Loan	<p>A type of federally financed, low-interest loan that an undergraduate, graduate, or professional student may receive to attend a school that participates in the Direct Loan Program. During in-school, grace, and deferment periods, the federal government does not charge interest on the loan. The student's financial need is considered in determining the amount of the loan. See <i>Direct Unsubsidized Loan</i>. Compare <i>Federal Stafford Loan (Subsidized)</i>.</p>
Direct Unsubsidized Loan	<p>A type of federally financed, low-interest loan that an undergraduate, graduate, or professional student may receive to attend a school that participates in the Direct Loan Program. The loans are not based on financial need, and the borrower is responsible for the interest that accrues during any period. The borrower may pay the interest charges on the loan on a quarterly basis during in-school, grace, or deferment periods, or may allow the interest to accumulate and be capitalized when repayment begins. See <i>Capitalizing interest</i> and <i>Direct Subsidized Loan</i>. Compare <i>Federal Stafford Loan (Unsubsidized)</i>.</p>
disbursement	<p>The process by which Title IV program funds are paid to a student (or parent borrower for PLUS Loan funds). A school may:</p> <ul style="list-style-type: none"> ◆ pay a student or parent directly: <ul style="list-style-type: none"> ◆ by issuing a check or other means payable to the student and requiring the student's endorsement or certification (or, in the case of a parent borrowing from the Direct Loan Program or FFEL Program, requiring the endorsement or certification of the student's parent); ◆ by releasing a check provided to the school by a FFEL lender to the student (or parent for a PLUS Loan); ◆ by initiating an electronic funds transfer (EFT) to a bank account designated by the student (or, in the case of a parent borrower, an account designated by the parent); or ◆ by dispensing cash to the student for which the school obtains a signed receipt from the student; <i>or</i> ◆ credit a student's school account. <p>See <i>Delivery</i>.</p>

disbursement record (Direct Loan)	An electronic record sent from a school to the Direct Loan Origination Center (LOC) notifying ED when a loan disbursement has been made to a student (the day the funds are available for the student to use).
disbursement record (RFMS)	A record that reports to the Recipient Financial Management System (RFMS) the actual amount and date of each Federal Pell Grant disbursement.
discharge	In the FFEL and Direct Loan programs, a loan can be discharged due to death, permanent and total disability, bankruptcy (some cases), closed schools, false certification, and unpaid refunds. Any student who has their loan discharged is relieved of any past or present obligation to repay the loan and any accrued interest or collection cost with respect to the loan. See <i>Cancellation (of a loan)</i> .
double-entry bookkeeping	The method of accounting in which each posted transaction involves a two-way, self-balancing journal entry with equal debit and credit amounts. This entry is then posted from the journal to the corresponding ledger accounts involved. See <i>Bookkeeping</i> .
earned aid	The amount of financial aid a student is eligible for and entitled to based on the student's period of enrollment. Compare <i>Unearned aid</i> .
EDCAPS	See <i>Department of Education Central Automated Processing System (EDCAPS)</i> .
Electronic Data Exchange (EDE)	ED's process for postsecondary institutions (and other participating destination points) to electronically transmit, receive, and correct application data, package student awards, and transmit Federal Pell Grant and Direct Loan payment information using the Student Aid Internet Gateway (SAIG).
electronic data processing (EDP) controls	Controls that ensure the integrity and reliability of data. They encompass operating procedures, software security, data access, program modification, segregating computer security duties and responsibilities, backup and recovery plans, and physical computer security.
electronic funds transfer (EFT)	See <i>Automated clearinghouse (ACH)</i> .
Electronic Statement of Account (ESOA)	An official statement from ED that sets a school's authorization level for the upcoming award year and projects adjustments to the school's Title IV program funding needs. ESOAs are produced for the Federal Pell Grant Program and the campus-based programs. An ESOA also details the amount expended to date. ED produces an ESOA whenever there is an adjustment to a school's current Federal Pell Grant Program or campus-based programs authorization. See <i>Federal Pell Grant Program</i> .

eligible institution	An institution of higher education, a postsecondary vocational school, or a proprietary institution of higher education that meets all the requirements to make it eligible to participate in Title IV student financial aid programs. These requirements include state authorization accreditation and specific program and admission requirements. These requirements are found primarily in 34 CFR Part 600 and are discussed in Volume 2: Institutional Eligibility of the <i>Student Financial Aid Handbook</i> .
eligible student	The definition of a student eligible to receive federal financial aid from ED is discussed in detail in the <i>Student Financial Aid Handbook, Volume 1: Student Eligibility</i> and 34 CFR 668.7 and individual program regulations.
emergency action	<p>An action for cause taken by ED against an eligible postsecondary institution. This action includes withholding funds from the institution or its students and withdrawing the authority of the institution to obligate federal funds under any or all of the Title IV student aid programs. Emergency action is taken when ED:</p> <ul style="list-style-type: none"> ◆ receives and confirms information that the institution is violating applicable laws, regulations, special arrangements, agreements, or limitations; ◆ determines that the likelihood of loss to the federal government outweighs putting in place limitation, suspension, or termination procedures; <i>and</i> ◆ determines that the immediate action is necessary to prevent misuse of federal funds. <p>See <i>Limitation, suspension, or termination (LS&T)</i> and <i>Program Participation Agreement (PPA)</i>.</p>
enrolled	Any student who has completed the registration requirements (except for the payment of tuition and fees) at the institution that he or she is attending or has been admitted into an educational program offered predominately by correspondence and has submitted one lesson, completed by him or her and without the help of an institutional representative.
enrollment status	<p>At those institutions using semesters, trimesters, quarters, or other academic terms and measuring progress in credit hours, enrollment status equals a student's credit-hour course load.</p> <p>At those institutions measuring progress in clock hours, enrollment status equals a student's clock-hour course load.</p> <p>At any type of school, student enrollment may be categorized as full time, three-quarter time, half time, or less than half time. See <i>Full-time enrollment</i>.</p>

entrance counseling (for a student borrower)	<p>Each institution participating in the Federal Perkins Loan, FFEL, and Federal Direct Loan Programs (excluding FFEL PLUS Loans and Direct PLUS Loans) must offer loan counseling to first-time loan borrowers called “entrance counseling.” The institution must offer this counseling before disbursing the first disbursement of any of these loans to a borrower at the institution. Entrance counseling covers the borrower’s rights and responsibilities, the terms and conditions of the loan, the use of a Master Promissory Note, and the consequences of default. It is also called initial counseling. Compare <i>Exit counseling (for a student borrower)</i>.</p> <p>Direct Loan schools have the option of using an alternative approach. (See 34 CFR 685.304(a)(5).)</p>
entrance interview (for a compliance audit)	<p>A meeting, before the beginning of a financial aid audit, between an auditor and school administrative officials involved in the audit. Operating rules, an agenda, and a schedule for the on-site work are established. A similar interview is conducted by a federal official before conducting a program review. This meeting is also called initial counseling. See <i>Audit</i>. Compare <i>Exit interview (for a compliance audit)</i>.</p>
equity ratio	<p>Under the financial responsibility regulations, the equity ratio is:</p> <ul style="list-style-type: none"> ◆ <i>For proprietary schools:</i> <u>Modified Equity</u> Modified Assets ◆ <i>For private, nonprofit schools:</i> <u>Modified Net Assets</u> Modified Assets <p>For further definitions and other details, refer to 34 CFR 668– Subpart K, Appendix F (proprietary) and Appendix G (private, nonprofit).</p>
ESOA	<p>See <i>Electronic Statement of Account (ESOA)</i>.</p>
estimated financial assistance (EFA)	<p>The school’s estimate of the amount of financial assistance from federal, state, institutional, or other sources that a student (or parent on behalf of a student) will receive for a period of enrollment. This may include veterans’ and national service awards and benefits (except when determining eligibility for a subsidized Stafford Loan), scholarships, grants, financial need-based employment, or Perkins Loans or Federal Work-Study funds that the student has declined or certain loans used to replace the Expected Family Contribution.</p>
excess cash	<p>Any amount of Title IV program funds (other than FFEL Program or Federal Perkins Loan Program funds) that a school has not disbursed to students or parents by the end of the third business day following the date the school received the funds. There are penalties for holding excess cash.</p>
excess funds	<p>See <i>Excess cash</i>.</p>

excess liquid capital	A school has excess liquid capital in its Federal Perkins Loan Fund if funds available (cash on hand, plus Federal Capital Contribution [FCC] and Institutional Capital Contribution [ICC], plus interest income and cancellation repayments) for the current award year significantly exceed the award year's total expenditures from the Fund.
exit counseling (for a student borrower)	Each institution participating in the Federal Perkins Loan, FFEL, and Direct Loan Programs (excluding FFEL PLUS Loans and Direct PLUS Loans) must offer loan counseling called "exit counseling" to loan borrowers. For Federal Perkins Loan borrowers, the interview must take place before the borrower leaves school. In the case of FFEL and Direct Loan student borrowers, the interview must take place shortly before the borrower ceases to be enrolled at least half time. During the interview, the borrower's rights and responsibilities are reviewed; details about handling loan repayment are discussed; the consequences of default are explained; the availability of ED's Student Loan Ombudsman's Office is discussed; and the average anticipated monthly repayment amount must be disclosed. Borrowers are also required to provide updated personal information, such as address, telephone number, employer (if known), and driver's license and the state where it was issued (if the student has a license). See the <i>Student Financial Aid Handbook, Volume 5: Perkins Loan</i> and <i>Volume 8: Direct Loan and FFEL Programs</i> for complete information on loan counseling requirements. Compare <i>Entrance counseling (for a student borrower)</i> .
exit interview (for a compliance audit)	A closing meeting, following completion of a financial aid audit, between an auditor and administrative officials of the school involved in the audit. General audit findings and conclusions that will be included in the audit report are discussed. A similar interview is conducted by a federal official after conducting a program review. See <i>Audit</i> . Compare <i>Entrance interview (for a compliance audit)</i> .
Expected Family Contribution (EFC)	The amount a student and his or her spouse and family are expected to pay toward the student's cost of attendance. This figure, determined according to a statutorily defined method known as need analysis, is used for all students in determining eligibility for most federal Title IV student financial aid.
FAFSA (Free Application for Federal Student Aid)	A student financial aid application form completed by a student and his or her family. It is the ED input document that serves as the foundation for all need analysis computations. The FAFSA gathers all the data to calculate the Expected Family Contribution (EFC). See <i>Expected Family Contribution (EFC)</i> , <i>Need analysis</i> , and <i>Renewal FAFSA</i> .
federal audit	A financial and/or compliance audit conducted by an office or officer of a federal agency, such as a representative from ED's Office of Inspector General.
Federal Capital Contribution (FCC)	The portion of a school's Federal Perkins Loan fund allocated to an institution by the federal government for a specific award year. Compare <i>Institutional Capital Contribution (ICC)</i> .

Federal Consolidation Loan

Loans originated by eligible FFEL Program lenders combined. Multiple Title IV student loans, the Health Professions Student Loan (HPSL) Program, the Health Education Assistance Loan (HEAL) Program, and the Nursing Student Loan Program (NSLP) are combined into a single loan with one monthly payment. Delinquent or defaulted borrowers may be allowed to establish a repayment schedule through a consolidation loan. Compare *Direct Consolidation Loan*.

Federal Family Education Loan (FFEL) Program

The Federal Family Education Loan (FFEL) Program is made up of:

- ◆ Federal Stafford Loans (subsidized)
- ◆ Federal Stafford Loans (unsubsidized)
- ◆ Federal PLUS Loans (for parents)
- ◆ Federal Consolidation Loans

All of these are long-term loans insured by state or private nonprofit guaranty agencies that are reimbursed by the federal government for all or part of the insurance claims paid to lenders. This guarantee replaces the collateral or security usually required with long-term consumer loans. See individual loan names.

Federal Pell Grant payment and disbursement schedules

Charts published annually by the U.S. Secretary of Education that determine the dollar value of student Federal Pell Grant awards on the basis of schools' costs of attendance (COA) and students' Expected Family Contribution (EFC).

Federal Pell Grant Program

A grant program for undergraduate students who have not completed a first baccalaureate degree. It is designed to financially assist students with demonstrated financial need who are the least able to contribute toward their basic education expenses.

If students apply, meet all the eligibility criteria, and are enrolled in an eligible program at an eligible institution, they will receive Federal Pell Grants. Formerly, this grant was called the Basic Educational Opportunity Grant (BEOG). In 1982, it was renamed to honor Senator Claiborne Pell; later the word "Federal" was added to its name.

Students with bachelor's degrees who are enrolled in a teacher-certification program are also eligible if they are enrolled:

- ◆ at least half time,
- ◆ at a school that does not offer a baccalaureate degree in education,
- ◆ in a post-baccalaureate program not leading to a graduate degree,
- ◆ in teacher certificate or licensing courses required by a state to teach in that state, *and*

	<ul style="list-style-type: none"> ◆ the student is pursuing an initial teacher certification or licensing credential within a state.
Federal Perkins Loan Program	This campus-based loan program provides low-interest student loans to undergraduate and graduate students with financial need. Formerly, it was called the National Direct Student Loan Program (now referred to as the NDSL Program) and, originally, the National Defense Student Loan Program. In 1987, it was renamed to honor Congressman Carl D. Perkins; later the word “Federal” was added to its name. See <i>Campus-based programs</i> .
Federal PLUS Loan	Parents may borrow from this FFEL loan program on behalf of their undergraduate dependent children. Loans are made by lenders such as banks, credit unions, or savings and loan associations. Compare <i>Direct PLUS Loan</i> .
<i>Federal Register</i>	The government publication, published each weekday (except federal holidays), that prints regulations, regulatory amendments, notices, and proposed regulatory changes for all federal executive agencies. ED makes them available on ED’s Information for Financial Aid Professionals (IFAP) Web site.
Federal Reserve Bank	One of 12 reserve banks set up under the Federal Reserve Act to hold government reserves. ED uses this system to deliver campus-based, Federal Pell Grant, and Direct Loan funds to schools.
Federal Stafford Loan (subsidized)	An FFEL Program loan providing federally subsidized, low-interest loans to students in undergraduate, graduate, or professional programs. Subsidized loans are awarded on the basis of student financial need. The loan formerly was part of the Guaranteed Student Loan (GSL) Program. In 1987, it was renamed to honor Senator Robert T. Stafford; later, the word “Federal” was added to its name. See <i>Unsubsidized Federal Stafford Loan</i> . Compare <i>Subsidized Direct Loan</i> .
Federal Supplemental Educational Opportunity Grant (FSEOG) Program	A campus-based aid program that provides grant assistance to students with financial need who are in undergraduate programs and have not earned a bachelor’s degree or first professional degree. Priority in awarding Federal Supplemental Educational Opportunity Grant (FSEOG) funds is given to students who have exceptional financial need and are Federal Pell Grant recipients. See <i>Campus-based programs</i> .
Federal Work-Study (FWS) Program	A federally funded employment program that provides paid jobs, on campus or off campus, for undergraduate or graduate students who need such earnings to meet a portion of their education expenses. See <i>Campus-based programs</i> .

FEDWIRE

This system provides for electronic funds transfer (EFT) through the Federal Reserve Communications System (FRCS). The system differs from the automated clearinghouse (ACH) in that funds are deposited directly into a school's deposit account the day the payment is sent through the FRCS. Financial institutions charge for this type of funds transfer. (There is no charge to a school for ACH transfer.)

The U.S. Treasury Department's Financial Communications System (TFCS) Deposit Message Retrieval System (DMRS) uses FEDWIRE for returning funds to ED, including:

- ◆ a liability or combination of liabilities totaling \$100,000 or more for a prior award year (except for some Federal Perkins Loan liabilities);
- ◆ excess cash in, or liquidation of, a Federal Perkins Loan fund; *and*
- ◆ ED-proposed or assessed fines of \$100,000 or more.

See *Automated FEDWIRE system*. Compare *Automated clearinghouse (ACH)*.

Final Audit Determination (FAD)

ED's evaluation of findings and recommendations included in an audit report and the issuance of a final decision by ED management including actions determined to be necessary. See *Final Audit Determination Letter (FADL)*.

Final Audit Determination Letter (FADL)

An official written notice responding to a school and detailing ED's evaluation of findings and recommendations included in the school's audit report. It includes ED's response to findings, including all necessary actions and financial adjustments necessary to resolve the findings in an external audit report.

Final Funding Authorization

An electronic notification that tells a school the final allocations for each campus-based program in which it participates.

Final Funding Worksheet

The final funding worksheet is sent in conjunction with a school's Final Funding Authorization. The worksheet explains in detail a school's allocation for each campus-based program and shows the figures used to make this determination.

Final Program Review Determination (FPRD)

The letter ED sends to school officials to close out the program review process. The FPRD finalizes the status of findings that were outlined in the original Program Review Report, indicating issues that are considered "resolved" and those the school failed to resolve. This may include assessment of liabilities the school must pay to ED. The school has the right to appeal the FPRD.

final regulations

Federal government operating rules published in the *Federal Register*. When published, final regulations have the force of law and identify when the regulations will take effect.

See *Federal Register* and *Notice of proposed rulemaking (NPRM)*.

financial aid history	A document used by institutions to collect data about Title IV aid and other financial aid received by a student or his/her current school. The financial aid history allows the current institution the information needed to prevent the student from receiving an overaward or exceeding loan limits. It also tells the institution if the student already owes an overpayment or is in default on Title IV funds, and is therefore ineligible for further Title IV aid. Institutions must obtain financial aid history at no charge to students and former students. Schools are allowed to retrieve a student's prior award-year data from the National Student Loan Data System (NSLDS). See 34 CFR 668.19. See <i>National Student Loan Data System</i> .
financial need	<p>The difference between the student's cost of attendance (COA) at a specific institution and the student's Expected Family Contribution (EFC) and the student's estimated financial assistance:</p> $\text{COA} - \text{EFA} - \text{EFC} = \text{student's financial need.}$ <p>See <i>Cost of attendance (COA)</i>, <i>Estimated financial assistance (EFA)</i>, and <i>Expected Family Contribution (EFC)</i>.</p>
financial responsibility	<p>One set of major requirements an institution must meet to participate in the Title IV student aid programs (the other is administrative capability).</p> <p>An institution must show that it has the financial responsibility and the administrative capability to participate in federal Title IV student aid programs.</p> <p>The financial responsibility standards include those that measure an institution's financial health for proprietary, private nonprofit, and public institutions and cover the past performance of an institution or persons affiliated with an institution. For further information, refer to 34 CFR 668, Subpart K; <i>Federal Register</i>, November 25, 1997; or Chapter 2 of <i>The Blue Book</i>. See also <i>Administrative capability</i>.</p>
financial statement	A report prepared at the end of a school's fiscal year that provides an overview of the institution's financial activities for that fiscal year. Financial statements are audited by an independent public accountant (IPA) and submitted to ED according to applicable regulations.
findings	See <i>Program review exceptions</i> .
FISAP (Fiscal Operations Report and Application to Participate)	A computer-based, campus-based program report on prior-year fiscal operations and an application to participate in the upcoming award year. It must be submitted to ED by schools that participate in any or all campus-based programs. A school may submit the data using either a personal computer or a mainframe computer. See <i>Campus-based programs</i> .
fiscal operations	Activities related to managing and completing financial transactions. Funds management, including student accounts, is the primary responsibility of an institution's business office.

forbearance (on a loan)

When a Federal Family Education Loan (FFEL) Program lender (or the U.S. Department of Education for Direct Loans) allows a *temporary* cessation of payments or reduction of payment amounts for subsidized or unsubsidized Federal Stafford, Federal PLUS, Federal Perkins, or any of the Direct Loans. In doing so, it allows an extended period for making payments or accepts smaller payments than were previously scheduled. Forbearance may be given for circumstances that are not covered by deferment. Interest continues to accrue on the loans during forbearance. Forbearance is an option of the FFEL Program lender or ED. However, there are a few circumstances where granting forbearance to FFEL borrowers is mandatory. See 34 CFR 682.211 (h) and (i). Compare *Deferment (of a loan)*.

William D. Ford Federal Direct Loan Program

See *Direct Loan Program*

Form PMS 270

See *Reimbursement payment method*.

FRB

See *Federal Reserve Bank*.

Free Application for Federal Student Aid (FAFSA)

See *FAFSA*.

full-time enrollment

At schools using semesters, trimesters, quarters, or other academic terms and measuring progress in credit hours, a full-time undergraduate student enrolls in at least 12 semester hours, 12 trimester hours, or 12 quarter hours each term.

At nonterm institutions, enrollment status for a full-time student is 24 semester hours or 36 quarter hours per academic year or the prorated equivalent for a program of less than one academic year.

At schools measuring progress in clock hours, a full-time student receives 24 hours of instruction in one week.

In an educational program using both credit and clock hours, any combination of credit and clock hours where the sum of the following fractions is equal to or greater than one:

- ◆ For a program using a semester, trimester, or quarter system:

$\frac{\text{Number of credit hours per term}}{12}$

12

plus

$\frac{\text{Number of clock hours per week}}{24}$

24

- ◆ For a program not using a semester, trimester, or quarter system:

*Number of semester or trimester hours
per academic year*
24

plus

Number of quarter hours per academic year
36

plus

Number of clock hours per week
24

A series of courses or seminars equaling 12 semester or quarter hours over a maximum of 18 weeks.

The work portion of a cooperative education program in which the amount of work performed is equivalent to the academic workload of a full-time student.

fund

A self-balancing group of accounts that consists of:

- ◆ assets,
- ◆ liabilities,
- ◆ revenues,
- ◆ expenses, *and*
- ◆ fund balance.

Funds separated in an institution's books are limited to specific uses and are accounted for using a double-entry bookkeeping system.

GAAP

See *Generally accepted accounting principles*.

Gaining Early Awareness and Readiness for Undergraduates Program (GEAR UP)

Enacted in 1998, GEAR UP funds partnerships of high poverty middle schools, colleges and universities, community organizations, and business to work with entire grade levels of students beginning in 7th grade or earlier through high school graduation. The partnership provides tutoring, mentoring, information on college preparation and financial aid, an emphasis on core academic preparation, and in some cases scholarships to help students succeed in high school and go on to college.

GAPS

See *Grant Administration and Payment System (GAPS)*.

GEAR UP

See *Gaining Early Awareness and Readiness for Undergraduates Program*.

generally accepted accounting principles (GAAP)

A common set of standards that is generally accepted and universally practiced. These industry standards indicate how to report economic events.

gift aid	Financial aid that a student is not required to repay or earn through employment. Generally, gift aid is in the form of a grant or scholarship. Compare <i>Self-help aid</i> .
grace period	The time period that begins the day after a loan recipient ceases to be enrolled at least half time and ends the day before the loan repayment period starts.
Grant Administration and Payment System (GAPS)	The ED payment system that provides financial management support services for the Title IV funds delivery system. Functions supported by GAPS include planning grant awards, obligation of award authorizations, disbursing funds, and final grant closeout for Title IV programs.
grant programs	Gift-aid programs that require neither repayment nor a work obligation from students. Federal Title IV grant programs are the Federal Pell Grant Program, the Federal Supplemental Educational Opportunity Grant (FSEOG) Program, and the Leveraging Educational Assistance Partnership (LEAP) Program. See individual grant program names.
guaranty agency	A state agency or private, nonprofit institution or organization that administers financial aid programs within the Federal Family Education Loan (FFEL) Program. A major function is to insure FFEL Program loans. The federal government reimburses guaranty agencies for all or part of insurance claims they pay to lenders.
Higher Education Act of 1965, as amended (HEA)	Landmark national higher education act passed by Congress and signed by President Lyndon B. Johnson in 1965, as well as subsequent amendments and reauthorizing (extending) legislation of the statute. Title IV of the HEA authorizes the majority of the nation's federal postsecondary student financial aid programs and mandates that they be regulated and administered by the U.S. Secretary of Education. The HEA is effective for approximately five years, requiring Congress to reauthorize it every five years or to extend the legislation for up to one additional year. The most recent reauthorization was in 1998. The statute's most current version, as amended, always stands as the official version of the law. See <i>Reauthorization</i> and <i>Title IV student financial aid</i> .
Higher Education Amendments of 1992	Congressional amendments and technical changes to the Higher Education Act of 1965, as amended (HEA), put in place during the 1992 reauthorization of the HEA. They became federal law on July 23, 1992 when President George Bush signed the bill. Sometimes referred to as "the 1992 Amendments."
Higher Education Amendments of 1998	Technical changes and additions to the 1992 reauthorization of the Higher Education Act (HEA) made in 1998 in Public Law 105-244. Although President Bill Clinton signed the bill on October 7, 1998, most of the amendments became effective on October 1, 1998. These amendments are sometimes referred to as the "1998 Amendments."

idle cash	All or part of disbursed funds if and when they are returned to the school's Title IV account(s). The return may be due to a refund or the student returning a disbursement.
immediate need	A school requests funds to meet its "immediate need" for disbursing Federal Pell Grant Program, Direct Loan Program, and campus-based program awards. Immediate need is defined as the amount of funds a school needs to make disbursements to students within the required three business days. Schools request funds as needed, for example, every three days, once a week, or whenever is appropriate. (Note: Immediate need does not authorize an institution to maintain a federally funded cash-on-hand balance.) See <i>Automated clearinghouse (ACH)</i> and <i>Automated FEDWIRE system</i> .
incarcerated student	A student who is serving a criminal sentence in a federal, state, or local correctional facility. A student in a less formal arrangement, such as a halfway house, home detention, or sentenced to serve only weekends, is not considered to be incarcerated. Students incarcerated in federal or state correctional facilities are not eligible to receive Title IV aid; however, students incarcerated in local correctional facilities might be eligible for Federal Pell Grant, FSEOG, and LEAP funds.
independent audit	See <i>Audit</i> and <i>Nonfederal audit</i> .
independent auditor	An accountant who is a certified public accountant or government auditor, who must be qualified under both generally accepted auditing standards and government auditing standards, and who: <ul style="list-style-type: none"> ◆ is free from personal and external impairments to independence, ◆ is organizationally independent, <i>and</i> ◆ maintains an independent attitude and appearance. See <i>Audit</i> and <i>Nonfederal audit</i> .
in-house control documents	Documents a school uses to meet federal record-keeping requirements for federal student financial aid programs, provide data needed for aid-related reports, and maintain a clear audit trail.
Institutional Capital Contribution (ICC)	The portion of a school's Federal Perkins Loan fund contributed by an institution. Institutional Capital Contributions (ICCs) must be equal to at least one-third (33 and 1/3 percent) of the new Federal Capital Contribution (FCC) amount <i>or</i> one-quarter (25 percent) of the combined FCC <i>plus</i> ICC. Compare <i>Federal Capital Contribution (FCC)</i> and <i>Program Participation Agreement (PPA)</i> .
institutional liability	Financial penalties or repayments that an institution must pay to ED as a result of incorrect institutional action or actions. A liability is the difference between the actual expenditures reported by the institution in GAPS for an Obligation Document Number for the award year and the final allowable expenditures as determined by the auditor, program reviewer, or hearing official.

Institutional Student Information Record (ISIR)	An electronic output document generated by ED's Central Processing System (CPS) that summarizes information submitted on a student's Free Application for Federal Student Aid (FAFSA) and provides financial-need calculations (including the student's Expected Family Contribution [EFC]) based on the submitted data. It is available to schools through the Electronic Data Exchange (EDE). The ISIR includes full applicant data and information on reject reasons, comments, and assumptions. See <i>Student Aid Report (SAR)</i> .
interest benefits	The interest payments (benefits) made by ED to an FFEL Program lender on behalf of a student. These payments are based on the student's subsidized Federal Stafford Loan interest rate, but only during certain periods: the student's enrollment (at least half time), the grace period, or any authorized deferment period. Interest benefits are not paid on unsubsidized Federal Stafford Loans. See <i>Special allowance</i> .
issuing checks	Schools can issue checks to disburse funds directly to students and parents. A check is issued if a student (or parent for PLUS Loan funds) is notified that his or her check is available for immediate pickup, or the school can release or mail the checks to the students or parents.
Job Location and Development (JLD) Program	Under the Job Location and Development (JLD) Program, an institution can use up to 10 percent or \$50,000 (whichever is less) of its annual Federal Work-Study (FWS) Program total allocation to expand off-campus job opportunities, including community-service jobs for its currently enrolled students. Jobs may be in either profit or nonprofit settings. Students in this program do not have to meet Federal Work-Study (FWS) criteria, show financial need, or meet other Title IV student-aid eligibility criteria. See <i>Federal Work-Study (FWS) Program</i> .
journal	A record of original accounting entries, providing a chronological record of the debit and credit elements of each transaction. As transactions occur, they are entered initially into the journal. At frequent intervals, such as daily, weekly, or at least monthly, the debits and credits recorded in the journal are transferred (posted) to the individual accounts in a ledger. See <i>Ledger</i> .
just-in-time payment method	Under this payment method, a school electronically submits a request for funds up to five days before the actual date of disbursement for the Federal Pell Grant Program. The school's request includes the date and amount of the disbursement it will make or has made to each student. ED places funds in the school's bank account immediately before the funds are needed to make student disbursements. Unlike schools using the advance payment method, these schools do not receive advance authorization of funds. In 2000-01, this method is continuing to be tested under a pilot program by a small group of schools for the Federal Pell Grant Program.

ledger	A book of accounts in which each item of a monetary nature to be included in reports is assigned an account. Posting from a journal to the ledger results in each account having either a debit or credit balance that is shown on a particular report listing. Separate ledgers should be maintained for each program or fund. See <i>Journal</i> .
level of expenditure (LOE)	The total amount of Federal Perkins Loan funds a school is allowed to use to make loans to students and to pay administrative and collection costs in a given award year. A school's level of expenditure (LOE) is calculated by ED on the basis of funds available from a school's collection of outstanding Federal Perkins Loans, the amount of Federal Capital Contribution (FCC) the school receives, and the amount of Institutional Capital Contribution (ICC) the school provides.
Leveraging Educational Assistance Partnership (LEAP) Program	A Title IV gift-aid program jointly funded by the federal government and participating states. It provides state scholarship or grant assistance to students who show financial need. Previously it was called the State Student Incentive Grant (SSIG) Program. See <i>Special Leveraging Educational Assistance Partnership (SLEAP) Program</i> .
limitation, suspension, or termination (LS&T)	<p>Actions undertaken by ED against a postsecondary institution that has either:</p> <ul style="list-style-type: none"> ◆ violated the laws or regulations governing Title IV or Title VII student financial aid programs or the Program Participation Agreement (PPA) or any other agreement made under the law or regulations <i>or</i> ◆ substantially misrepresented the nature of its educational program, its financial charges, or the employability of its graduates. <p>These ED actions against the institution may include proceedings on limitation, suspension, or termination (LS&T) of the school's participation in federal student financial aid programs; assessing fines up to \$25,000 for each statutory or regulatory violation; and/or implementing emergency action.</p> <p>A <i>limitation</i> means the postsecondary institution agrees to abide by certain specific restrictions or conditions in its administration of student financial aid programs so that it can continue to participate in any of those programs. A limitation lasts for at least 12 months and, if a postsecondary institution fails to abide by the limitation's conditions, termination proceedings may be initiated.</p> <p>A <i>suspension</i> removes an institution from participating in Title IV and Title VII student financial aid programs for a period not to exceed 60 days, unless a limitation proceeding has begun. Suspension actions are used when a postsecondary institution can be expected to correct a program violation in a short time.</p>

liquidation period	<p>A <i>termination</i> ends a postsecondary institution's participation in Title IV and Title VII programs.</p> <p>A <i>terminated institution</i> can be reinstated by ED at a later date to participate in Title IV and Title VII programs.</p> <p>However, at least three months must elapse from the school's suspension and at least 18 months must elapse from the school's limitation or termination before an institution can request reinstatement. The request must be in writing. See <i>Emergency action</i> and <i>Program Participation Agreement (PPA)</i>.</p> <p>This is the second period in an award period. During this period:</p> <ul style="list-style-type: none"> ◆ no new authorizations may be processed against a grant award, ◆ payees may request payments for expenditures incurred during the performance period, <i>and</i> ◆ payees may adjust drawdowns for expenditures incurred during the performance period.
loan	<p>An advance of funds guaranteed by a signed promissory note in which the recipient of the funds promises to repay a specified amount under prescribed conditions.</p>
loan disclosure statement	<p>A statement sent to a loan borrower by the lender before or at the time a loan is disbursed, as well as before the start of the repayment period. The purpose of the disclosure statement is to provide the borrower with thorough and accurate information about the loan terms and the consequences of default. It includes information such as the:</p> <ul style="list-style-type: none"> ◆ amount of the loan, ◆ interest rate, ◆ fee charges, ◆ length of the grace period (if any), ◆ the maximum length of the repayment, ◆ the minimum annual repayment, ◆ deferment conditions, <i>and</i> ◆ the definition of default.
Loan Origination Center (LOC)	<p>Under contract with ED, the Loan Origination Center (LOC) performs many of the operational tasks needed to originate Direct Loans for borrowers and for schools' day-to-day participation in the Direct Loan Program. The LOC is located in Montgomery, Alabama.</p>

master calendar	To assure adequate notification about, and timely delivery of, Title IV financial aid, ED operates using a master calendar defined in the Higher Education Act of 1965, as amended (HEA). This calendar gives specific dates by which federal forms will be developed and distributed, as well as dates campus-based funds will be allocated and Federal Pell Grant funds will be authorized for an award year. The master calendar determines the effective date for federal financial aid regulations, based on the date of their publication. Section 1.10 of <i>The Blue Book</i> has further details on the master calendar.
master check	A master check is a single check, written by a lender, that contains all the lender's FFEL Program funds for the school's borrowers for a given disbursement date. A master check must be accompanied by a list of names, Social Security numbers, and loan amounts of borrowers who are to receive a portion of the master check.
Modernization Blueprint	<p>A collaborative effort by financial aid administrators, higher education officials, business leaders, and students to:</p> <ul style="list-style-type: none"> ◆ reexamine customer needs, ◆ improve and integrate customer access to information and funds, <i>and</i> ◆ modernize federal student financial aid programs using up-to-date technology and business processes.
multiple disbursement	A requirement of Title IV programs, except the Federal Work-Study Program, for payments to students based on payment periods.
multiple reporting record (MRR)	A record automatically generated by the Recipient Financial Management System (RFMS) when it receives an origination and/or a disbursement record from more than one school for the same student during the same payment period. It informs a school about the other school(s) that have submitted origination records and disbursement records for the same student during that period.
National Student Loan Data System (NSLDS)	<p>An ED database that collects and maintains data on recipients from:</p> <ul style="list-style-type: none"> ◆ the Federal Family Education Loan (FFEL) Program, ◆ the William D. Ford Federal Direct Loan Program, ◆ the Federal Perkins Loan Program (including National Defense Student Loans, NDSLs, and Income Contingent Loans), ◆ the Federal Pell Grant Program, <i>and</i> ◆ the Federal Supplemental Educational Opportunity Grant (FSEOG) Program.

	<p>This database receives and reports weekly or monthly using information provided by:</p> <ul style="list-style-type: none"> ◆ ED's Central Processing System (CPS), ◆ ED's Debt Collection Service (DCS), ◆ ED's Recipient Financial Management System (RFMS), ◆ schools, ◆ lenders, <i>and</i> ◆ guaranty agencies.
nationally recognized accrediting agency or association	<p>An independent organization that monitors schools' practices and certifies or approves schools to operate and/or offer certain programs of study. Schools participating in Title IV programs must be accredited by an agency that is recognized by U.S. Secretary of Education. See <i>Site visit</i>.</p>
need analysis	<p>The method defined in the Higher Education Act of 1965, as amended (HEA) for determining Expected Family Contributions (EFCs) for all students applying for federal student financial aid. See <i>Cost of attendance (COA)</i> and <i>Expected Family Contribution (EFC)</i>.</p>
net income ratio	<p>Under the financial responsibility regulations, the equity ratio is:</p> <ul style="list-style-type: none"> ◆ <i>For proprietary schools:</i> $\frac{\text{Income Before Taxes}}{\text{Total Revenue}}$ ◆ <i>For private, nonprofit schools:</i> $\frac{\text{Change in Unrestricted Net Assets}}{\text{Total Unrestricted Revenue}}$ <p>For further definitions and other details, refer to 34 CFR 668–Subpart K, Appendix F (proprietary) and Appendix G (private, nonprofit).</p>
nonfederal audit	<p>An institutional financial statement and/or compliance audit conducted by an independent public accountant (as defined by the audit standards of the U.S. General Accounting Office) who has been hired by the institution. Also called an independent audit or an OMB Circular A-133 audit. See <i>Audit</i> and <i>Independent auditor</i>.</p>
nonfederal share	<p>The portion of campus-based program funds that a school must contribute from a nonfederal source (usually the portion comes from the school itself). For Title IV campus-based programs, a nonfederal source must contribute amounts equal to at least one-third (33 1/3 percent) of the federal contribution to the school's Federal Perkins Loan fund; one-quarter (25 percent) of Federal Work-Study (FWS) awards; and one-quarter (25 percent) of Federal Supplemental Educational Opportunity Grant (FSEOG) awards. Some students working FWS community-service jobs may be eligible for a</p>

Notice of Proposed Rulemaking (NPRM)	<p>100 percent federal share of their awards. See Chapter 3 of <i>The Blue Book</i> for specific information.</p> <p>Notice printed in the <i>Federal Register</i> of proposed regulations from a government agency, such as ED. Interested parties are invited to submit comments and recommendations about proposed regulations. All proposed regulations are subject to this process, including issues to be negotiated.</p> <ul style="list-style-type: none"> ◆ The exception is if ED determines that it is impractical, unnecessary, or contrary to the public interest to publish proposed regulations and publishes the basis for its determination. <p>See <i>Federal Register</i> and <i>Final regulations</i>.</p>
OCFO	<p>See <i>Office of the Chief Financial Officer</i>.</p>
Office of the Chief Financial Officer	<p>The Office of the Chief Financial Officer is primarily responsible for serving as the principal adviser to the U.S. Secretary of Education on all matters related to discretionary grant-making, cooperative agreements, and procurements, as well as financial management, financial control, and accounting. It is also responsible for supervising those activities.</p>
OMB Circular A-133	<p>A publication published by the Office of Management and Budget (OMB) that gives specific guidelines under limited circumstances to nonprofit postsecondary schools on procedures for conducting an audit. For A-133 audits, the auditor is required to report only audit findings of noncompliance. See <i>Nonfederal audit</i>.</p>
operator-assisted mode	<p>One of the two modes schools and other GAPS recipients use to request funds from GAPS under the automated clearinghouse (ACH). As the name implies, recipients speak directly to an operator to request funds. Compare <i>Automated voice response (AVR)</i>.</p>
order of return of Title IV funds	<p>A federally prescribed order of returning funds resulting from return of Title IV funds calculation. It requires that funds are credited first to outstanding loan balances for the payment period or enrollment period and that the funds are returned in the following order:</p> <ol style="list-style-type: none"> 1. Unsubsidized Federal Stafford Loans 2. Subsidized Federal Stafford Loans 3. Unsubsidized Federal Direct Loans 4. Subsidized Federal Direct Loans 5. Federal Perkins 6. Federal PLUS Loans received on behalf of the student

If funds remain after repaying all loan amounts, the remaining funds must be credited in the following order:

1. Federal Pell Grants
2. Federal Supplement Educational Opportunity Grants (FSEOGs)
3. Other assistance under Title IV

**origination record
(Direct Loan)**

Data collected from the borrower and sent to the Direct Loan Origination Center (LOC) in the form of an electronic record.

The record:

- ◆ is part of the borrower's permanent loan record,
- ◆ consists of the required demographic, financial, and statistical information,
- ◆ is the *initial* record required to "book" a loan, *and*
- ◆ must be created only while the borrower meets all eligibility requirements.

These records are created using either software provided by ED or other software that meets ED's specifications.

**origination record
(RFMS)**

A record that reports to the Recipient Financial Management System (RFMS) expected award information about each student who may receive a Federal Pell Grant. It also verifies a student's eligibility for a Pell Grant.

overpayment

Any financial aid amount paid to a student in excess of the amount the student is eligible to receive. This situation may arise due to a student's change in enrollment status, withdrawal, or change in financial situation. Except for Federal Work-Study funds (which are received for work that has been done), the student would be required to repay excess funds received *unless* adjustments could be made to the student's aid during subsequent payment periods within the same award year. See *Repayment*.

packaging

The process of assembling one or more financial aid awards of loans, grants and/or scholarships, as well as employment, for a student. Also referred to as award packaging.

payment period

A school-defined length of time for which financial aid funds are paid to a student. For programs using academic terms (semester, trimester, or quarter), a payment period is equal to a term. For programs not using academic terms, schools must designate at least two payment periods within an academic year.

	that meets all applicable regulations. In the Federal Family Education Loan (FFEL) Program and campus-based programs, a payment period is considered to be the time between the beginning and midpoint of the academic year or nontraditional program calendar and between the midpoint and the end of the academic year or nontraditional program calendar. Payment period guidance for the Federal Pell Grant Program is provided in 34 CFR 685.301(b)(2). Compare <i>Period of enrollment</i> .
peak enrollment	Peak enrollment occurs when at least 25 percent of a school's students start classes during a given 30-day period.
peer evaluation	An objective review of an institution's policies, procedures, and practices by a financial aid administrator from another school or by a consultant. Peer evaluations also allow first-hand observations and comparisons of how comparable institutions carry out financial aid responsibilities.
Pell Grant	See <i>Federal Pell Grant Program</i> .
performance period	The first period in the award period. The performance period is the period between the grant award <i>begin date</i> and the grant award <i>end date</i> . During this period: <ul style="list-style-type: none"> ◆ payees may request payments, ◆ payees may modify payment requests, ◆ payees may adjust drawdowns, <i>and</i> ◆ the Office of Student Financial Assistance (OSFA) Programs may make changes to the grant award's authorizations.
period of enrollment	The actual period for which an institution charges a student. However, this period is subject to a minimum. For a term-based educational program (whether measured in credit or clock hours), the minimum period is the academic term. For a nonterm educational program that is shorter than an academic year in length, the minimum period is the length of the educational program. For a nonterm educational program that equals or exceeds an academic year in length, the minimum period is the greater of the payment period or one-half of the academic year. Compare with <i>Payment period</i> .
Perkins Loan	See <i>Federal Perkins Loan Program</i> .
personal identification numbers (PINs)	Personal identification numbers (PINs) are 4-digit numbers assigned to students by ED. PINs are used to electronically identify a student. Students can use their PINs to access their FAFSA data, to make corrections to that data, and to electronically sign an initial FAFSA on the Web or Renewal FAFSA on the Web. They can also access their Direct Loan account information.
PLUS Loan	See <i>Federal Direct PLUS Loan</i> and <i>Federal PLUS Loan</i> .

policies and procedures manual	An in-house manual that helps an institution effectively and consistently manage financial aid using a compilation of written policies and procedures. Although ED does not require such a manual be used, it recommends that a school compile one, especially as federal financial aid regulations require schools to have, maintain, and disclose certain written policies.
posting	Transferring debits and credits from a journal to the proper control and subsidiary ledger accounts. Each amount recorded in the debit column of a journal is posted by entering it on the debit side of the appropriate ledger account, and each amount recorded in the credit column of the journal is posted by entering it on the credit side of the appropriate ledger account.
primary reserve ratio	<p>Under the financial responsibility regulations, the primary reserve ratio is:</p> <ul style="list-style-type: none"> ◆ <i>For proprietary schools:</i> $\frac{\text{Adjusted Equity}}{\text{Total Expenses}}$ ◆ <i>For private, nonprofit schools:</i> $\frac{\text{Expendable Net Assets}}{\text{Total Expenses}}$ <p>For further definitions and other details refer to 34 CFR 668–Subpart K, Appendix F (proprietary) and Appendix G (private, nonprofit).</p>
principal and interest	Principal is the loan amount borrowed. Interest is the amount the FFEL lender <i>or</i> ED for Direct Loans <i>or</i> the postsecondary institution for Perkins Loans charges a borrower for using the money. Interest rates are usually stated in annual percentages. A loan must be repaid; both principal and interest are included in the repayment made by the borrower to the lender <i>or</i> ED <i>or</i> the school.
prior-year recoveries	Funds a school recovers in a given award year from money disbursed in prior award years. Institutions must adjust award expenditures and administrative cost allowances (ACAs) in award years in which recoveries are made. See <i>Administrative cost allowance (ACA)</i> .
Program Participation Agreement (PPA)	A written agreement that must be signed by both a top official at an institution and ED that permits the institution to participate in one or more Title IV student financial aid programs (other than the Leveraging Educational Assistance Partnership [LEAP] Program). The signed agreement makes the institution's initial and continued eligibility to participate in Title IV programs conditional on compliance with all provisions of the applicable laws and program regulations. This agreement may have to be updated periodically due to changes at the institution; schools also have to be recertified at regular intervals. See <i>Emergency action and Limitation, suspension, or termination (LS&T)</i> .

program review	The process in which the management of one or more federal financial aid programs at an institution is reviewed by ED or a guaranty agency. A program review assesses the institution's compliance with federal laws and regulations and its own school policies. The process may also review the institution's overall management and administrative capabilities.
program review exceptions	Institutional policies, procedures, or actions related to federal student financial aid programs cited in a program review report as being contrary to federal laws or regulations that govern the programs. Also referred to as findings.
promissory note	A contract between a lender and a borrower that contains the terms and conditions of the loan, including how the loan must be repaid. It becomes legally binding when signed (executed) by the borrower.
Quality Analysis Tool	A stand-alone software tool that is part of the EDEXpress Suite software. The software provides schools with data about their Title IV recipient population by comparing data from initial ISIR transactions and data from a sample selection of chosen recipients. The data provide schools with reports that identify changes in Pell Grant eligibility, problematic application data elements, and areas where school verification procedures can be improved or enhanced.
reauthorization	The process of continuing and changing current legislation because the existing law has expired and has to be reenacted. It is conducted every five to seven years in the case of the Higher Education Act (HEA), during which time Congress reviews and then renews, terminates, or amends existing programs. (The most recent HEA reauthorization was in 1998.) See <i>Higher Education Act of 1965, as Amended (HEA)</i> and <i>Title IV student financial aid</i> .
Recipient Financial Management System (RFMS)	An ED system that processes Pell Grant payment data, alerts schools to any errors, and makes any needed adjustments to a school's Pell authorization level on the basis of reports of actual disbursements.
reconciliation of cash	A confirmation that the cash amount shown in a school's accounting records agrees with the cash amount reported by the school's bank. Prompt and thorough cash reconciliation helps ensure the ongoing accuracy of a school's internal-control accounting system.
reconciliation of federal funds	Balancing the school's records of federal funds received, expended, and returned against ED's records. Reconciliation should be performed monthly to ensure that reported expenditures, the trial balance, ED's year-to-date summary for the Pell Grant Program, the school's FISAP (Fiscal Operations Report and Application to Participate) for the campus-based programs, and any other allocation (other than Title IV student financial aid) are in agreement. There should also be a yearly reconciliation of the same items that should be included in the school's most recent audit. The Direct Loan Program has a reconciliation process that is different from the process for other Title IV programs (see Chapter 6 of <i>The Blue Book</i>). See also <i>Trial balance</i> .

refund	The return of interest or excess cash to ED from GAPS drawdowns or the return of audit and program review liabilities and fines. This term used to refer to the required return of funds by a school to the Title IV programs when a student withdrew. This process is now referred to as the “return of Title IV funds.”
refund policy	A school policy that determines the conditions under which a student is entitled to a refund of payments made to the school or whether the student owes the school for outstanding charges. The policy also determines the amount of any refund.
regular student	A person who is enrolled or accepted for enrollment at an institution for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that institution.
reimbursement payment method	A method certain schools are required to use to receive federal financial aid funds from ED. Rather than drawing down Title IV funds <i>before</i> disbursing them to students, a school submits Form PMS 270, “Request for Advance or Reimbursement,” to ED to be reimbursed for the funds it has expended <i>after</i> making aid disbursements to students. If the request is approved, the ED regional office processes a payment request in GAPS. Payment is made by ACH/EFT.
rejected (Pell payment data)	A category of Federal Pell Grant processed payment data containing unacceptable or incomplete information that is rejected by RFMS. An institution must correct the records and resubmit them to the RFMS.
releasing campus-based program funds	Action by ED reducing all or part of an institution’s allocation for a campus-based program. This reduction usually results from an institution releasing funds back to the federal government that will not be used during the period for which the funds were allocated. See <i>Allocation</i> and <i>Supplemental appropriation</i> .
Renewal FAFSA	A partially completed application form to be updated by a current federal financial aid applicant to be eligible to receive Title IV financial aid for the next award year. To use the Renewal FAFSA, the student must have submitted a FAFSA applying for (although not necessarily receiving or accepting) federal financial aid for the preceding award year. A student may access his or her Renewal FAFSA on the Web. Alternatively, a paper renewal aid application can be mailed directly to the student by the school or Central Processing System (CPS). Completed Renewal FAFSAs are then returned to the CPS. See <i>FAFSA (Free Application for Federal Student Aid)</i> .
repayment schedule	A <i>specific timetable</i> , using the borrower’s repayment plan as its basis, that details the payment amount that is in each repayment installment and the number of payments that will be required to pay off the loan in full. Additionally, a repayment schedule traditionally lists the loan’s interest rate, the due date of the first loan payment, and the frequency of loan payments.

return of Title IV funds	When a recipient of Title IV aid withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must calculate the amount of Title IV aid the recipient did not earn. Unearned Title IV funds must be returned to the appropriate Title IV programs.
RFMS	See <i>Recipient Financial Management System (RFMS)</i> .
satisfactory academic progress (SAP)	A satisfactory rate of student course completion determined using qualitative and quantitative measures. By law, schools whose students receive Title IV funds must create policies for monitoring satisfactory academic progress (SAP). Schools must check at least once a year and document for each payment period that their students receiving Title IV aid are making satisfactory academic progress.
self-evaluation	A school's regularly scheduled in-house evaluation of the way it administers its student financial aid program. A self-evaluation is undertaken in an effort to detect any problems early on and resolve them.
self-help aid	Student financial aid loan programs where funds must be repaid <i>or</i> employment-opportunity programs awarded to students. Compare <i>Gift aid</i> .
separation of functions	As a part of administering federal student financial aid programs, a school is required to establish and maintain a checks-and-balances, internal-control system ensuring that no single school office or individual can both authorize payments of Title IV aid and disburse those funds to students. Often this required separation is created by dividing the functions between the school's financial aid office and the school's business office.
single-entry bookkeeping	The system, for example, in a personal checkbook, where generally only records of cash and of personal accounts are maintained. Where transactions are infrequent and receivables, payables, and assets other than cash are few, carefully maintained single-entry records may be adequate. See <i>Bookkeeping</i> .
site visit	A visit to a school during which an independent auditor, nationally recognized accrediting agency, and/or ED seeks to understand the school's physical plant, enrollment, student financial aid application process, and methods of monitoring student attendance. See <i>Independent audit</i> and <i>Nationally recognized accrediting agency or association</i> .
skip tracing	Traditionally, searching for someone with unpaid debts who has left without leaving a forwarding address ("skipped"). In a federal financial aid context, this is when, for whatever reason, a loan borrower no longer lives at the address where the Direct Loan Servicing Center (DLSC) <i>or</i> a lender <i>or</i> school is sending loan billing notices, and the DLSC <i>or</i> lender <i>or</i> school must attempt to locate the borrower's correct address. In the search, the law allows the use of any information obtained from the borrower while the borrower was at the school (such as data taken from applications and files), as well as information

	available from any school office (including the registrar's office and the alumni office). If the borrower still cannot be located using information from the school (or otherwise available to the lender), the lender or school can use ED's free skip-tracing service to try to locate the missing loan borrower.
special allowance	A percentage of the average unpaid principal balance paid to the lender of an FFEL Program loan by ED. In effect, ED pays extra interest on the loan to the lender in addition to the base interest charged on subsidized and unsubsidized loans. This amount makes up the difference between the rates charged to FFEL Program borrowers and market interest rates. The amount of the special allowance is set by a statutory formula related to 91-day Treasury bill rates.
special disbursement record	A disbursement record that reports information, such as the cost of attendance and enrollment status, to allow ED's Recipient Financial Management System (RFMS) to recalculate a Federal Pell Grant disbursement for a particular payment period. Institutions on the reimbursement payment method or cash monitoring payment method are required to send special disbursement records. This is optional for all other schools. This record will be deleted from the 2001-02 RFMS process; only the disbursement record will be used from 2001-02 and beyond.
Special Leveraging Educational Assistance Partnership (SLEAP) Program	State grant programs providing aid to students with financial need to assist them in paying for their postsecondary cost or help states fulfill service programs to strengthen opportunities for elementary school and secondary school students with financial need to enter postsecondary education. The SLEAP Program is funded only when the Leveraging Educational Assistance Partnership (LEAP) Program fund is in excess of \$30 million. The excess amount must be applied to the SLEAP Program.
SSIG	See <i>Leveraging Educational Assistance Partnership (LEAP) Program</i> .
Stafford Loan	See <i>Direct Stafford/Ford Loan (subsidized)</i> , <i>Direct Unsubsidized Stafford/Ford Loan</i> , <i>Subsidized Federal Stafford Loan</i> , and <i>Unsubsidized Federal Stafford Loan</i> .
Student Aid Internet Gateway (SAIG)	ED network that provides an electronic, Web-based link between schools and ED's various databases. Formerly called the Title IV Wide Area Network (TIV WAN).
student aid master record	An institutional record containing information for an in-school student for each award year. The institution records all basic information relating to all student aid programs, including institutional and other aid programs, on the master record.

Student Aid Report (SAR)	The report sent directly to a student from ED's Central Processing System (CPS) that summarizes information submitted on the student's Free Application for Federal Student Aid (FAFSA). It also provides financial-need calculations (including the student's Expected Family Contribution [EFC]) based on the submitted figures. The SAR has two parts: Part 1 is the Student Information Summary. Part 2, the Information Review Form or Information Request Form, is where the student can make any needed corrections or information changes. The student makes the corrections and returns Part 2 of the SAR to the CPS. The CPS will then send the student a copy of the corrected SAR. See <i>Institutional Student Information Record (ISIR)</i> .
Student Financial Aid Handbook	An ED publication that explains procedures schools should follow in administering federal student financial aid programs. Some of these procedures are required by law and regulations, while other procedures are necessary for the various Title IV programs reporting systems. The Handbook (as it is usually referred to) consists of nine volumes that are published individually and successively by ED each year.
Student Status Confirmation Report (SSCR)	<p>The SSCR is used as a monitoring device to help determine when student borrowers must begin repaying their student loans. When a student's enrollment status changes in any way that affects his or her enrollment data, schools must notify the Direct Loan servicer or FFEL lender of the change within 30 days through an ad hoc report, unless a school has a regularly scheduled SSCR roster file due within the next 60 days.</p> <p>All schools participating in any of the Title IV programs, as well as nonparticipating schools eligible to process Title IV loan deferments, must submit a Student Status Confirmation Report (SSCR) to the National Student Loan Data System (NSLDS) through the SAIG.</p>
subsidiary accounts	Accounts related to the control account that support in detail the summary transactions posted in the control account. See <i>Control account</i> .
subsidiary records	Institutional records that must exist to support the totals in each Title IV financial aid program account. Reconciliation between accounts and subsidiary record detail should be performed at least once a month; this is required by some Title IV programs.
supplemental appropriation	An additional allocation of available funds for one or more campus-based programs that may be given to a school on the basis of the school's need for additional funds. Supplemental allocations are made after schools release unexpended campus-based funds at the end of an award year. See <i>Allocation</i> , <i>Appropriation</i> , and <i>Releasing campus-based program funds</i> .
suspension period	The third of four periods in the award period. During the suspension period, no payment actions can take place without the approval of the program office. ED program offices use this period to prepare for final closeout.

T-account	A short method accountants use to illustrate ledger accounts, alleviating the tedious reproduction of accounts as they actually appear in an institution's ledger. Accountants use the t-account as a worksheet to check the debit and credit balances of individual ledger accounts and to trace posting of transactions to the various ledger accounts. See <i>Contra account</i> .
third-party servicer	An individual, a state, or a private, profit, or nonprofit organization that enters into a contract with Title IV eligible institutions to administer or service any aspect of the institution's participation in any Title IV program.
Title IV student financial aid	<p>Federal financial aid programs for students attending postsecondary educational institutions; they are authorized under Title IV of the Higher Education Act of 1965, as amended (HEA). The programs are administered by the U.S. Department of Education. Title IV programs consist of:</p> <ul style="list-style-type: none"> ◆ Academic Achievement Incentive Scholarship Program, ◆ Robert C. Byrd Honors Scholarships, ◆ Federal Family Education Loan (FFEL) Program loans, ◆ William D. Ford Federal Direct Loans, ◆ Federal Pell Grant Program, ◆ Federal Perkins Loan Program, ◆ Federal Supplemental Educational Opportunity Grant (FSEOG) Program, ◆ Federal Work-Study (FWS) Program, ◆ Gaining Early Awareness and Readiness for Undergraduates Program (GEAR UP) grants, <i>and</i> ◆ Leveraging Educational Assistance Partnership (LEAP) Program grants and Special Leveraging Educational Assistance Partnership (SLEAP) Program grants. <p>See Higher Education Act of 1965, as amended (HEA).</p>
Title IV Wide Area Network (TIV WAN)	See <i>Student Aid Internet Gateway</i> .

trial balance	A comparison of debit and credit balances and the addition of account balances. A successful trial balance for Title IV programs is a confirmation that accounts receivable, program expenditures, and cash balances equal the amounts authorized. The purpose of a trial balance is to check that the dollar amounts of debits and credits are equal in the general ledger accounts. This is a useful tool for catching many types of errors, but having a trial balance in balance, in and of itself, is not an assurance that other accounting errors haven't been made. Taking a trial balance should be performed at least monthly. See <i>Reconciliation of federal funds</i> .
unearned aid	The difference between Title IV aid that was disbursed or could have been disbursed for the payment period or period of enrollment and the amount of Title IV aid that was earned when a student withdraws. See <i>Return of Title IV funds</i> .
Uniform Commercial Code Statement (UCC-1)	A UCC-1 statement discloses to the appropriate state or local government entity that the institution's account contains federal funds. If required, the institution must retain a copy of these notices in its records.
Unsubsidized Federal Stafford Loan	A federal student loan (part of the FFEL Program) that provides low-interest loans to students in undergraduate, graduate, and professional programs. Unsubsidized loans are not awarded on the basis of financial need. Interest on an unsubsidized loan is charged to the borrower throughout the life of the loan. See <i>Capitalizing interest and Federal Stafford Loan (Subsidized)</i> . Compare <i>Federal Direct Unsubsidized Stafford/Ford Loan</i> .
User's Guide	A technical reference publication produced by ED and designed to support or assist recipients using electronic systems such as EDE, SAIG, and GAPS.
verification	Technical and administrative procedures for detecting and resolving inaccuracies in data a student (and family) supplied on the Free Application for Federal Student Aid (FAFSA) when applying for Title IV aid.
work college	A public or private, nonprofit school with a commitment to community service.
Work Colleges Program	A program that encourages students to participate in a comprehensive work/learning program. It encourages students to participate in community-service activities and is used to help reduce a student's need to rely on grant aid and loan aid.