

Introduction

INTRODUCTION TO THE NEW RECIPIENT FINANCIAL MANAGEMENT SYSTEM (RFMS)

Beginning with the 1999-2000 award year, schools report Pell disbursements to the Department through a new Recipient Financial Management System (RFMS). As in previous years, schools will receive an initial Pell authorization.

The reporting process starts with origination records. While these records are new, the information they contain is very much like that previously reported as Payment Data. Origination records can be sent well in advance of any disbursements, as early as the school chooses to submit them. A school should submit origination records for any student that it might pay a Pell to. When RFMS receives an origination record, it checks the record to make sure there aren't errors and then returns an acknowledgement.

When the school makes a disbursement, it needs to send in a disbursement record. The disbursement record reports the actual disbursement date and the amount of the disbursement. RFMS also returns an acknowledgement for the disbursement record, which will let the school know if there were any problems with its submission. RFMS sends information from disbursement records to the Education Central Automated Processing System/Grants Administration and Payments System (EDCAPS/GAPS, or GAPS), and the school's authorization will be adjusted once the school's initial authorization is exceeded.

RFMS Software

The Department provides a Pell Payment module as part of the EDEExpress software. However, schools aren't required to use this software. Schools using the Department's software can use the Desk Reference for the Pell Payment software or the online help in EDEExpress for help with the software.

A school that develops its own software can refer to the record layouts for the various RFMS records found in this reference. The records have to be formatted correctly to be accepted by RFMS.

Schools using third-party software should consult the materials provided by the vendor. The school might also want a copy of the RFMS Training CD-ROM produced by the Department; in addition to general materials on RFMS, this CD-ROM has a set of tutorials on using the EDEExpress software. Schools can request a copy of this CD-ROM by calling the Federal Student Aid Information Center at 1-800/4FEDAID (1-800/433-3243).

PELL AUTHORIZATION

At the beginning of each award year, a school is given an initial authorization based on an estimate of the Pell funds the school will need to cover its first payments. As the award year progresses, **the authorization for the school will be adjusted based on the actual dollar amount of disbursements the school reports to RFMS.** RFMS sends information on the school's initial authorization to GAPS. It also sends an Electronic Statement of Account (ESOA) to schools to notify them of their initial authorization.

As the school reports disbursements to RFMS, RFMS makes any necessary adjustments to the authorization and notifies GAPS so those funds will be available to the school. **RFMS enables the Department to track a school's need for funds as the award year progresses and adjusts the school's authorization on that basis.** The system also provides documentation to the school for reconciling the school's records of total expenditures with the Department's records of eligible students paid by the school. (This documentation is the Year-to-Date data.) **The Pell funds that the school reports as expenditures to GAPS must equal the total payments to eligible Pell recipients at the school,** as shown by the records for each student.

ORIGINATION RECORDS

Origination records contain much the same data as the Payment Data used previously. One difference is that origination records don't include actual disbursement dates and amounts, because those are reported separately on disbursement records. A school must submit an origination record for every Pell recipient. The origination record establishes a student's eligibility and the amount of Pell the student can receive for the award year.

A school should submit an origination record for every student it **might** pay during the award year; the school doesn't have to disburse funds for each origination record. Also, more than one school can submit an origination record for a student. However, RFMS only accepts one origination record from each school for each student; if a school submits another origination record with different data for a student, RFMS treats the new record as an update to the original record.

A school can submit an origination record as early in the year as it chooses, once the system starts up. It's to the school's benefit to submit origination records well in advance of the time of disbursement. This will allow the school enough time to correct any problems with the student's eligibility that might otherwise delay disbursements. Also, RFMS has to accept an origination record for a student before a disbursement record can be processed and disbursements made. Submitting the origination records early ensures that disbursement records won't be rejected because there's no acceptable origination record. If a school does submit an origination record and disbursement record for a student in the same batch, the origination record gets processed first. However if there's a problem with that origination record, the disbursement record will also be rejected.

The software the school uses to prepare origination records should help it enter data in the correct origination record format. Some fields of the origination record are required fields, and others are optional. The school will still want to make sure the information is correct and included for all fields of the origination record for that student. The Department's EDEExpress software won't let the school submit invalid data, and schools should make sure that any programs they utilize do the same.

ORIGINATION RECORD ACKNOWLEDGEMENT

When RFMS receives origination records, it edits them to make sure there are no errors. Then it sends an acknowledgement back to the school. RFMS will send one acknowledgement record back for each origination record it received. RFMS will accept the origination record without corrections, make corrections to some of the items, or reject the record. RFMS only rejects the record if there are errors that can't be corrected or if the record has been sent in duplicate.

The acknowledgement record has an action code that shows whether the origination record was accepted (A), corrected (C), or rejected due to errors (E). The record also has error codes that tell why a particular record was corrected or rejected. When an origination record is accepted or corrected the acknowledgement record reports back the values on file within RFMS for each data element on the origination record. RFMS keeps each data element's accepted or corrected value. If an origination record was rejected, the acknowledgement record reports back the values reported by the school for each data element. RFMS doesn't keep any data for an origination record that was rejected due to errors.

Schools should check records rejected because the SSN was invalid or didn't match (edit code 303); in many cases, this means that the student isn't in the Pell database. This can occur if an eligible student incorrectly reported having a bachelor's degree or being enrolled as a graduate student. The school must correct (or have the student correct) these errors before it can receive any payment for the student from the Department.

RFMS Corrections

RFMS makes corrections to invalid values whenever possible, rather than rejecting the record. Values may be invalid because they're formatted incorrectly, or they may be invalid in relation to other data the school has reported. For example, the school reported academic calendar as 3 (Semester) but the payment methodology is reported as 4 (Credit/Clock Hour, or Formula 4). In this case, RFMS would correct the payment methodology to 3 (Credit Hour with standard or nonstandard terms) to agree with the reported academic calendar. The record layouts detail how RFMS corrects invalid values.

RFMS will also calculate the maximum award amount the student can receive based on the attendance, cost, and EFC on file in RFMS. If the reported award amount is more than this maximum amount, RFMS will correct the award amount. Note that RFMS won't **increase** the award amount the school reported; a school that accidentally reported an award amount that's too low will need to update the origination record itself.

DISBURSEMENT RECORDS AND SPECIAL DISBURSEMENT RECORDS

A school must report each payment made to each eligible student. RFMS has two records for reporting disbursements: the disbursement record and the special disbursement record. Most schools (those using any funding method other than Reimbursement) will use the disbursement record, which has only 5 items the school needs to report.

Because the Department needs additional award data by payment period for schools on Reimbursement or schools who have lost eligibility during the award year, these types of schools must use special disbursement records, which require the school to report on 18 items. However, other schools can use special disbursement records if they choose.

Timing of Submissions

As mentioned previously, before RFMS will accept a disbursement record or special disbursement record, it must have an accepted origination record for the student. Although a school can submit both records in the same batch, if there's a problem with the origination record, the disbursement record or special disbursement record won't be accepted.

Under Advance Funding, a disbursement record (or special disbursement record) can be submitted as early as 30 days before the actual disbursement date. However, a school may want to wait until closer to or after the disbursement date, because if a reported disbursement isn't made the school will need to submit another disbursement record reducing the payment amount. Schools using Just-In-Time Funding can submit records up to five days before the disbursement date; schools on Reimbursement or Cash Monitoring can't submit a special disbursement record until they have actually made the disbursement to the student.

In all cases, a record that's submitted too early will be rejected. A disbursement record should be submitted no later than 30 days after the disbursement is made. A school is required to report disbursements within 30 days of making the payment (see "Reporting Deadline," *Student Financial Aid Handbook*, page 75).

Disbursement Acknowledgement Record Items

The disbursement record must have an Origination ID, which must match an origination record in the RFMS database. If there's no match, the disbursement record will be rejected. It must also have a disbursement reference number. The school can assign these numbers as it chooses, but the number must be from 01 to 90, and must be different for each of the student's disbursements. Schools may find it convenient to number each student's first disbursement 01, and then use consecutive numbers for the following disbursements.

There are two parts to reporting the disbursement amount. If the Accepted Debit/Credit Indicator field on the disbursement record is set to P (positive), it means the school is reporting a positive disbursement (money paid to the student). If it's set to N (negative), the school is reporting a negative disbursement (money taken from the student, or an award reduction). On the first disbursement record the school submits for a student, the Accepted Debit/Credit Indicator field must be P(positive). The school reports the disbursement amount separately from the indicator. The disbursement amount is reported as six numbers, with no other characters. Again, the school must report cents for the disbursement amount but unlike on the origination record, the amount of cents can be something other than zero.

Special Disbursement Records

In addition to the information in disbursement records, special disbursement records have information about the payment period for which the disbursement is made, and information that can be used to calculate the correct amount of the payment for that payment period. The school must report the number of payment periods in the school year, which payment period this disbursement is for, the start and end date of the payment period and the total payment amount for the payment period.

DISBURSEMENT RECORDS AND SPECIAL DISBURSEMENT RECORD ACKNOWLEDGEMENTS

When RFMS receives disbursement records, it edits them to make sure there are no errors. Then it sends an acknowledgement back to the school. RFMS will send one acknowledgement record back for each disbursement record or special disbursement record it received. RFMS will accept the record without corrections, make corrections to some of the items, or reject the record. RFMS only rejects the record if there are errors that can't be corrected. The acknowledgement record has an action code that shows whether the record was accepted (A), corrected (C), or rejected due to errors (E). Records sent in duplicate are also rejected.

The record also has error codes that tell why a particular record was corrected or rejected. When a disbursement record or special disbursement record is accepted or corrected the acknowledgement record reports back the values on file within RFMS for each data element on the Disbursement Record. RFMS keeps each data element's accepted or corrected value. If a disbursement record was rejected, the acknowledgement record reports back the values reported by the school for each data element. RFMS doesn't keep any data for a record that was rejected due to errors.

When a disbursement record or special disbursement record has been accepted or corrected, the acknowledgement record has a Year-to-Date disbursement amount for the student. The school can use this to help reconcile its records for the student with the Department's records of what the student has received for the year. If the disbursement record or special disbursement record was rejected, the Year-to-Date disbursement amount will be left blank.

RFMS Corrections

On a disbursement record, there aren't many items that can be corrected. However, the record layouts explain what corrections will be made on both the disbursement and special disbursement records. RFMS will check to make sure that the student isn't going to receive more than the award amount on the origination record. RFMS also checks to see if disbursements already made by other schools would cause the student to receive more than a Scheduled Award. If the disbursement amount reported on the disbursement record or special disbursement record would cause the student to receive too much, RFMS will reduce the disbursement amount. A Multiple Reporting record will also be generated to advise the institution of the possible Potential Overaward Project (POP) situation.

Reporting Changes

If the origination record acknowledgements and disbursement record acknowledgements the school has received are accurate and there are no changes to the students' awards, the school must simply retain these records in its files. However, if the information for any student is wrong or changes during the award year, the school may have to make corrections. The most frequently required changes are to COA, verification status (to update a "W"—payment without documentation), enrollment status (term schools), and payment amounts and dates. Other changes occur less frequently, except in cases of error. For instance, one wouldn't expect the school's academic calendar to change during the award year.

Changes to Origination Record Information

In general, the school only needs to submit an updated origination record if there's a change that will increase the award amount. The school has to report increased award amounts, or else RFMS won't accept disbursements up to the increased amount. To update the origination record, the school sends a new record with the same Origination ID, Original SSN, Name Code, and Attended Campus ID as the previously accepted origination record. If any of these are different, RFMS will assume the school is sending in a different origination record instead of updating an existing record. If all these identifiers match those on a previous origination record, RFMS replaces the data from the previous record with the data on the new origination record.

Changes to Disbursement Information

To correct payment amounts, it may be necessary to update the origination record before the school submits a new disbursement record or special disbursement records. The enrollment status, COA, and number of hours, on the origination record paid can all effect disbursement amounts on the disbursement record. The school should verify the accepted award amount on the origination record and correct the origination record before submitting a new disbursement record.

Unlike origination records, the information on the new disbursement record or special disbursement record doesn't replace the existing record. Instead, the payment amount reported on the new disbursement record is added to or subtracted from the accepted payment amount, resulting in a new total payment to the student. Because the old disbursement record information isn't replaced, a school can't actually correct an incorrect disbursement date. If a school reported an anticipated disbursement that wasn't made, it should simply send in a new disbursement record or special disbursement record with a negative disbursement amount for the amount it reported it would pay.

MULTIPLE REPORTING RECORD

In order to reduce potential overpayments, the new RFMS has a new record called a multiple reporting record (MRR). This record will be used to tell schools when another school has submitted an origination record or disbursement record on a student for whom it has submitted records. Schools will be permitted to request these records, but they will also be sent automatically in some situations. More information on the MRR process can be found in the July 1999 Action Letter on the IFAP Website (www.ifap.ed.gov).

Requesting MRRs

Schools can request a number of different types of MRRs. For example, the school can request information on other schools that have submitted origination records for certain students, or other schools that have submitted disbursement records. The school can request information about all students it has sent origination records for, or for individual students. Or, the school can ask for information on all students for which a particular school has submitted a record.

Automatic MRRs

MRRs will be generated automatically only for specific situations involving reported disbursements at two or more schools. The first is if RFMS must reduce or reject a payment to prevent an overaward. The second is if the student is receiving payments for concurrent enrollment. Please see “Concurrent Enrollment” section below for a detailed description of Concurrent Enrollment.

Potential Overaward

If the combination of payments reported would cause the student to receive more than a Scheduled Award, the last disbursement record (the one that causes the student to exceed the Scheduled Award) will have its payment amount reduced or rejected. This prevents the student from receiving an overaward. All the schools involved will receive an MRR. The school that had its disbursement amount reduced or rejected will receive an MRR that shows which other schools made payments that prevented RFMS from accepting its disbursement amount. The other school or schools will receive an MRR showing that its payments have blocked another school from receiving payments. The MRR will also have contact information for the other schools, so the financial aid administrator can contact them to resolve the problem.

Concurrent Enrollment

Because a student can't receive Pell funds from two schools for the same period of enrollment, RFMS will provide an MRR as a warning to schools if it looks like the student may be receiving payments from different schools for the same time period. If RFMS receives disbursement records for a student where the enrollment dates are within 30 days of each other, it will generate an MRR for each school.

This MRR will have a record type code of “CE” which shows that it was generated because of a possible concurrent enrollment. However, RFMS won't prevent either payment, because it's possible that the student's enrollment at one school might end before the enrollment at the other begins. Once again, the MRR has contact information, so that the financial aid administrators can resolve any possible problems. Note that if both schools involved try to pay the student a full Pell for the year, they will create a potential overaward situation, and one or more of the subsequent disbursements will be reduced or blocked.

YEAR-TO-DATE RECORDS

As a replacement for the Student Payment Summary, the new RFMS has Year-to-Date records. The Year-to-Date file will have origination and disbursement information for each student, as well as summary information for everything the school submitted. However, the Year-to-Date data only includes information from those records that were accepted or corrected. RFMS doesn't keep any information from rejected records, so that information isn't available in the Year-to-Date records. Unlike the Student Payment Summary, Year-to-Date records aren't automatically sent to schools; instead, schools must request Year-to-Date records.

The Year-to-Date origination record for a student will show the origination information RFMS is using for the student. If RFMS made corrections to the data, the Year-to-Date record has the corrected information. This record will also have the total amount disbursed to the student for the year. The Year-to-Date disbursement records for the student show the accepted data for each disbursement the school reported. Looking at the Year-to-Date records lets the school see what information the Department has about its students, which may be different than the information in the school records.

The Year-to-Date summary will show the number of recipients at the school; the number of origination and disbursement records that were accepted, corrected, or rejected; and, for a certain number of edit codes, the number of times the school received that edit code on an acknowledgement. The software the school's using should allow it to generate the information it needs for reconciling its records with the Department's record. For example, the school may be able to automatically compare its records to the Year-to-Date record to get a list of students who has differing disbursement amounts in the two sets of records. You should consult the documentation for your software for more information on the uses of Year-to-Date data.

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