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Student Financial Assistance

THE U.S. Department of
EDUCATION



Session 41

Monitoring Pell Grants and Direct Loan Funds



Session Outline

- COD Overview
- Cash Management Requirements
- Common Origination and Disbursement
 - What changes
 - What stays the same
- Funds Delivery
- Cash Management Tools



Session Outline - (continued)

- Substantiating drawdowns
 - Track draws using FIFO
 - Current Funding Level
 - Unsubstantiated cash balance
 - Available balance
- Customer Service Solution



Common Origination and Disbursement (COD)

- Replaces the Recipient Financial Management System (RFMS) and the Direct Loan Origination System (DLOS) with an integrated common system in 2002-2003
- Redefines aid origination and disbursement processes for Pell Grants and Direct Loan

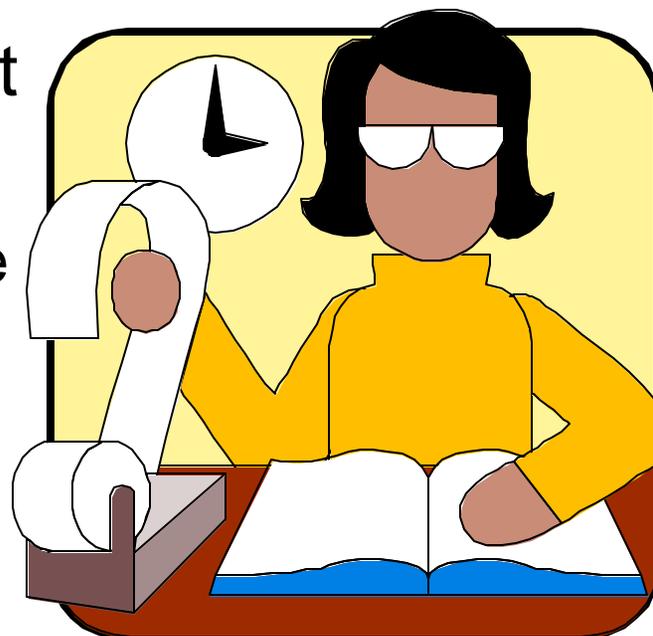


Common Origination and Disbursement (COD)

- Integrates a common process with a system designed to support origination, disbursement, and reporting of Pell Grants and Direct Loans
- Increases accountability and program integrity by providing tools to schools and SFA for funds management

Cash Management Requirements

- 30-Day Reporting Requirement
 - 685.30(d) Direct Loan
 - 690.83 Pell (and annual deadline notice.)
- 3-Day rule
 - 668.162(b)
- Monthly Reconciliation
 - 685.102(b) Direct Loan





What's New for COD Funding

- Customer Service Solution
- Web based reports/ monitoring tools.
- Option to have COD initiate drawdowns on behalf of schools based on actual disbursement records.
- Tracking of drawdowns

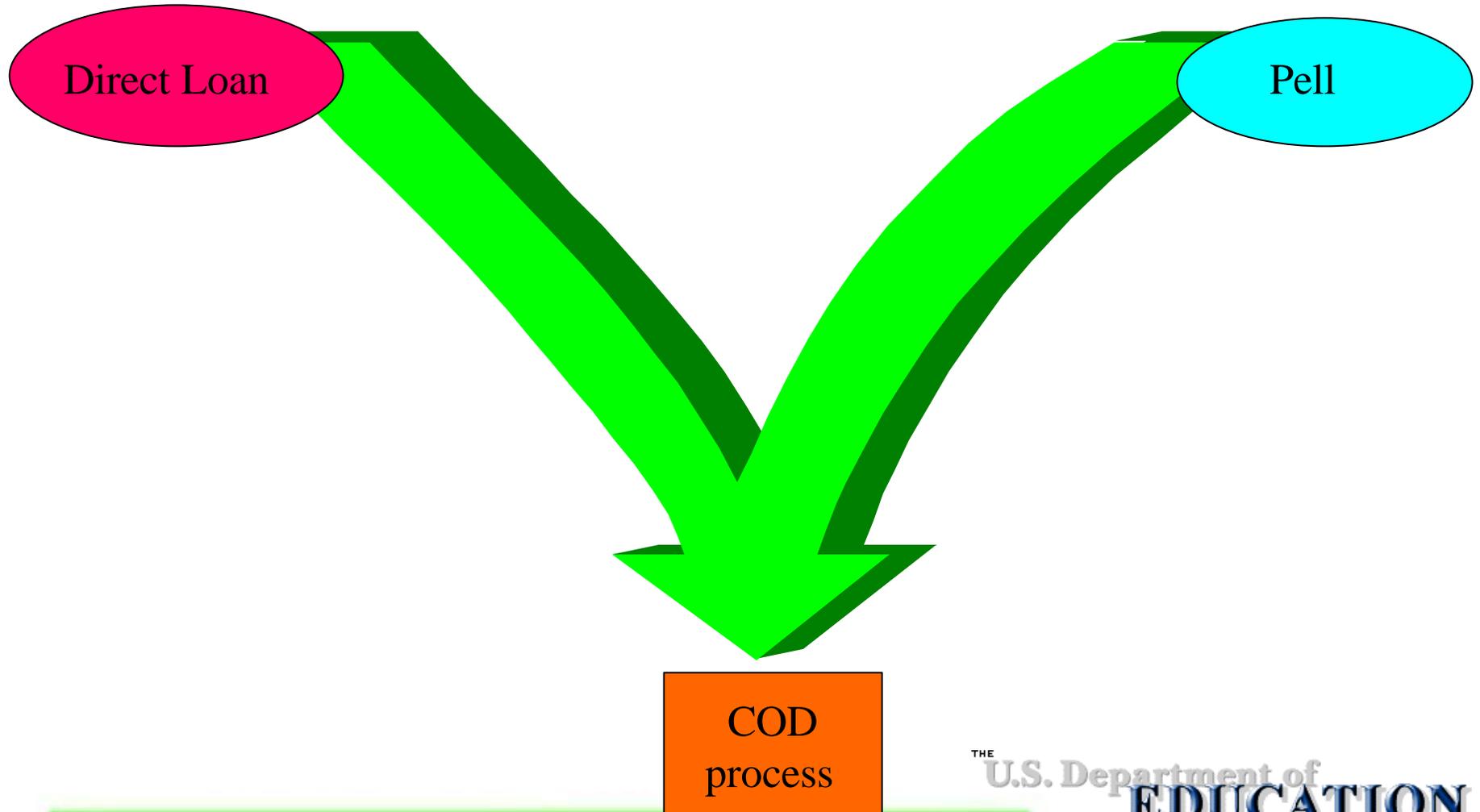


What's staying the same?

- Funds are drawn or received via GAPS
- Schools will request/receive cash like they do now.
- Pell Just-in-Time Pilot
- Funds are separated by program and award year.



One COD Funding Process





Current Funding Process: Direct Loans

- Schools or the LOC draw down.
- Disbursement records sent to LOC.
- Monthly reconciliation reports sent to schools.
- Cumbersome program year closeout



Current Funding Process: Pell Grant

- Schools draw funds in GAPS not to exceed authorization level.
- Disbursement records sent to RFMS to increase authorization levels
- Year-to-Date and/or Reconciliation reports sent to schools upon request.



New Common Process (applies to both Pell Grants and Direct Loans)

- Option to have COD initiate drawdowns on behalf of schools based on actual disbursement records.
- Web-based reports/tools that allow schools to monitor themselves



New Common Process (applies to both Pell Grants and Direct Loans)

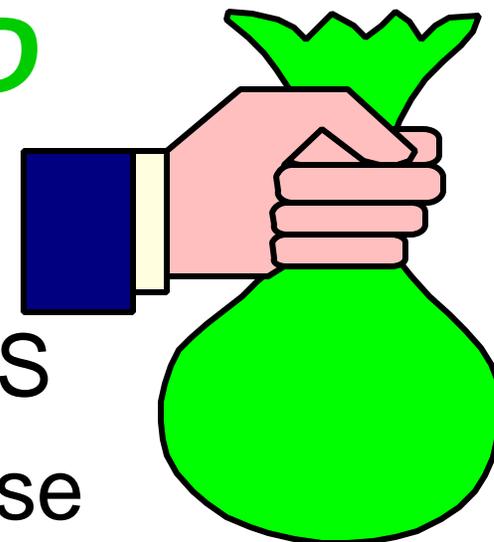
- Proactive customer service staff to assist schools in reporting timely.
- Funds tracking that promotes reconciliation and simple closeout.



Why the new process will be better for you and your students

- More timely and easily accessible Web-based funding information.
- Monthly reconciliation and simple closeout.
- Knowledgeable and proactive customer service staff.
- More control and timely funding information.
- More timely loan booking. (DL only)

Funding in COD



Funds Delivery

- Schools can draw down in GAPS the funds they will need to disburse within the next 3 business days.
- Schools can choose to have COD 'push' funds to schools based on accepted actual disbursement records.



Substantiation of Drawdowns

- To substantiate a draw means to submit and have COD accept actual disbursement records that equal the amount of the draw.
- All draws must be substantiated timely. (30 day reporting requirement)



Substantiation of Drawdowns

- COD will match actual disbursements to drawdowns on a first- in/first-out basis.
- Each drawdown will be aged to see how long it takes a school to “substantiate” the draw.



Substantiation of Drawdowns

■ Example:

- You draw \$1 million on 7/1/01.
- You draw an additional \$2 million on 7/6/01.
- You submit \$500,000 in actual records which are accepted on 7/25/01.
- The \$500,000 would be applied against the \$1 million draw. That draw would be 50% substantiated.



Substantiating draws using FIFO

SAMPLE

SAMPLE SCREEN

U.S. Department of Education
Common Origination & Disbursement

Student Financial Information

Wed July 31 9:02:22 EDT 2002

Person	School	Batch	Award	Reports	User
Financial Aid Contact Eligibility	Pell	Direct			
General Options Events Funding Info Summary Financial Info Excess Cash Drawdowns Historical Message List Message Detail	School Funding Information				
	University of North Georgia				
	For year	2002-2003			
	Entity Id		123400		
	School Type				
	As of 7/31/02				
	Draw date	Draw Amount	Actula Disb.	% Subs	# of days
	7/1/02	\$1,000,000.00	\$500,000.00 on 7/25/02	50%	30
	7/6/02	\$2,000,000.00	\$0	0%	25



The Current Funding Level (CFL)

- The CFL is the funding available to schools prior to submitting actual disbursement records.
- The CFL is akin to the authorization or obligation level for Pell Grants and the Cash Control Amount in Direct Loans.



Unsubstantiated Cash Balance

- The unsubstantiated cash balance is the difference between cash at school and substantiated draws.
- It lets a school know at any point how much funds haven't been substantiated.



Available Balance

- The difference between the CFL and drawdowns (cash at school).
- The available balance is the amount a school can request at any point prior to substantiating more draws.



School Example Part I



Initial CFL = \$5M

School draws \$3M on 7/1/02

Available balance = \$2M. (5M-3M)

Amt. Of Substantiated cash = \$0

Amt. Of Unsubstantiated cash = \$3M



COD funding screen

7/2/02

SAMPLE

SAMPLE SCREEN

U.S. Department of Education
Common Origination & Disbursement

Student Financial Information

Tues July 2 11:06:06 EDT 2002

Person	School	Batch	Award	Reports	User
Financial Aid Contact	Pell	Direct			
Eligibility	School Funding Information				
General	University of North Georgia				
Options	For year		2002-2003		
Events	Entity Id		123400		
Funding Info	School Type				
Summary Financial Info					
Excess Cash	CFL		\$5,000,000.00		
Drawdowns	Cash at School		<u>\$3,000,000.00</u>		
Historical	Available Balance		\$2,000,000.00		
Message List					
Message Detail	Amount of Substantiated Cash		\$0.00		
	Amount of Unsubstantiated Cash		\$3,000,000.00		
	As of Date		7/2/02		
	Date of Last Account Activity		7/1/02		

School Example Part II



School reports \$2M in disbursement records on 7/10/02

School's CFL increased to \$7M (5+2)

School's available balance = \$4M. (7M-3M)

Amt. Of Substantiated cash = \$2M

Amt. Of Unsubstantiated cash = \$1M



COD Funding screen

7/11/02

SAMPLE

SAMPLE SCREEN

U.S. Department of Education
Common Origination & Disbursement

Student Financial Information

Thurs July 11 15:33:21 EDT 2002

Person	School	Batch	Award	Reports	User
Financial Aid Contact	Pell	Direct			
Eligibility	School Funding Information				
General	University of North Georgia				
Options	For year		2002-2003		
Events	Entity Id		123400		
Funding Info	School Type				
Summary Financial Info					
Excess Cash	CFL		\$7,000,000.00		
Drawdowns	Cash at School		<u>\$3,000,000.00</u>		
Historical	Available Balance		\$4,000,000.00		
Message List					
Message Detail	Amount of Substantiated Cash		\$2,000,000.00		
	Amount of Unsubstantiated Cash		\$1,000,000.00		
	As of Date		7/1102		
	Date of Last Account Activity		7/10/02		



School Example Part III



School reports \$1M in disbursement records on 7/20/02

School's CFL increased to \$8M (5+3)

School's available balance = \$5M. (8M-3M)

Amt. Of Substantiated cash = \$3M

Amt. Of Unsubstantiated cash = \$0M



COD Funding screen

7/22/02

SAMPLE

SAMPLE SCREEN

Student Financial Information

U.S. Department of Education
Common Origination & Disbursement

Mon July 22 17:29:11 EDT 2002

Person	School	Batch	Award	Reports	User
Financial Aid Contact	Pell	Direct			
Eligibility	School Funding Information				
General	University of North Georgia				
Options	For year		2002-2003		
Events	Entity Id		123400		
Funding Info	School Type				
Summary Financial Info					
Excess Cash	CFL		\$8,000,000.00		
Drawdowns	Cash at School		<u>\$3,000,000.00</u>		
Historical	Available Balance		\$5,000,000.00		
Message List					
Message Detail	Amount of Substantiated Cash		\$3,000,000.00		
	Amount of Unsubstantiated Cash		\$0.00		
	As of Date		7/22/02		
	Date of Last Account Activity		7/20/02		



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New COD Web Site With School Centered View

U.S. DEPARTMENT OF EDUCATION
COMMON ORIGATION & DISBURSEMENT

Student Financial Assistance

Wed Sep 26 17:13:25 EDT 2001

Person	School	Batch	Award	Reports	User
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[School Search](#) | **School Yearly Totals** | Award Year

[School Information](#) | **University of North Georgia** | **Administrative Relief**

	Total Awarded	Total Disbursed	Recipients
Total Pell Awards	\$8,000,000.00	\$ 5,600,000.00	8000
Total Direct Loan Awards	\$3,500,000.00	\$ 2,450,000.00	5000
Total Subsidized	\$ 800,000.00	\$ 560,000.00	2000
Total Unsubsidized	\$2,400,000.00	\$ 1,680,000.00	2500
Total PLUS	\$ 300,000.00	\$ 210,000.00	500
Total Campus Based Awards	\$3,000,000.00	\$ 2,100,000.00	1234
FSEOG	\$ 500,000.00	\$ 350,000.00	300
FWS	\$ 500,000.00	\$ 350,000.00	500
Perkins	\$1,750,000.00	\$ 1,225,000.00	234
CWC	\$ 250,000.00	\$ 175,000.00	200

[Financial Aid Contact](#)
[Eligibility](#)
[General](#)
[Options](#)
[Events](#)
[Funding Info](#)
[Summary Financial](#)
[Info](#)
[Excess Cash](#)
[Drawdowns](#)
[Historical](#)
[Message List](#)
[Message Detail](#)

[Performance Queues](#)
[Program Ceiling Amt.](#)

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Customer Service Teams

School Services Team

- Primary representative for each School/Service
- A secondary representative and a team of representatives will be assigned as back-up
- Teams assigned by like processes, i.e. software provider

Reconciliation Specialist on each team

- Assist with Transaction Balancing
- Provide Funds Management Support to Schools
- Provide onsite support to schools as needed
- Support GAPS & FMS exception research issues



Customer Service Solution

- Systematic tracking of schools progress towards 30 day requirement.
- Outreach calls to schools prior to the 30 day requirement.
- Outreach calls for schools with unsubstantiated cash.
- Ability to run specialized ad hoc reports to help isolate problem records in a specific status or condition.



Customer Service

“Where to go for answers?”

Question	Contact Points Award Years 2001/2002 and Prior	Contact Points Award Years 2002/2003 and After
Who do I call for Customer Service support? * No changes to phone numbers, calls will be routed based on Award Year.	1-800-848-0979 * School Services-LOC Montgomery, AL 1-800-474-7261 * Pell Customer Service Rockville, MD	No change except new TDD and fax
Where to send mail? (Direct Loans)	474 S. Court Street, Suite 400 Montgomery, AL 36104-4102	COD
Where to send excess cash? (Direct Loans)	P.O. Box 530260 Atlanta, GA 30353-0260 <i>For award years prior to 2002/2003</i>	COD
Where to send prom-notes?	474 S. Court Street, Suite 400 Montgomery, AL 36104-4102	No change
How to get Plus credit check?	www.lo-online.ed.gov	New COD web address to be provided
Who do borrowers call for Customer Service support and credit over ride requests? (Direct Loans)	1-800-557-7394 Applicant Services	No change
Where do my records go?	DLOS and RFMS	COD Regardless of Common Record Adoption
How do I request bulk fulfillment items?	1-800-848-0979 or fax request to LOC	No change



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More Information on COD

■ Other EAC Sessions

- Session 29 – Pell: 2002-03 Processing Changes
- Session 32 – Direct Loans: 2002-03 Processing Changes
- Session 33 – Customer Service: The New Integrated Customer Service Center for Pell, Direct Loans & Campus Based
- Session 35 – COD: What is the Common Record?
- Session 39 – COD: The Big Picture
- Session 41 – Tools for Monitoring Pell and Direct Loan Funds

■ IFAP Website (www.IFAP.ed.gov)

- Common Origination and Disbursement section
- Technical Reference – DLOS, RFMS and COD
- Updates and Frequently Asked Questions

■ COD On-Line Training – Spring^{HE} 2002

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QUESTIONS ABOUT COD

- IFAP: Current Publications
- Send your questions to the Customer Service Call Center using IFAP's "Feedback" button, found in the upper right hand corner of the IFAP pages
- Call Customer Service Call Center 1-800-433-7327, between 9 AM and 5 PM ET or leave a message after hours.



Questions??