



Introductory Session

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OBJECTIVES

After completing the workshop, you will be able to:

- ❖ describe the impact of cash management requirements on Title IV student financial aid accounting;
- ❖ describe record-keeping requirements for Title IV programs;
- ❖ establish a chart of accounts that facilitates reconciliation and reporting;
- ❖ apply appropriate procedures for returning Title IV funds if Title IV recipients withdraw from school;
- ❖ file required reports on Title IV program activities; and
- ❖ draw down, manage, and return Title IV program funds.

RESOURCES

- *The Blue Book: Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs*
- *The Audit Guide: Student Financial Assistance Programs*
- *U.S. Department of Education Payee Guide for the Grant Administration and Payment System (GAPS)*
- *Student Financial Aid Handbook*
- *Compilation of Student Financial Aid Regulations*
- *Program Review Guide*
- *DCL P-99-4 (April 1999)*
- *DCL P-99-3 (April 1999)*
- *DCL GEN-98-28 (November 1998)*
- *DCL P-98-4 (September 1998)*
- *Participant's Guide: 1999-2000 Recipient Financial Management System Training*
- *Participant's Guide: 1999-2000 Reauthorization Training*
- *U.S. Department of Education's Information for Financial Aid Professionals (IFAP)*
Web site: **www.ifap.ed.gov**

A. OVERVIEW OF THE WORKSHOP



Workshop

- ◆ For fiscal officers, business officers, bursars, loan managers, and similar professionals
- ◆ Financial aid administrators may also be in attendance
- ◆ Assumes some experience with Title IV student financial aid programs



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Notes

B. MAIN WORKSHOP OBJECTIVES

- Page 1 of this session lists the workshop objectives.

C. WORKSHOP AGENDA

Notes



Day 1 Agenda

- ◆ Introductory Session
- ◆ Session 1: Accounting Procedures for Title IV Programs
- ◆ Session 2: Applying for Campus-Based Federal Funds
- ◆ Session 3: Grant Administration and Payment System (GAPS)
- ◆ Session 4: Disbursing Title IV Funds
- ◆ Part 1 of the Question-and-Answer Session

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Day 2 Agenda

- ◆ Session 5: Returning Title IV Funds
- ◆ Session 6: Completing the FISAP
- ◆ Session 7: Records Management
- ◆ Part 2 of the Question-and-Answer Session

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D. WORKSHOP MATERIALS AND REFERENCE SOURCES

- You'll need this Participant's Guide and a copy of *The Blue Book* for the workshop. Other useful resources are listed on page 2 of this session.
- Another useful resource is the *Student Financial Aid Handbook*, which consists of two core pieces and four references.

E. WHAT'S NEW

1. Reauthorization of the Higher Education Act



Reauthorization of the Higher Education Act



- ◆ Higher Education Amendments of 1998 (Public Law [P.L.] 105-244)
 - ▲ Date of enactment was October 7, 1998.
 - ▲ Most provisions effective October 1, 1998.

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Reauthorization Information Sources

- ◆ Documents available at www.ifap.ed.gov
 - ▲ Higher Education Amendments of 1998 (P.L. 105-244)
 - ▲ “Dear Colleague” Letter GEN-98-28



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Notes



General Provisions Changes

- ◆ Changes 85/15 rule to 90/10 rule for proprietary schools
- ◆ Alternative criteria for a school to demonstrate financial responsibility now part of the law
- ◆ Institutional eligibility certification extended to 6 years (effective with next PPA)
- ◆ ED program review guidelines and procedures must be available to schools

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General Provisions Changes (cont'd)

- ◆ “Refund” of institutional charges and “repayment” of Title IV aid changed to “return” of Title IV aid
- ◆ Student’s personal computer allowed in cost of attendance
- ◆ Exit loan counseling may be provided by electronic means
- ◆ ED authorized to modify audit requirements for certain schools

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 **Pell Grant Program Changes**

- ◆ Loss of FFEL or Direct Loan eligibility means loss of Pell Grant eligibility

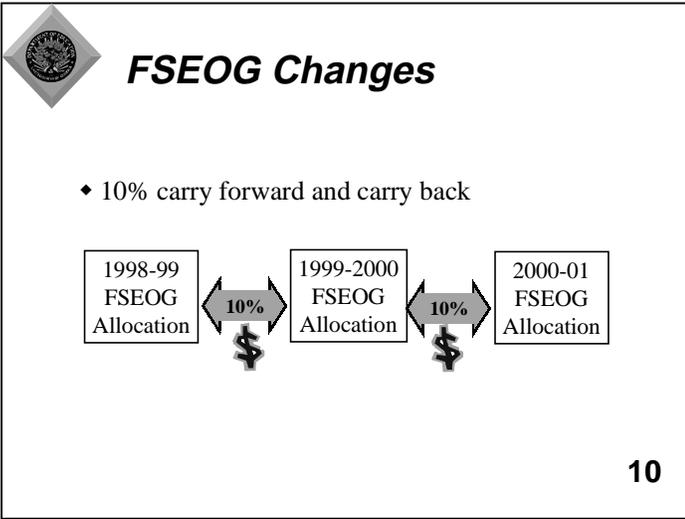


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 **Campus-Based Programs (FSEOG, FWS, Perkins) Changes**

- ◆ Changes to institutional allocation process
 - ▲ Beginning with award year 2000-01
 - *Base year moved to award year 1999-2000*
 - ▲ Elimination of pro-rata share of funds
- ◆ All excess funds distributed on a fair-share basis

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 **FSEOG Changes**

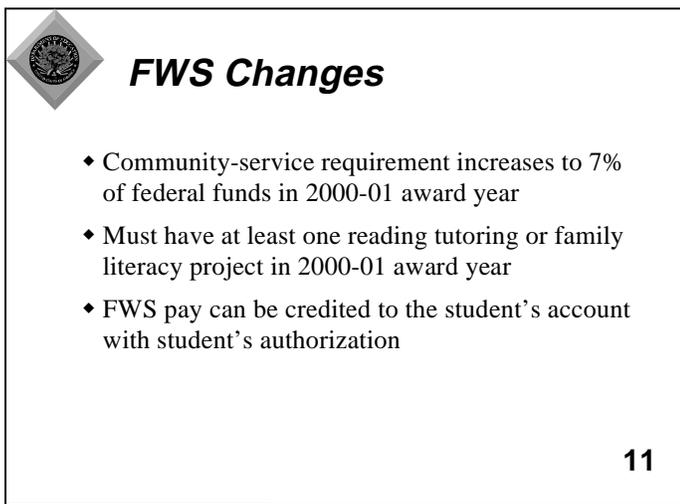
- ◆ 10% carry forward and carry back

1998-99 FSEOG Allocation 1999-2000 FSEOG Allocation 2000-01 FSEOG Allocation

10% 10%

\$ \$

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 **FWS Changes**

- ◆ Community-service requirement increases to 7% of federal funds in 2000-01 award year
- ◆ Must have at least one reading tutoring or family literacy project in 2000-01 award year
- ◆ FWS pay can be credited to the student's account with student's authorization

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Federal Perkins Loan Changes

Beginning with FY 2000:

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

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Federal Perkins Loan Changes (cont'd)

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

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Federal Perkins Loan Changes (cont'd)

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

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FFEL and Direct Loan Changes

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

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2. Recipient Financial Management System (RFMS)

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

a. Records



Recipient Financial Management System (RFMS)

Four types of records that a school sends to RFMS:

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

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Origination Records

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

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Notes



Disbursement Records

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

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Special Disbursement Records

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

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Data Request Records

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

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Acknowledgements

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

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

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b. Funding

Notes



Funding

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

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



Just-in-Time Payment Pilot

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

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c. Requesting Data

Notes



Electronic Statements of Account (ESOAs)

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

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Multiple Reporting Records (MRRs)

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

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



Year-to-Date (YTD) Records

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

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d. Benefits



Benefits of RFMS

Benefits of new system include:

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

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3. Access America for Students

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