

Things You May Not Know About...

***Making Disbursements
and
Cash Management***

**Zack Goodwin, US Department of Education
ISFAA Conference, Indianapolis, IN
June 13, 2017**

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Agenda

2

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Eligibility Checklist: Pell

- Student is enrolled in classes
- Disbursements will not cause the student to exceed the 600% lifetime eligibility limit
- For students enrolled in a non-term program or nonstandard term program with terms that are not substantially equal in length, the previous period has been completed
- If the disbursement occurs on or after the first day of classes, the student has begun *attendance* in the classes on which his or her eligibility was based

3

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Eligibility Checklist: Direct Loans

- Student is enrolled in classes
- Disbursements will not cause the student to exceed the ~~600%~~ **lifetime eligibility limit** *subsidized loan usage limitation*
- For students enrolled in a non-term program or nonstandard term program with terms that are not substantially equal in length, the previous period has been completed
- If the disbursement occurs on or after the first day of classes, the student has begun *attendance in the period in the classes on which his or her eligibility was based* and is *enrolled at least half-time*



Eligibility Checklist: Direct Loans

- Student has a valid, *linked* MPN
- First-time borrowers have completed entrance counseling
 - First-year borrowers may be subject to 30-day delay



Third-Party Servicers

Third-party servicers, if disbursing Title IV funds, must check student eligibility at the time of disbursement on the school's behalf.

Servicers performing disbursement-related functions must be reported on the E-App, and may be required to submit an annual compliance audit to ED.

*Dear Colleague Letter GEN-16-15
Dear Colleague Letter GEN-15-01*



Disbursement Timing: Modules

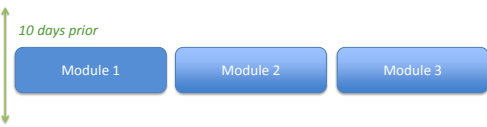


If the student is only enrolled in modules 2 and 3, when is the earliest that a first Title IV aid disbursement may be made?

7



Disbursement Timing: Modules



If the student is enrolled in all modules, disbursements can reflect enrollment for the entire term

8



Disbursement Timing: Modules

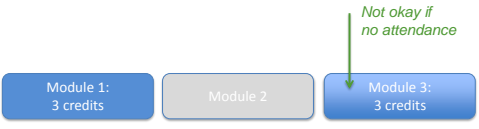
If a student never begins attendance in enough credits to establish half-time status, a first disbursement of a Direct Loan may not be made.

9





Disbursement Timing: Modules



10



Disbursement Timing: Modules



May a loan be originated and disbursed after the student has completed all scheduled modules, but before the end of the term?

11



Disbursement Timing: Clinicals



For programs with required clinical periods not under the school's control, the official calendar need not change. Disbursements can be made according to the clinical period dates.

12



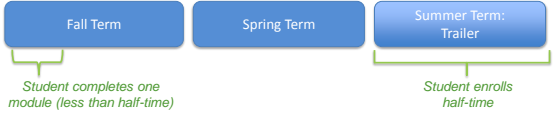
Disbursement Timing: Clinicals

Similar principles apply when 'clinical' periods reflect in-service teaching, and for study abroad programs.

13



Retroactive Disbursements



Student filed a FAFSA before the fall term, but does not add the school to the ISIR until the beginning of the summer term.

- Can we retroactively disburse Pell?
- Can we retroactively disburse Direct Loans?
- What if the student doesn't enroll in summer?

14



Degree Requirements

"If a student is enrolled in courses that do not count toward his degree, certificate, or other recognized credential, they cannot be used to determine enrollment status unless they are eligible remedial courses. This means you cannot award the student aid for classes that do not count toward his degree, certificate, or other recognized credential."

Federal Student Aid Handbook, page 1-18

15



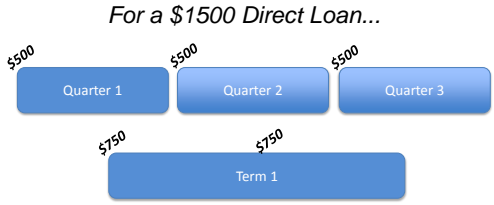
Equal Disbursements

- Direct Loans must be disbursed in substantially equal amounts across payment periods, based on the number of payment periods in the loan period
- Direct Loans must be disbursed in substantially equal amounts *within* a payment period
 - Applies to single-term loans in standard term environments, and single-payment period loans for remaining periods of study shorter than one-half the academic year.

16



Equal Disbursements

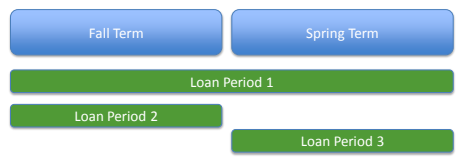


17



Loan Packaging Flexibilities

For programs with standard terms or substantially equal terms at least 9 weeks long...



18



Loan Packaging Flexibilities

For programs with standard terms or substantially equal terms at least 9 weeks long...

Fall Term Spring Term

Subsized Direct Loan: \$3500

Unsubsidized Direct Loan: \$2000

Parent PLUS Loan: \$3000

19



Loan Packaging Flexibilities

For programs with standard terms or substantially equal terms at least 9 weeks long...

Fall Term Spring Term

Unsubsidized Direct Loan: \$20,500

Graduate PLUS Loan: \$30,000

20



Audits and Program Reviews

One of the consistent top audit and program review findings for schools is issuing Title IV credit balances to students untimely, in more than 14 days

21





Holding Credit Balances

Effective July 1, 2016 schools on the Heightened Cash Monitoring or Reimbursement methods of payment may not hold student credit balances even with written permission.

22



Books and Supplies

- Effective July 1, 2016 schools must provide *all* Title IV recipients with a means to obtain books and supplies by the 7th day of a payment period
- Provided students would have had a *Title IV credit balance* by the earliest disbursement date, 10 days before classes
- If delivering funds to students, the amount of the credit balance, or a reasonable amount determined by the school, whichever is less
- If a school offers a bookstore voucher or similar, this may impact R2T4 calculations

23



Paying Prior-Year Charges

Amount	When allowed	Current year
No change	In one or more payment periods in the current year	Student receives DL: the current loan period
Still \$200		Student does not receive DL: the current award year
		Student receives DL and other: either the current loan period or award year

24



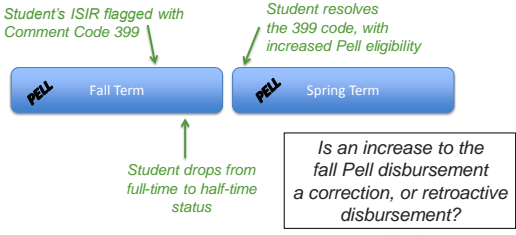
Paying Prior-Year Charges

Fall Term: Direct Charges: \$21,000	Spring Term: Direct Charges: \$21,000
Unsubsidized Direct Loan: \$20,500	Graduate PLUS Loan: \$30,000

25



Corrections vs. Retroactive Payments



26



“Reallocation”

A school discovers an error in a student's Direct Loan amounts when the student withdraws, after having completed a term. Subsidized eligibility is higher, and unsubsidized eligibility lower, than originally disbursed.

Can these amounts be changed?

What if subsidized eligibility is lower?

27



Perkins Loans Reminder

*The last day to make a first disbursement of a
2017-2018 Perkins Loan
to an eligible undergraduate student is
September 30, 2017*

28



Resources

- *Federal Student Aid Handbook: Volumes 2 and 4*
- *Dear Colleague Letter GEN-16-16*
- Fee reporting requirements for Tier 1 and Tier 2 schools
- *Electronic Announcement: July 1, 2016*
- Posting T1/T2 contract information

29



Resources

- *FSA Training Conference presentations*
- fsaconferences.ed.gov
- *Dear Colleague Letter ANN-16-04*
- *FSA Assessments: Direct Loans
Fiscal Management
Campus-Based Programs*

30





Thank you!

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fsa.customer.support@ed.gov



Reach FSA
855.FSA.4FAA -- 1 number to reach 10 contact centers!

- | | |
|--------------------------|--|
| Campus Based Call Center | eZ-Audit |
| COD | School Eligibility Service Group |
| CPS/SAIG | Foreign Schools Participation Division |
| NSLDS | Research and Customer Care Center |
| G5 | Nelnet Total & Permanent Disability Team |



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34



35



