**Kathleen Wicks:** Today, Wendy and I are talk about the Common Origination and Disbursement system, better know as COD. So, we'll get started.

I'm Kathleen Wicks. I'm the Director of Grants and Campus Base Division at Federal Student Aid. My primary focus is on the Pell Grant program and the campus based programs. And Wendy is –

**Wendy:** Hi everyone. I work with the – in the Program Management Office for the Direct Loan Division on both COD and I work a little bit of stuff with the serving ____ side also.

**Kathleen Wicks:** We anticipate about an hour's worth of material and then, have an opportunity for questions after that time. When we do open up for questions, and we will be taking questions at the end and not during the session, but when we open for questions, there are two microphones in the center aisle and we do appreciate that if you would come up to the microphones to ask your questions. We'll alternate whoever's in line. And if any of you decide that you need to leave before the question and answer period is over, just do so quietly so we can hear the question and we can – others can hear the answer as well. We would appreciate that. Okay.

So, this is what we're going to be covering today as the COD update. I will be focusing primarily on the grants area, the things that are being done in the Pell Grant area, and Wendy will be focusing on the direct loan area. There's some overlap. We have some things coming up in the new release of COD that will affect both the grant and the loan programs. And so, Wendy will speak to that as well.

So, let's begin with a topic that has ruled my life since almost a year now and probably dominated a good deal of your life since you found out about it as well. In December of last year, as a Christmas present, President Obama signed into law the Consolidated Appropriations Act of 2012. And it really has to do, the primary focus of our concern, has to do with the reduction in the duration of the student's federal Pell Grant eligibility from 18 semesters to 12 semesters. And for those of us who have short memories –

*[Laughter]*

– we actually did have a restriction in the law that had been passed in the pervious year – no, in 2009 – where students who were receiving their first Pell Grants in 2000, beginning with the 2008-2009 award year, were limited to the equivalent of 18 semesters or

9 years of Pell Grant eligibility. And in December of 2011, that actually was extended to all students who had ever received a Pell Grant were now limited to the equivalent of 12 semesters or 6 award years of eligibility.

There have been numerous electronic announcements on this and if you're particularly interested in reading the legislation, it's Public Law 112-74. It amended the Higher Education Act, Section 401(c), subpart 5. So, for those of you who want to look that up, those are the references. But, it has – was quite a blow in many ways in terms of an operations. It certainly was quite a surprise to the students that were affected by it. But, you recall that December 23rd is very – only a few days from the actual startup of the 2012-13 year that began on January 1st when we opened up the application system. So, we were about to open up the application system and we had a whole new eligibility requirement that had to be, somehow, merged into our plans for the '12-'13 year.

We had to modify all of our major system to reflect the change in the duration of eligibility and that was going to take some time and some analysis. So, but, we realized that our most critical duty, really, it was, at the time, to let the students themselves know of the change. And we thought it was particularly unfair that we leave that to the schools to tell the students that things had changed when they, in fact, were preparing to come to school. They had started their FAFSA application. They had indicated to schools that they wanted to attend. They were unaware of the – that their past Pell Grant history might come back in some way to haunt them for a limited eligibility. So, we made a decision to take temporary action while our systems were being modified and we sent targeted emails to the 2012-2013 FAFSA and Pell eligible applicants near or exceeding the eligibility limits. And we did this Pell outreach campaign on a weekly basis, adding new FAFSA applicants through June 30th of 2012. And then, we'll talk a little more about July, what we did in our various systems, particularly COD, to prepare for this big change. But, this was seen as a temporary activity that would give students a heads up and an opportunity for them to adjust their academic plans and their academic programs accordingly if they thought they might run out of Pell Grant eligibility. I want to repeat that this was only for Pell eligible applicants and they – that submitted email addresses on their FAFSA. So, it's another good reason to encourage students to put their emails on their FAFSAs. You never know when they might get a surprise letter from Secretary Duncan.

*[Laughter]*

We also took the action of creating a Pell LEU report for schools. And schools received this report based on the students that had used their schools and their federal school code in their FAFSA application. And we created this report and sent it to schools with a little bit different standard. We sent the report to the schools for any of the students that we identified that had used approximately four and a half years of eligibility of their Pell Grant to date. And that was an opportunity for you, then, to be prepared for possible partial packaging of limited eligibility or, again, to know that your students may have been eligible. They had 1,000 percent of their eligibility had been used over the lifetime. They were okay for '11-'12, but beginning with '12-'13, they would not longer be eligible for the Pell Grant as well. So, we created this special report for schools and generates – and we continued to. It became very popular. It was gonna be a temporary measure also, but schools asked us to continue it, so we are continuing it through June of 2012 – excuse me – 2013 and it is being generated weekly in a school's Pell News Box on the COD reporting website. It's in a CSV format so it can be easily reported, imported and sorted. It's generated for 2012-13, again, until June. We are going to talk about – a little bit about how we're gonna manage this for '13-'14 year, but, for now, you can rely on this report being generated, as I said, weekly. And as new FAFSA applicants are coming in naming your school, particularly now with transfer season going on, you might see some additional names on those reports. And while they probably, the reports were helpful in your initial packaging, they're gonna become particularly important as, now, you deal with new students that are coming in in transfer.

For an applicant to appear on the – this Pell lifetime eligibility used report, the student should have submitted a 2012-13 FAFSA, be Pell eligible for the '12-'13 award year, as determined by the CPS, and have an LEU greater than 450 percent, as determined by the COD system. One thing that we didn't have initially, but we later added to the report is that we – I mentioned that we were relying on the federal school code. Well, sometimes, there are locations that have their own federal school code that the location to which the student is making their application, but that is not the ID that is used in the COD system for – as the main campus, for example. So, they don't have a stand alone Pell Grant ID and, but, they have a federal school code. So, what we did was modify our reports. So, under those circumstances where the school reporting, the federal school did not also have a corresponding independent Pell Grant ID and, therefore, was not in the COD system as an eligible Pell school. We put the – for the main campus, we put the federal

– those federal school codes on the main campus reports. So, it's particularly important as you get those reports in that you sort the federal school code column so you know where the students are actually attending at your institution. We didn't have that initially, but we added that later on and it's important to find it. We found that in the early reports, we were missing students on the report. It wasn't complete, so we did modify that.

This is a sample of the report. It isn't fancy. You just bring it in as a CSV and you can load it into a spreadsheet of your choosing and sort accordingly. You can find groups of students that are with an LEU greater than 600 percent. So, you particularly want to be careful about over awarding those students. And you find those students with less than 600 percent who are only eligible for partial funding for the remainder of the school year. And, again, in the far right car, there is a column for the school – federal school code to be printed if you needed to, if you're a school that has several independent federal school codes that you need to sort on so you know where the students are located.

Well, that's what we started to do temporarily to prepare for the effects of the limitation and duration of eligibility using the COD system. But, beginning with the release of COD in July – July 7, 2012, we modified some functionality within COD to make a more permanent solution. Beginning in July, COD now returns the Pell lifetime eligibility used percentage in the common record response for all Pell recipients, not just those that are at near or exceeding the Pell Grant lifetime eligibility limit. The common response tag, lifetime elig – used is returned in all Pell responses. And we did that, actually, for Pell award years 2010-11 forward. So, it's a new SKEMA tag that you will see, even for – if you're going back and making adjustments to the '10-'11 year or the '11-12 year.

We also modified the COD warning edits that had existed to reflect new limits and we'll get to that now. The two edits –

*[Laughter]*

I should – yeah, nevermind.

*[Laughter]*

The two Pell warning edits had existed in the COD system, but they were really there only for those students who were receiving their Pell Grants for the first time in the 2008-2009 award year. So, they were modified to now capture all of the Pell Grant

disbursement origination and disbursement records where either the lifetime percentage of eligibility used was near the limit or the percentage of eligibility used exceeded the lifetime limit. And as was true before this modification, they continue to be warning edits, not reject edits. They are warning edits that are a red alert. You know, they're – I often, in our systems, we provide you warning edits that, sometimes, can be a little annoying, you know, if something's out of sequence and you gotta fix it and all of that. And there are some edits that are actually dangerous that you need to take action on and if you don't take action on, bad things happen. The negative disbursements are one of them. Some pop edits and all of that are things that are – you come – are warnings to you that action needs to be taken. Really, these warning edits, 177 and 178, are – should be viewed in that vein, that when those edits comes, there may be – you want to look at those student records a little more closely.

Now, because they come on the origination, as well as the disbursement record, when you send in an origination and one of these edits come back to you, you can look, then, at that student a little more carefully to make sure that you don't send in a disbursement record that actually takes the student over the limit. So, be careful of that when you're looking at these edits and my – I've heard of schools making arrangements to particularly focus on those as edits that always require an intervention or a review action; sort of like the comment code on the SAR.

There are no hard reject edits in COD right now related to the Pell Grant lifetime eligibility used. And this is a challenge at this time for you. I understand that and we are very much aware of that. What this means is that when you get these warning edits, there is a danger that if they're not acted upon, you might inadvertently over award the student and there's nothing in either COD or in the Ed Express software – I'm not familiar with other software to know whether there are such edits – but, there's nothing to prevent the student from being over awarded. And, of course, if you over award the student, that becomes a school liability, if you had known all this information about the Pell eligibility. So, we are going to be looking at the time – number of times the edits have been hit. We have already seen that a significant – as of October 15th, we've had a significant number of times that the edits have been hit and, in fact, we're going to be looking at, not just have the edits have been hit at schools, but we are in the process right now of analyzing all the disbursements that have actually been made where the edits have been hit. We're identifying schools that seem to be over awarding students and we're going to be conducting,

actually, an email campaign around the first week of December to the effected schools providing detailed information about the student records that we've identified that appear to be over awarded and asking the schools to take actions. So, be looking. About half of the schools may see such an email. Most of the information we've seen so far, the students with onesies and twosies students, but we have a few schools that seem to be – have an issue and they seem to be over – their students seem to be over awarded in significant numbers, so we're going to be watching that and asking schools to take action to reduce those disbursement so there is no school or student liability.

Also, in July, we modified the standing reports that schools use for reconciliation and for other purposes. The Pell Grant multiple reporting record that is used and in working with current enrollments or pop situations, we added that as a data element. Concerning the student, we've added the lifetime eligibility used percentage for that particular student. We've also added the LEU to the program reconciliation report, which I think schools use for, literally, reconciling their funding and all and I don't – certainly, annually, use the reconciliation report. And we added it to the Pell Grant year to date report and you notice the year to date report is a report of all your transactions to COD. So, we've added that as a data element too, as another tool to help as you reconcile your information.

And with the July release, the COD website was modified to provide additional Pell LEU information. We've previously been calculating and displaying the LEU for Pell recipients since 2008-2009, but we now have a calculated LEU for all Pell recipients and that the LEU is calculated for the lifetime of the Pell Grant program, which, since 1973-74, we were able to retrieve the Pell Grant data from our various archives and systems and bring in Pell Grant history for all students. And now, we can display it on the COD website.

We've also created a new web screen, the Pell LEU history screen, that allows students to – schools to view the students' historical data and then see how the LEU was calculated over the years.

The web was modified to provide additional LEU information, as well, on the Pell Person information, the Pell history search and the Pell LEU history with an export capability from report from that screen, which I'm gonna show in a moment, that will actually be able to be imported and printed out and handed to your student as, sort of, a transcript of their activity.

COD has the most reliable Pell historical data for a student's Pell LEU. There's the Act of COD years, which are 2007-08 to present in the COD system. There's a COD archive. There was the archive from the Recipient Financial Management System. There was an archive from the Pell Grant Financial Management System or PGRFMS. And there was an archive that was from the paper in the bubbles system that we had that was the predecessor system to all of this. So, COD actually took all of that information from the various archives and put it into the COD historical system and that is the source of information for all of the COD information and is the information that we also provided to NSLDS as well. I'll talk more about that in a moment.

So, in July, we modified the Pell Person information screen. You've used this over the years for many reasons, but there are two changes. We've moved the place of the LEU figure to the top left of the screen. You see that box, that red? We've outlined it in red there so that as soon as you pull up the Pell information page, you're going to see the bottom line, is what is the student's lifetime eligibility used? Now, it may seem like a stretch for us to have a student with 1,414 percent eligibility used, but, in fact, we have seen cases of students that have had many, many years of eligibility used. And, probably, one of the reasons why we had to, we were bearing with the imposition of a duration of eligibility on other students as well. This particular screen, you can see on the right hand side, the full Pell Grant history and then there's an award year. There's a dropdown box, actually. The award year dropdown box only goes down – back to 2007-08, which are the current active years within the COD system. And I want to share that with you because, sometimes, we've had situations where a student did not appear in this screen with any Pell LEU history and, yet, there is Pell LEU history that is in NSLDS and elsewhere. And that's because the student was not active in COD until the current year. They don't have any – they've probably had their LEU or their Pell Grant done prior – history prior to the '07-'08 year and so, they were in the archive. So, this screen just gets you, from the dropdown box itself, will get you just the detail for the years 2007-08 to the present.

But, if you go into the next screen on the left hand side, you'll see applicant search and under applicant search, you can go to the Pell LEU history search and you put in the student's social security number and date of birth and we used – picked social security number and date of birth because, unlike name, those are two items that should not change – date of birth and social security number

should not change – and would retrieve the correct student in the history of – in the archive histories. So, when you click on search, after entering the date of birth and the social security number, you're going to come up with this next screen, which I'm sure you can't view from here. But, this is the new Pell LEU history page. This is where you can look up the history all on one page. The screen displays the current year information that we see in the Pell Person information screen, but it has the entire history back to 1973-74. It's a summary screen. There aren't great details, but there are enough details in there for you to see how we calculated the Pell LEU percentage. We have the attending school, the percentage of eligibility that was used based on, actually, disbursed Pell grants at that school, the total dollar amount disbursed. In the far right, you can see what the scheduled award was for that year. And that column that says, "DMCS Amount Collected", what that is is if there has been a Pell Grant over award, an overpayment, and the student has actually made payment back, that information is collected in COD and is there and it gives the credit back to the student for the payment that was made as a result of the original overpayment. And you add up that first eligibility used percentage and when you add them all up, you get to the lifetime eligibility used figure.

The neat feature on this screen in addition to the fact that it's really quite astounding that we were able to go get the data back to 1973-74 and use the information from the archives to calculate something – the concept of an LEU did not exist at that time; but, if you know the scheduled award and you know the actual disbursement in that award year, it's a mathematical computation that was, in that calculation, was applied. And so, we got that data together. But, the neat feature about this screen is in the right hand corner is the export summary to Excel ___. You're going to click on that and you're going to actually bring up a detailed history page that users can export to an Excel format and print it out. And you want to print it out, particularly for the student that is concerned, "How did you calculate? What do you mean I've used up 1,400 percent of eligibility?"

*[Laughter]*

This actually, it provides an opportunity for you and for your student to review the Pell Grant history as it is maintained in the COD system. The students can ponder, "Well, oh, yes. That's right. I did attend that school back 20 years ago. I – that was a mistake of my youth", but it does count against them if they actually got Pell Grant in that year. So, the student has the

opportunity to see the information and validate that they, in fact, did go to that school and did receive that Pell Grant at that time and that information is all listed there.   So, I think that's a really cool feature.

With each Pell Grant disbursement, COD calculates the LEU for all Pell recipients and sends it to NSLDS.  NSLDS, then, records are updated with the COD LEU data and they're not updated in a real time way.  When the record is accepted at COD, the file is sent that night to NSLDS.  So, it's a daily feed to NSLDS with an ongoing adjustment to the LEU percentage that is also passed to NSLDS and it goes up and down.  If there are adjustments made, the Pell, downward, then the LEU will go down.  If there are additional disbursements, the LEU will go up.  This LEU displays on the professional access grant page, the student access grant section and on the transfer monitoring FA history files.  NSLDS provides the LEU information to the CPS via pre-screening; that is, when the student is applying initially for eligibility; and in the post-screening process.  The post-screening process becomes important because if the student begins – is either entering an area where they're reducing eligibility or they're – they are, once – at one point in time, it appeared that they did have eligibility, either partial eligibility or no longer eligible, but now an adjustment has been made and funds have been returned and the student has additional eligibility, NSLDS will also push that information to CPS, so an ISER is produced on that as well.

But, COD is the actual aggregator of all of the Pell Grant history and is officially and legally the system of record for Pell Grant data.  There are times when we send information to NSLDS and it's a very rare occurrence, but it does happen, where that system rejects a COD record.  Maybe there's an identifier conflict with an already existing record.  And NSLDS, for whatever reason, that needs to be worked, but the fact is is that NSLDS doesn't accept the information.  And so, it appears that NSLDS has different information than COD.  Under those circumstances, COD is the system of record and is the information that you should – must rely on in making awards to students.

During the pre-screening phase of – for matches between NSLDS and CPS, a Pell lifetime limit flag is provided on the ISERs to schools and these are the flags and the values.  And so, when you see that pre-screening information, these are the categories that you probably want to pay particular attention to, whether the student has exceeded the limit according to our records to date, are close to the limit, very high and, probably, partial eligibility and really have

no problem. But, you'll want to look particularly at those flags, E, C and H, as you see them as the ISERs are coming into the schools.

ISERs, they are post-screening codes, as well. And, as I said, NSLDS will do post-screening when a student has changed – had a significant change in their Pell LEU that does effect their possible eligibility. So, you will see this – these post-screening reason codes and they would also need to be acted upon as well and reviewed.

So, in July of 2012, the CPS began reporting the LEU information for the 2012-13 on ISERs and SARS. So, prior to 2000 – July, 2012, the only information schools had was the information coming from the COD weekly report. The students, as I said, were notified by email up to that point. But, in July, once the systems were modified, we began reporting information to NSLDS with – actually, we did a load of data from the COD archives to NSLDS and then, the CPS being able to report that on the ISERs and SARS. We would have liked, at that time, of course, to not just have been reporting comment codes for you to act upon 'cause you get comment codes for a lot of reasons and you get C-flags for a lot of reasons; but, given the lateness of the development cycle, we were unable to implement a significant change and had to rely on comment codes and that's why you got – that was true in 2012-2013.

But, starting with the '13-'14 year, and I know this was the cause of some joy and a relatively small amount of applause at Tuesday's opening session, the CPS will be, actually, doing a number of things, including the limit flag will be added to the ISER. The percentage itself will be included in the NSLDS pre-screening, so you'll actually see the percentage of the LEU and it will be added to the ISER. And for the applicant, the SAR comments will be generated, not just for the Pell eligible applicants who are near or exceeding eligibility, but they will be generated for all Pell eligible transactions based on the LEU percentage that exists from the NSLDS feed. And for the SAR purposes, we're going to be, so the student isn't confused by the concept of LEU or percentage and all that, the amount of eligibility is converted to, sort of, an academic year equivalent and included in the comment. You know, "From your history, it appears you have used approximately four academic years of eligibility or received Pell Grant for four years", etc. So, we'll make it a little more understandable for the student on the SAR itself.

Now, Pell eligible transactions that – Pell eligible students that have an LEU of zero, they haven't received any Pell Grant at all, they will still get a comment, but they will get the comment that informs that there is a lifetime eligibility limit in the Pell Grant program. So, we think in the '13-'14 year, it should be considerably more friendly to the students.

Starting with the '13-'14 year, CPS and FA access modifications will be implemented in the SAR and the ISER compare tool. And that will be helpful as well to schools in managing this.

And then, finally, as I – no, this, I'm not ready yet. I'm not finally. Okay. I just want to share with you that there are two pages here of codes that are NSLDS, CPS comment codes that are being added in the '13-'14 year and you can read more about that in the SAR and ISER guide that was published on IFAP.

I think that's what I have for the Pell duration of eligibility issues, but we had more things going on as well in our development world. And beginning in November, we – the COD system implemented the capability of managing the new experimental site authorities. Now, you heard also on Tuesday, David Burgeron invited schools, so it would be an opportunity for more schools to join in experimental sites, but to date, there have been limited number of student schools that have opted to participate and have been accepted for participation in several experiments. There were two experiments in particular that the COD system, for grant purposes, COD had to modify its logic. Otherwise, we would have rejected the records for the schools that were participating in the experimental sites and that wouldn't be a very good thing to do. That would have been a real embarrassment to the secretary if we said, "Come do these experiments" and then, we rejected the records. So, what we did was we had to carve out an exception for the schools. So, we have identified the schools that are both enrolled and accepted and are going to actively be involved in these two experiments.

The first experiment for which – there are seven experiments altogether that – on experimental sites, two of which required modifications for grants. Several others required modification for the loans that Wendy will speak about. But, some of them didn't require any modifications. They're just on – the burden is on the school, but we wouldn't reject records in the COD system. But, the eligibility of students with a Bachelor's Degree who enroll in vocational or career programs, right now, of course, for all schools and for all students, once you've obtained a Bachelor's Degree,

you are no longer eligible for the Pell Grant program.  But, these schools were accepted for an experiment, which would allow students who already had a Bachelor's degree to enroll and receive Pell Grant as they proceed in their vocational or career programs.  So, a very interesting experiment and I hope some of you consider whether or not you might like to join that experiment in the future.

The second experiment that need – required modification simply had to do with the calculation, the eligibility of students enrolled in certain short term programs.  And COD made modifications according to that.  Only schools that have been approved for the experiments will have the capability to actually submit records and violate the normal rules of processing.  In particular, the schools that have – will have the ability to process Pell Grants with the CPS applicant, Pell eligible flag, is set to no.  Normally, not eligible for Pell Grant when – but, if they have a student that is enrolled in that vocational program, they will be allowed to receive the Pell grant for that purpose.  And they will be able to do this either by web or by batch processing going forward.  So, for those of you who are interested in joining the experiment, please be confident that we have put in place the opportunity for COD to accept the records for your students and you don't have to worry about that part of the experiment.  You'll have other things and challenges in the experiment as well.

And then, finally, we are, of course, preparing for our '13-'14 release.  It will be the 12.0 release of COD and it's the new release for the '13-'14 award year.  We expect that to be implemented in March of 2013.  That will be the first time we'll be able to receive '13-'14 records.  From the grant perspective, we'll continue to produce the Pell LEU report for the '12-'13 year on the Pell News Box, but for the '13-'14 year, that Pell LEU report will be a standard SAIG report and will have it's own message class and you will be able to bring that in as you bring in other reports through SAIG.

And as I close with grant section, I just wanted to go over a few of the edits that we are – the top edits that schools hit and I want to highlight a few of them before we move on that have particular significance.  The first one has the edit 177.  That's the one where the lifetime eligibility used is near the lifetime limit.  Well, you can imagine that we're hitting – schools are hitting that edit quite a bit and that's a good warning edit to help you carve that student out for additional assistance in planning their academic program or the balance of their Pell program.  But, that's being hit quite a bit and we just wanted to give you a warning about that.

When we are capable of it, when we, through our development cycle, we do intend to turn these warning edits, 177 and 178, particularly 178 – we haven't quite decided about 177 yet – but, 178, definitely, would be turned into a reject edit. Right now, they are a warning edit. We believe in our development cycle that we will continue to keep them as warning edits through the '13-'14 year, but probably by the '14-'15 year, we will be turning those into hard rejects so that every time a record is submitted and the student is over the Pell eligibility limit, the record would be rejected. So, just keep that in mind as we go through this year.

The other edit I want to bring your attention to is this edit 55. It's a warning edit. That's what the W stands for. And that says the disbursement information is received 30 days after the disbursement – date of disbursement. Well, for a long time, that seemed like it was, you know, we were outside the reporting requirements. You're supposed to report any adjustments to records within 30 days and, according to the deadlines notice. But, no real harm was done. But, now, of course, every time a school delays the reporting of a record, there's a chance that that LEU percentage is not being updated accurately at another school, particularly in your transfer situation, might inadvertently over award the student. And then, we'd get into the situation, is it the school's fault? Is it the – and which school's fault is it? And who's liable for the over award? So, in particular, we were looking at this issue of timely reporting.

Those of you have been to the Pell update session that I'm doing with Carney McCulla, you're aware that the department is looking at actually reducing the regulatory timeframe by which we are going to ask schools to make – to report disbursement information. Right now, my federal register notice, we expect that you will be reporting within 30 days. Well, 30 days was a reasonable time when systems were much more complicated. Now, it's possible that the schools could report a little sooner and we're going to be looking at short and name that timeframe where we're going to ask you to do timely reporting. So, if you're hitting that edit 55 quite a bit, watch that because that's going to be something we're gonna be watching in the future that you don't put students in the situation of inadvertently being over awarded because there wasn't timely reporting.

And then, finally, I just want to highlight this missing value 994. Now, that's a pretty generic, every time you have a missing value, you have a required tag that doesn't come in, you're going to get

that missing value edit. But, we've hit this a lot this year in the grant program and I think Wendy has mentioned, you've hit also – we've hit in the direct loan program as well. Because this is the first year we've required something called the enrollment school reporting tag, we are requiring on each disbursement record that you report the OP ID of the location where the school, the student is actually attending. What we do is we take that information in, based on the OP that is reported in that tag, and we pass that information to NSLDS so they know where to send enrollment rosters. And so, we implemented a required reporting for that tag. Most schools, it's the same, main campus and the attending campus are the same location and so, the OP IDs are the same. And so, I think we're inadvertently leaving that tag out when they send in the record. But, it will cause the record to be rejected and then, you'll have to re-put the OP ID and then the record is accepted. But, because we've seen such an uptick in that particular value, I'd urge you to make sure that your systems are prepared to report that. It is a required tag.

So, with that, we can turn to the common areas of future development.

*Wendy:*          Good afternoon everyone. Can y'all hear me in the back corners?

*Audience:*          Yes.

*Wendy:*          Yes? Great. Okay. The first few slides is the ability benefit update that we're going to be implanting with our release 12.0 in March. And this is going to be for all programs that COD processes. We're going to be adding two new ability to benefit codes to our SKEMA and it's code six for high school diploma and code seven for GED. The ability to benefit code is going to be a required field for the '13-'14 award year and forward. Therefore, if you do not submit the tag, you're gonna get that edit 994 that Kathy was talking about. So, hopefully, we all get our softwares ready to go and we don't take enrollment school code and replace it with ability to benefit.

In addition, we're gonna have a new warning edit, 199. And that's going to be where we're gonna take the code you do submit and we're gonna match it over to the CPS transaction that we have received. And if it doesn't match, we're gonna give you a warning that said, "Hey, go check this out. You didn't match what we received from the CPS file."

For the '11-'12 year and forward, reject edit 198 is now going to trigger if you do any type of maintenance to an '11-'12 award. Whether you do a new disbursement or you do a change, we're actually going to reject those values if your value that was already submitted on COD is a five. As you note here, we do have 03 state listed, but we don't have any on our system that came in with a three because we never had a state that was approved. So, basically, we're concerned over the code of fives that exist on our system because they're not valid. Those codes are being removed from the SKEMA and you will not be able to submit 'em anymore.

We've done outreach and will continue to do outreach for ones that are on our system. The next slide just shows you how many we currently have on our system with the code five that need to be corrected.

Now, I'm gonna go on to the direct loan update.

With release 11.2 that was just implemented in the beginning of November, we implemented the final modifications for ending eligibility for the upfront direct loan rebate. We implemented the experimental sites. We retired warning edit 111. And we also will no longer be printing paper promissory notes for the school.

For the interest rebate modifications, I just want to give a note that we do still – we have some invalid PLUS loans on system and it's a total of 1,420 of 'em that have incorrect rebates. So, I'm gonna urge everyone, when they're done with the conference, to go back and look in their New Boxes to see if we have a report or check with other personnel in your office to see if they've had outreach from our call center or our federal school loan support team and correct these records. With our November release with the new functionality, you can now zero those PLUS awards out and increase them back up with the correct interest rebate. And, therefore, you won't have a chance of running another credit check on the person and getting a possible different result.

Experiment three was for the single disbursements of a one term loan for study of broad schools. Right now, we know of five schools that have been approved. This information is fed to the system for both grant program and direct loan program and it's viewable on the school general screen on the COD website. So, if you're unsure if your school has decided to participate and you just want to check the dates, whether it's '12-'13 award year or '13-'14 award year, that is visible on the school general screen.

The direct loan experiment four is our early disbursement for study of broad students and for students enrolled in foreign institutions. For this one, we had to modify edit 50 to allow approved schools to submit their disbursements dated 30 days before the start of classes or the award begin date.

And the last one that we did changes for was for unequal disbursements.

As I stated earlier, COD is no longer going to print paper P-notes for the schools. If a school submits the code in the common record that says COD will – they want COD to print it, we are just going to ignore that and we're not going to print any promissory notes. So, we didn't do any SKEMA changes to accommodate this, but just so you know, we are going to ignore it and we're not printing the P-notes and sending it to the borrower or to the school if that was something you used to do. But, we do have ways for you to get the paper promissory notes if a borrower or a student really wants one. And, one, they can go to the studentloans.gov and print the P-note or they can go to the COD website – the school can go to the COD website. Under the services tab, there's a new download link on the left hand side where you can print a promissory note and it also includes instructions of where to mail it to. The studentloans.gov printability is available prior to sign on, which is just a blank P-note or the student can login and get one that is pre-populated.

I think – now, I'm going to get on to our future enhancements. With release 12.0, in addition the new award year, '13-'14 being ready to be processed, we are actually going to finally, after many years of requests from schools, we are going  to implement the direct loan and teach SAS disbursement detail to be available on demand. This is in addition to your monthly report. So, we're still gonna send you the monthly reports that you get today, whether it's year to date, month to date, both. You're still gonna get those every month like you do, but, in addition to that, you'll be able to go on to the COD website and ask for information.

Exit counseling is gonna be available on studentloans.gov, as well as we're modifying the entrance counseling look-feel format to be similar to the financial awareness counseling.

For the disbursement on demand, we are actually going to take the current direct loan rebuild screens and the Pell data request screens and we're going to merge them into one screen where schools will

now be able to request their grant data requests, their SAS on demand, as well as their direct loan rebuild.

When users go the screen to request a SAS on demand, they will choose direct loan or teach program, they will choose the award year and then, they'll have three types. They can do a date range, a month to date or a year to date. They can pick their format, which is fixed length, common delimited with headers, without headers, as well as piped limited. And then, they can also determine if they want to display names of borrowers. However, that is only available for the common and pipe delimited formats and we will default to yes, that we're gonna display the names of the borrower. If you don't want the names displayed, then you would have to uncheck the box.

Once you've done any type of request, whether it's a SAS on demand or the data request, you'll be actually able to go back into t he screen. And this is actually an example of what the screen looks like if you're gonna search for ones that have already been done. As you can see, you put your school code and then your request type. In this example, we've got the SAS on demand. You pick your program, your award year and then, your start and end date and the next screen will give you the details of when each data request, SAS on demand or direct loan rebuild was fulfilled.

This page here is the month to date formats and the associated message classes that will be implemented. The month to date report will display funded disbursements from the beginning of the month to the requested end date. For the both the month to date and the year to date options, you will be required to enter an end date. So, the report will include the beginning of the month to the requested end date.

This screen here is your message classes that'll be available for the date range. And this date range will include funded disbursement activity for the specified date range and it includes the begin date and the end date that you entered.

And then, on this page, is the list of message classes for your year to date report.

And then, finally, here are the teach SAS message classes. And, as you can see, we only have three message classes and that's because the SAS is only, for teach program, is only available in comma delimited format, but it has the same business rules as the direct loans.

In addition, for 12.0, we are going to be adding exit counseling to the studentloans.gov website. As I indicated, the entrance and exit counseling formats will be changed to be very similar to the financial awareness that was implemented last year. To accommodate this, all we're doing is adding a new value to the counseling type field and the entrance counseling response and it'll be exit counseling. And the data will be added to the existing counseling report that is available to all the schools. NSLDS will continue to send you details for exit counseling as they do today. Session nine is one I would recommend to go to to get a lot of detail about the loan counseling tools and entrance fact and exit, you can go to that session.

The next few screens, I'm just gonna give you a snapshot and you may see them in Jennifer's session. But, this is what the screen will look like when a borrower logs in now at the bottom. It's more user friendly and we've, kind of, separated it and given a brief description of what the different counseling types are, so, to help the students pick the correct counseling.

As with our entrance counseling, schools have options. And so, we've added two – I did this yesterday too. I always want to go into school options instead of searching for it. You know me.

*[Laughter]*

This screen is actually where you'll search after somebody has completed it. You can search by SSN or you can search by school, date range, and it'll pull up a report that can be exported into Excel for a list of all your student that have completed counseling.

Now, on to the options. I think options should have been first. You guys have your option on how you want to get your responses for the exit counseling. It's gonna work the same way as your entrance counseling. We're going to default you to on demand. So, once this functionality is implemented, you will need to go to the COD website if you want to get your responses on a daily basis and change your option to be daily. If you leave your option as on demand, you will only get them each time you request it. So, if you wait until June – from March to June, the first time you go in and say you want it, you'll get all your responses from March to June.

Okay. Now, I'm on to the top direct loan edits. You know, as I mentioned, we retired edit 111. Well, you can see why. It's our top edit. We had 14,435,000 people who hit warning edit 111.

Kathy hit upon the edit 994, which is on the next screen, but, basically, these are the same edits that seem to trigger all the time every year. We really haven't had any new edit come up, you know? We see the same top edits.

Okay, some future enhancements coming up later on in the 2012 award year is COD's gonna be performing full XML validation starting the '14-'15 award year and forward. COD logon is going to become a single sign on, similar to your NSLDS and your campus based sign ons. We're actually going to be behind participation management in the AIMS system and you'll start using your federal user ID to log in to COD in May. You can visit session 29 to get all the details on this.

The Pell Grant program is gonna be putting in an LEU percentage dispute process, as well, as Kathy mentioned, a hard reject to disbursements that take a person over their 600 percent LEU.

For the '14-'15 award year, when we begin performing the full XML validation, what that means is, well there's batches right now that we receive from all software types that we are processing that don't meet the SKEMA. Some do not process and they do fail XML, in which you'll get an outreach from the call center and they'll let you know that you had bad XML. Well, with this change, when we do the full thing, there could be more batches that we do not process. So, some examples are invalid characters, invalid bytes, contact before the opening tag and opening tag is there, but end tag is missing. So, those are just some high level examples.

And, on the next page, we actually put some more in because we monitored about a week's worth of data back in April and here was some of the real common ones we saw. But, we are also analyzing. Since our November release, we did put in another parser, which we are also using to analyze current batches. And as the year goes on and as we get closer, you can see the tech rep, as well as in some of the software developer conference updates that we do, I will be providing more information based on software type, as well home grown schools, you know, what we're seeing, so, when the '14-'15 award year comes up, we don't have an increase of batches that don't get processed. So, just stay tuned for additional information over the next few months for this.

The COD technical reference, we have put an update out last week and then, the next one is tentatively scheduled to come out in the spring of 2013.

The next slide is just some session numbers related to COD where you can get additional information.

And, at this point, I'm gonna open it up to questions. Go ahead and come over to the microphones if you have any questions. Thanks everybody.

*Audience:* Hey, Wendy.

*Wendy:* Hey, how are you?

*Audience:* Did I hear you say on the entrance – I mean, on the exit, when it moves to COD or to studentloans.gov, so, right now, I get my entrance file every day; and will the exits be included in that file if I go in and change that from on demand to daily?

*Wendy:* Yes, it's the same as the entrance counseling response that you get.

*Audience:* Okay.

*Wendy:* We'll include that.

*Audience:* So, the CREC file?

*Wendy:* Yes.

*Audience:* It'll – they'll all be in there?

*Wendy:* Yes, they will. Next up?

*Audience:* Hi, Wendy.

*Wendy:* Hi.

*Audience:* Can you repeat the last thing you said about notifying people of the common – the – essentially, the bad XML that's not being flagged right now? How are you gonna do that?

*Wendy:* We're gonna definitely do it through the software developer conferences. It'll definitely be part of those, but we're also gonna look into updates on the tech ref and stuff like that. But, we're

|  | analyzing and we're gonna – whatever we find as we're running this, the batches through our new parser, whatever we find that's wrong, we're gonna be able to break it down by software type and let you know. |
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| *Audience:* | Okay. So, you'll be notifying the schools or the vendors or whoever of specific areas that are showing up? |
| *Wendy:* | Yes. |
| *Kathleen Wicks:* | Yeah, the intention is not to impose this right away, but, rather, to gather the information and give ample warning to the developers. So, we're looking at, probably, the '14-'15 year before we start the significant enforcement. And if there's anything that we're going to do sooner, we'll be giving notice. We understand people need notice for their development purposes. |
| *Audience:* | And that will be one to one with the developers, right? It won't be public knowledge where it says, "Oh, so and so has this many errors" and – |
| *Kathleen Wicks:* | No. We wouldn't do that. |
| *[Laughter]* | |
| *Audience:* | Thank you. I didn't think you would. |
| *[Laughter]* | |
| *Audience:* | Question about the exit counseling. Is that gonna replace the one that's on NSLDS? And, if so, how long 'til the NSLDS one goes away? Because we usually start the exit process in February for our students in the winter terms. |
| *Wendy:* | I'm not sure when it's going to go away. We'd have to check – I'd have to check with that and get back to you. If you can give me a card, I can get the information for you. |
| *Audience:* | Sure. Thank you. |
| *Audience:* | Wendy, could you restate what you said about the rebate enhancement update, please? |
| *Wendy:* | Yep. Yeah. So, for the interest rebates, as you know, July 1$^{st}$, we implemented the zero percent, you know, students with disbursements after July 1$^{st}$ to get a zero rebate. And COD was |

able to take a zero and a 1.5. However, we didn't edit that your zero percent that you submitted had disbursement dates after July 1 or if you submitted a 1.5, it had disbursement – earliest disbursement date prior to July 1. So, we allowed some invalid awards into our system and we have 1,480 of those right now that need to be corrected. If you are a school that has any of those, you would have been receiving a weekly report and calls from either our call center or some FSA personnel.

*Audience:* Hi. I have a question about the counseling also. Is the teach moving to studentloans.gov? No.

*Wendy:* No.

*Audience:* Okay.

*Wendy:* No. That's still staying on its own site.

*Audience:* Okay.

*Wendy:* For now.

*Audience:* Hi. It's my understanding that, if I award a full, say, $5,500.00 loan for a student for Fall/Spring and another school also awards $5,500.00 for Fall/Spring, I disburse $2,750.00 for fall, the other school disburses $2,750.00 for fall, that no one is now being notified until the second disbursements happen. I was told when I called in that that was something that gotten taken out when other functionality got put in and if that's the case, please put it back.

*Wendy:* Are you talking concurrent enrollment for Pell? *[Crosstalk]* grants?

*Audience:* No, this is for direct loans. It used to be that if two schools were trying to award over the annual limit, that the second one in would get the message saying, "Over the annual maximum" and that's not happening, at least in the specific case that I know of.

*Wendy:* COD, actually, for loan limits at the award level is at a single school; at the disbursement level is across schools. So, at the award and first disbursement level, you're not gonna see anything. But, at the second disbursement level is when the edit's gonna hit.

*Audience:* But, that doesn't –

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| *Wendy:* | So, there hasn't been any changes on how those edits work. Yeah, these edits have not changed. They still work the way they've always worked. You do have your duplicate student borrower report, though, that would show the concurrent enrollment. That is to be used for that. |
| *Audience:* | Okay. Okay, thank you. |
| *Audience:* | Hi. Does DOE have a list of software developer? |
| *[Inaudible]* | |
| *Kathleen Wicks:* | We actually – that's main – we do maintain a contact list. Our Chief Information Officer's area does maintain that. The folks that are doing the session on the identity management – what is that session? |
| *Wendy:* | Session 29. |
| *Kathleen Wicks:* | Session 29, a staff that – from the Chief Information Officer and they maintain the list of software developers that they contact, for example, to notify about the upcoming webinars and they also would – any of the schools that are doing their own software development. So, I would check out individuals in that session and ask them that information. And if – I can certainly take information from you if you'd like us to get back to you with information. |
| *Audience:* | Sure. I'll wait. |
| *Kathleen Wicks:* | Thank you. |
| *Audience:* | My question is also about exit counseling, particularly the file formats. In the exit counseling formats that come over from NSLDS, there's no aid year field. But, on the entrance counseling files that are coming from COD, there is an aid year field. So, how will that be addressed when exit counseling moves over to the entrance counseling to COD? |
| *Wendy:* | It's going to be like entrance counseling. |
| *Audience:* | I know, so whatever year happens to be active at the time the student completes the counseling will be submitted through the – |
| *Wendy:* | Yes. |

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| *Audience:* | Okay. |
| *Audience:* | Once a line appears on the PLUS rebate percentage report, incorrect percentage report, and it's been deactivated, zeroed out, does that report ever change? |
| *Wendy:* | You won't get a new report, but the one report that's out there will stay out there until we get rid of the report. |
| *Audience:* | Yeah, that's what I'm noticing. Okay. And the last thing is, what's the best practice for reallocating a direct loan from, example, sub to un-sub or vice versa? |
| *Wendy:* | There is really is no such thing as reallocation in direct loans. You actually reduce the one award and create the new award or increase the sub award. |
| *Audience:* | Do a downward adjustment? *[Crosstalk]* loan? |
| *Wendy:* | Yeah, you do a downward adjustment and then – you got it. |
| *Audience:* | Okay. Thank you. |
| *Audience:* | I have a Pell question about the LEU report. |
| *Kathleen Wicks:* | Yes? |
| *Audience:* | I have two students on the report and when I go into pull their full history, because we save them for students, they do not come up in COD, even with the information that's on the report and I'm not sure who I should be going to since they're not coming through. |
| *Kathleen Wicks:* | Okay. I'd think start out, because you're here, go to the resource room, the COD school relations center, and they will try to research with you there. And if they can't find it, they'll open a ticket and we may have to get into archives. We can – there are gonna be circumstances when there are co-mingled identifiers and all of that that require a little more research. But, that's the first place to start and they will work with you right now and then escalate it for additional research, if necessary. |
| *Audience:* | Okay. Thank you. |
| *Kathleen Wicks:* | Thank you. |

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| *Audience:* | Just a question on the experiment that you went over, experiment one. |
| *Kathleen Wicks:* | Yes? |
| *Audience:* | For the student who has a Bachelor's, who goes to a _____ school, does the LEU apply to them? |
| *Kathleen Wicks:* | Yes.  The six years of eligibility – |
| *Audience:* | It applies to – |
| *Kathleen Wicks:* | It applies to – under all circumstances.  There are no exceptions to that. |
| *Audience:* | Okay. |
| *Kathleen Wicks:* | So, if, in fact, they had already used their eligibility as undergraduates, the fact that they are now – they would not be ineligible because they have their Bachelor's Degree; they would be ineligible because they had reached their limit. |
| *Audience:* | Okay.  My last question is, is the LEU appealable, because I get this question all the time? |
| *Kathleen Wicks:* | No.  That's a very good question and it's quite understandable.  But, Congress, when – in passing that, the law, allowed for no exceptions to this. |
| *Audience:* | Okay. |
| *Kathleen Wicks:* | So, we do have circumstances, of course.  Actually, they're quite parallel.  For example, if a school has closed and a student is unable to complete their program, their loans may be forgiven.  But, if that student received a Pell Grant from that institution, that Pell Grant still counts against them, even though they weren't able to complete their education. |
| *Audience:* | Okay. |
| *Kathleen Wicks:* | There is no current appeal process.  The only appeal would be if the accuracy of the information, that's all. |
| *Audience:* | Okay.  Thank you. |

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| *Audience:* | My last question, I know a lot of the direct loan year to date disbursement records are very ED Express friendly, but I've been looking to try to figure out which version of the year to date direct loan disbursement records is just raw data that somebody can import into Excel and manipulate on their own. |
| *[Inaudible]* | |
| *Wendy:* | With the release – yeah. Yeah, right now, we only have the direct loan rebuild, which is a flat file of raw data. But, that will only give you information that's been accepted on the COD system. So, it wouldn't give you anything that you might have had on your system that you haven't submitted. But, the change is coming in March, you can get it in CSV format, which is – you can then do whatever you want with it. |
| *Audience:* | Okay. And then – |
| *Wendy:* | And that would literally be – you could ask for the year to date disbursements as many times during the month as you want or need. |
| *Audience:* | And that'll be around March? |
| *Wendy:* | That's coming up in March. |
| *Audience:* | Okay. Thank you. |
| *[Inaudible]* | |
| *Audience:* | Hi, there. |
| *[Laughter]* | |
| *Wendy:* | Hi. |
| *Audience:* | When a student gets a direct loan and we discover he or she never attended, the handbook tells us to return any money that we still have in our control and notify the loan servicer who will then, supposedly, generate a 30 day demand letter. How do we report that to COD because our system, basically – if we cancel the loan in the system, then we have to send all the money back. And if they send all the money back, obviously, we're returning more money to COD or to G5 than we should. And I sent a request to COD Help to answer that question for me about three months ago and I haven't heard a word. So, I'm curious how we report that. |

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| *Wendy:* | For – if the borrower is over awarded and you're working with the servicer for a 30 day on demand, you don't reduce anything in COD because the student was given the money, they weren't eligible for it and you're trying to collect the money. The servicer will work to collect it, but you don't reduce it in COD because then that reduces – makes you so you can't reconcile because your draws are gonna be higher than your disbursements. So, once you get to that point where you're doing the 30 day on demand with the servicer, there is nothing you do in COD. |
| *Audience:* | So, we don't cancel it in our system at all? We just sent the money back? |
| *Wendy:* | 'Cause, well, if you cancel it in the COD system, that's gonna cancel it in the servicer's system, like the student never received the money. Anything you send to COD, COD passes on. So, if this literally is an over award and the student got too much money and they owe the money back, you don't reduce your disbursements in COD 'cause that's gonna reduce the loan at the servicing center. |
| *Audience:* | Okay. I'm gonna need some more help with that. |
| *Wendy:* | Yeah. Yeah, if you want to talk, you can come here afterwards. |
| *Audience:* | Okay. Thank you. |