

Tony Laing:

I'm Tony Laing. In my day job, I'm known as the director of the internal controls division. Here, at the podium with me, is LaShae Jones. She's really one of my groupies, but at her day job, she's known as the chief of the funds control branch. She's the individual who's in charge of your funding for all the program. Then Michael Falby is from G5 formerly known as GAPS. He's the man that you should know – that's good to know because, if you don't know your cash or what's happening with your cash, you can really get into trouble.

We're here to pass along information. This is a very lengthy name of a presentation, Loan and Grant Funding and Cash Management, and we've listed out the six programs that are still left in Title Four, A, C, G and Smart that ended this year. Campus Based actually has two programs, and LaShae will be discussing those two programs.

We're going to give you an overview of the funding of the loan and grant programs, talk about the cash management and then go through each of the six programs and talk about some of the flow of the cash and the funding and then end it with Michael will be discussing some detailed screens dealing with G5 that you should know.

Well, let me start by giving you a big thank you for all the work that you've done when, listening to Secretary Duncan's remarks this morning, I am in awe as to how much money that we actually put out for students, over \$100 billion, tens of millions of students, and it is a noble job that we all collectively do. And these are six programs. I think, if each of us could design them, we wouldn't design them as they are. There are changes that we would like to make, but it falls under the rubric of it is what it is, and we both, you and us, try to do the best we can with what Congress has enacted for us.

Can I ask how many new financial aid administrators are here today? Okay. How many of the financial aid administrators have read access to G5? Good. And how many business officers do we have here today? Oh, good.

So we're going to discuss what's in common with these Title Four programs, and they are direct loans which has been around since 1992, Pell Grants since 1973. Teach is relatively new since 2008, and the Iraq and Afghanistan Service Grants, IASG, has been around since 2010 then, for the campus based programs, they are the granddaddies of the programs.

Perkins, which we don't discuss because there's no new funding for that, started in 1957 as a reaction to Sputnik, but SCOG and work study – what LaShae will be discussing – they've been around since 1966. And as for me, I've been working with these programs in different positions for over half that time. And with G5, that is our payment system. Replaces GAPS and G5 actually stands for five goals that the payment system has been successfully implementing.

Now what do these programs have in common? Basically, the cash is requested and returned through G5. All of them have their own separate bank accounts or there's bank accounts that you need for these programs, and the funds are all associated with a DUNS number that we will discuss a little bit more in detail. There's two numbers that you should be aware of. One is a DUNS number, and the other is the G5 award number.

Funds are award year and program specific. Years ago, schools got a pot of money, and you had to divide that up, but the last few years, they are award year and program specific. You draw down by award years and programs. You can make cash adjustments through – between some of the programs but not across programs, and Michael will talk about that a little bit at the end.

And then in terms of managing the FSA funds, we have the 30 day rule where you have to send in an adjustment to COD for the COD programs within 30 days of becoming aware of that. The three day rule is you should not have funds available for more than three days without using them. Then the reconciliation requirements, for direct loans, there are some that are mandatory. For the others, they are recommended.

This is the flowchart, basically, of the money flow. You, as the school, send in disbursement data for L direct loans and Teach and somewhat for ISG to COD. Then on your FSAP, for campus based programs and SCOG and work study, that comes into the Electronic Campus Based program, ECB. All of that data is sent to G5 where you draw it down, and you pay the students.

You obtain your cash, basically, through G5. It's the Department of Education's payment system for all the programs not only for Title Four but for – as Title Four of the Higher Education Act, it brings us altogether, but there are other titles that some of the schools are also involved in, but you're also drawing on the funds for the other programs such as Title Three. It provides the location

for all school payment processes such as your draw downs, draw down adjustments, refunds and the G5 funding reports.

For your bank accounts, you must have a designated bank account to which it can send Title Four cash. Schools may establish one or multiple federal funds bank accounts. Funds – you must be able to identify the different types of Title Four fund, and you must designate a bank account for processing refunds.

If you're changing your bank accounts, for any reason, it takes two to three days to process that banking information, and if you're doing that, we do have – I didn't mention at the beginning – we have a PC lab. There's G5 staff there, and some of our staff are manning those booths. If you had issues, they have 1199As available if you want to change any forms or if you want to get read access. They're just outside this room, I think, in the hall, and there's also a COD room there for any COD related questions.

We put this slide in there, grantee versus payee DUNS, and for every school, you have to have a grantee DUNS. That's what's in gray there. That's the number that's on the postsecondary participation agreement, and that's basically whoever owns the school or institution.

Then that second number is the payee DUNS. That's the DUNS number that's used to process payments. It's linked to a bank account, and the users register with their payee DUNS when requesting access to G5. Typically, that grantee and payee DUNS number are the same, and that's 90 percent of the time for the larger school systems like state systems where the state comptroller or the state treasurer draw down. They will have perhaps a different payee DUNS.

And we put this slide in here because we've had a lot of schools having changes of affiliation, and a common error is with that DUNS number. And that will stymie all of your funding if the DUNS numbers are not set up correctly.

And for this slide, the DUNS registration, there is a new requirement that the DUNS numbers must be registered at the central contractor registration, and we run reports that track the schools who have not registered. And that number of the unregistered is holding fast at like 1,500. So this slide shows you – gives you the site where you go to register, CCR.gov. It allows five days for a new registration process and allows two days for renewal.

And this refers to the payee DUNS, and you must renew within 12 months of your previous registration, and there's a helpdesk number there. The important thing and the reason we're stressing this is, right now, the Title Four schools, it's recommended they register they're exempt. In a few years, we don't know when they will be required. So, if you got G5 to draw down and you're not registered with the central contractor registration, you will – your request will just reject. So it's something we're highly recommending. It's recommended now. It will be mandatory in a few more years.

The other number that you should be intimately familiar with is your G5 award number. These G5 award numbers are program and award year specific, and these are examples for the five – the six Title Four programs. If you look at the number there that's in red – and this is one of the things that's still a puzzlement to us as to why these were ever changed.

When you think of the '11, '12 award year, that's eight digits, 2011 dash – I mean it's nine digits. 2011 dash 2012. The number in red is either the leading year or the trailing year. They're not consistent for some reason. When the loan programs were started, they started using the trailing year, which you can see is '12. The loans are – or the grants are the leading year. So that always drives us crazy when we're – when we're creating different reports as to which award year are we looking for but something that you just had to be mindful of, and I'm sure you probably have the same issues.

Now, under managing Title Four funds, we want to talk a little bit about some of the cash management and some of the fiduciary responsibilities. Schools have a responsibility to safeguard the FSA funds, ensure funds are used for the intended purposes and return funds on a student's behalf to the loan programs, and you must return to education funds that cannot be used as intended.

And this fiduciary requirement is illustrated in several ways. First of all, that bank account that you're using must be noted as for use of federal funds. It cannot be used for any purpose other than to fund eligible students, and third, you can't use it for collateral. Also, I forgot to mention we will take questions as we're going along, and if we get too many, then we'll ask you to hold them until the end.

But if you have any questions, feel free to ask them, and there are some mics you will have to use so that I can hear, but we like to

keep this casual. So, if you have any questions, ask them as we're going along.

With the Title Four excess cash, schools must disburse Title Four funds to a student within three business days of receiving the fund in its federal funds bank account. Title Four funds that are not disbursed before this deadline are Title Four excess cash.

Now there is a tolerance, and that tolerance is you can exceed the three days if it does not exceed one percent of the prior year draw down, and you can hold onto that for seven days. So that is the tolerance that is allowed.

And these are the three cash management rules, the 30 day reporting requirement for the – we put the cite in here, the legal cite for the 30 day reporting requirement. You have to report within 30 days of becoming aware of a change in an award or, if you – for direct loans, if you've drawn down funds, you must report disbursement record within 30 days of the draw down, three day cash rule, which we just elaborated on, where you can't hold onto federal funds for more than three days, and that does include any adjustments or refunds or anything the student has repaid.

Then for the monthly reconciliation, it is legally required to do that in direct loans. We'll talk a little bit more about that, but in the other programs, a monthly reconciliation is just highly recommended. Then the recovery of unclaimed funds, for a student's credit balance check balance mailed – if it's mailed and comes back or the electronic funds transfer is rejected, you have 45 days to either return the funds to education or try to disburse again. You may continue to keep trying as long as the unclaimed funds are returned to the department within 240 days which is basically eight months when the check – the electronic funds transfer was issued. If a student credit balance was mailed but is never cashed, you still have eight months, same as 245 days – 240 days to return those funds to education.

Now to move onto the individual programs, the ones that are operate in COD, we have the daily funding, and one thing I'd like to bring with me, just to show you what the change has been in technology since I started, this is back when Pell was called Basic Education Opportunity. This is a copy some of you may have worked with. This is what you used to send it. It is four part carbon, a copy for the student, a copy for the business officer, copy for the financial aid office and for the student and school have a copy.

Technology has allowed us to change. Now we have, with COD, we're web based, and schools submit data – origination disbursement data whenever they want. We pull that data in twice a day, 10:00 A.M. and 10:00 P.M. We're proud of, for the most part, same day processing. If you send in disbursement data by 10:00 A.M., it will get processed in G5 that afternoon. So we are down to a 24 hour processing cycle.

Now I'm going – we're going to go over the individual programs and give you an overview of their lifecycle starting with direct loans, and there, again, I want to give you a shout out for all the work that you've done, within the past year, of making that 100 percent direct loans. It's – we're in awe that we're funding \$100 billion for ten million students.

But the overview is we have different funding methods you reconcile at the end of the month. We initiate several global jobs then you use – then you perform year end reconciliation. In terms of the funding methods, we have an initial authorization for direct loans, and we do intend to keep that initial authorization there.

If some of the schools didn't get an initial authorization, we usually do them right after the award year release is implemented. This year that the – what we refer to as our 11-O release will occur the weekend of March 10th and 11th. We'll do an initial authorization for the '11, '12 year right after that and then we do an subsequent increase in late November. We just did that last week. You should have that in your SAIG mailbox and see it on – see it in G – in COD.

We gave 5,500 schools \$41 billion. For the foreign schools, we have 400 foreign schools in the program now. They don't get an initial authorization. They're basically records first. They submit origination and disbursement records and then receive their funding. And, for a few schools that are on heightened cash monitoring, too, or reimbursement, they're funding by the department's program and compliance after they submit disbursement records to the action queue in COD.

For a funding – for an example of the funding of the direct loan program, we create that initial authorization. This would be for the '12, '13 year in March, April timeframe for the advanced funding schools which are most of the school. Then late June, if they didn't get the initial, we do another job if they had not submitted disbursement records for the prior year and they we missed in the initial.

We do daily processing which is the 10:00 A.M. and 10:00 P.M. pull and apply, and that's where we accept your disbursement records. You do the monthly reconciliation. We send the student account statement to you then closeout occurs 13 months after the end of the award year on July 31st, 2014. And that's where we reduce your CFL which is your current funding level. It's your authorization down to the net accepted or net draw down in G5.

Your – the amount of your initial authorization, that we generate in the spring, is approximately 60 to 65 percent of the amount of the disbursement records on file from the previous year. Therefore, with the '12, '13 initial authorization, our system, the COD system, takes a look at what the authorization or what the disbursement records are there that are sitting there for the previous year which is '11, '12, and we give you 60 to 65 percent of that authorization.

And the tip that you can use as a takeaway is to make sure you have as many disbursement records submitted to COD by February as you can for that spring semester to get a higher authorization for the '12, '13 year. We will give you an increase in November or if funds are running low for you at other times during the year. We do monitor that, and if you do need additional funds, you can send in disbursement records, and that automatically increases your authorization. You send those in up to seven days in advance of the disbursement date, or if you're having system problems or there's some issue going on where you need additional funds, you can't send in disbursement records, your initial authorization wasn't high enough or whatever, you can call customer service. You should have that number. We have it on this slide. It's towards the end.

For the direct loan funding information, we fund the direct loans schools at the intended sites at the individual locations, and that's where your G code or your E code is located. With Pell and the loan – grant programs, we funded the main campus.

Your ward in G5 is specific to the direct loans school code that originated that loan. So it's very specific. The actual disbursements will only be accepted if origination record is linked to an active P note. So you have to make sure that your P notes are up to do and in the system.

Now, for your funding methods for the advanced funded schools, there's basically three ways you can fund your students. That's to either – if you have the initial authorizations then posted, you can request funds from G5, credit the student's account the report the

disbursement records within 30 days to COD, or you can report the disbursements to COD, request the dollars and then credit the student's account or, thirdly, credit the student's account, report the disbursement of records to COD and then request the dollars from G5.

And, again, you can report your actual disbursements up to seven days in advance. This is consistent for all of the programs that use COD. We did have 30 days for some of the programs, but now, it's all seven days in advance. And, again, you must report the actual disbursements within 30 days of that disbursement date.

And what we have highlighted in blue in one of our latest releases, we did implement a new direct loan actual disbursement list that's now available. So we hope you find that useful.

Now, under your reconciliation, when the program was created, legislation required that we do a monthly reconciliation. You have to document the efforts that you're making. We send you every month a school account statement, the SAS for short, that usually has year to date data on it. It is the – the default for receiving that is set to monthly, but it will have year to date data. You can get monthly, and it comes via the SAIG mailbox. And it should show you your cash, your loan and disbursement detail by award year. So it should be – it is your critical reconciliation tool, and there is another session in the marquis ballroom dedicatedly exclusively to direct loan reconciliation.

Then the school monitoring email that you receive from COD, that's automatically generated in situations where that the formula is showing that the school has drawn down cash, but they have not submitted sufficient disbursement records to cover the amount that they've drawn down.

And one thing that we have noticed in the past, while there have been some schools complaining that they're getting these emails, but they're set in refunds and we – and they're saying, "Well, it's the refunds that the G5 aren't posting as timely as they should." We have had some issues with that, but they're basically fixed at this point, but this is still a warning message. So, if you sent in – if you're getting a warning message, but you have sent in the refunds and you feel like you're covered, it would – it should be fine within the next month.

Now the internal reconciliation – for the reconciliations, there's basically two that you do. One is the comparison of the business

office records with basically what the financial aid office has on their books. So that's what you have to reconcile with internally. Then, externally, you're comparing your records with what the departments in COD and also in GAPS have recorded.

And the one thing that we get as a common question, in terms of reconciliation, is who is supposed to be doing this. Is it the financial aid office or is the business office? And we've asked that question to several schools that seem like they've got outstanding practices and they're best in field type of businesses, and it all varies.

Some schools set up someone in the business office. Others set up in the financial aid office. The requirement is that we have – that you have a coordinating official who has set up a system to do this reconciliation, and then if there are variances, has some way to get them resolved. So, again, it's totally up to the school as to who that coordinating official is.

Then in terms of reconciliation versus closeout, they're basically the same. It's just close out is a reconciliation at the end of the award year. Under your monthly reconciliation, you compare your records with the department's to identify and account for discrepancies. Your ending cash balance is allowable at something other than a dollar – something other than zero on a monthly basis, but at the end of the year, when you do the end of your closeout, which is basically an end of year reconciliation, you must ensure that all of your records are processed and all cash is accounted for and reconciled, and your ending cash balance must equal zero. For us left brain types, that ending cash balance of equaling zero is a thing of beauty. So we appreciate it, and if you're not reconciled, you're living in sin.

This screen you can take back with you as the COD initiated activity for direct loans. It's a good reference form. The initial authorization is what we create in the spring expect funding adjustments throughout the award year. And we increase your funding throughout the year, also.

Closeout happens at July 31st, 13 months after the end of the award year. You had substantiated cash emails are sent daily when you fall into that system – that process and you trigger that email. The – your reconciliation report is the SAS, and then under the how category, it tells you what those message classes are to receive them in case you have not – are not familiar with them.

Now I'll move on from direct loans into Pell, and Pell is basically a records first system. We do the daily production and reconciliation. We have several global jobs that I'll discuss, and we have a yearend reconciliation for Pell. And, again, I want to give you a thank you for all the work that you've done this year with '11, '12. It was the first year we did not give an initial authorization in Pell.

We thought a lot of schools would have a much more difficult time than they did with that, but you're basically on records first. Most of the schools seem to be able to cope with that. It's probably not a funding method of choice, but it's something that we were – we did as a part – as a way to address audit requirements and improve our funds control.

And, as **Arnie Duncan** mentioned at his presentation, we did have the two Pell Grants in an award year. **Jim Manning** mentioned that, and that's basically history now. It was the largest – I never thought I'd see a Pell on funding at \$40 billion, but that's what it was last year when we had that. But it's no longer there, but we do have the maximum Pell Grant award that's over \$5,000.00. And we are accepted Pell Grant records earlier than ever. We did that last year because of the two Pell Grants in an award year.

And for this year, for 2012 – 13, the upcoming award year, April 16th, 2012 will be the first state that will accept disbursement records for the '12 – '13 year. It's April 16th which is the day after tax day. Even though this session – this part's talking about Pell, I have to throw in a good mention of the ACG Smart Grants that was authorized for five years. So it was sunset was the loving term we used for when a program ends. It was actually sunset for the '10 – '11 award year, and it's still around to do a couple of reduction years on it which I will discuss.

Now, with Pell, the crossover payment periods –and this is something that jumped out at us the last – well, we had a lot of questions and issues with this from schools when they were funding two Pells in an award year, but even without that, we still have an issue in the summer which award year should they fund from. For example, in the upcoming summer of 2012, should you fund from '11 – '12 or '12 – '13?

Well, you can use crossover payment periods. You can have your – use your own discretion as to where you want to fund from as long as at least one day of the payment period must cross July 1st, and the payment period must be from May 1st through September 30th,

and you may award the fund out of either award you. And, obviously, you must have a valid ICER for that award year.

I see a question over here? Yes.

Female: *[Inaudible comment from audience member]*

Tony Laing: Her question was, if they are a withdraw, do they have to attend in that award year. From when did they withdraw?

Female: *[Inaudible comment from audience member]*

Tony Laing: I'm looking at some of my experts down here. She was – the question for you – those who couldn't hear you – hear her, the student withdrew in June and then is coming back in. Right?

Male: *[Inaudible comment from audience member]*

Tony Laing: You've stumped the band on that. We think that's a '12 – '13 award. If you could come up afterwards, we'll take your name and we'll – that's a policy question. I don't think I have any policy experts here in the room with us. Yes?

Female: *[Inaudible comment from audience member]*

Tony Laing: The question do schools have the option of assigning what award year they want to use. I think the answer is yes just as long as you have figured that out. Just as long as you do have the payment period crossing over July 1st. That was a very common question from schools, but the answer – that's why we put the slide in here.

Okay. Now, for the Pell Grant processing, the funding is through the main campus only, and that's a comparison – a contrast with direct loans where we fund the attending campus. Your accepted disbursement records drive the funding. That's why it's now called Records First, and like direct loans, you can send the actual disbursements up to seven days in advanced.

You must resolved rejected records to increase the funding, and one of the tips there is, if you have rejected records, please go in and get them resolved and try to figure out what the edits are that are rejecting those records, and that's something you can learn more about at the COD session that's later today. And your reconciliation will be an ongoing process. The best practices that schools show – and I think more of you do and your technology today allows that – is to do your own personal, 30 day or monthly

reconciliation the same as one would your own personal checking account.

Then the good old Pell Grant administrative cost allowance, this is \$5.00 that we generate for you for every award you calculate. This is one of those items that's on that – on the chopping block of the super committee in different budget reduction committees, but it's still there for now. We award that three times during an award year for the '11 – '12 award year. The first payment will go out in March. The second one in August and then a cleanup in August – a year later, August 2013.

And this is where we do an obligated pay. We send the payment directly to you. The payment is sent directly to the bank accounts by G5, and it's usually a common question – right after we make those payments, G5 staff will get a flurry of phone calls. “We received this money in our account. We have no idea what it is for, but it has a queue in that G5 award number.”

And, usually, we always tell them – ask them a question when they ask us. We'll say, “Is that number divisible by five?” If it's yes, that's your Pell Grant administrative cost allowance, and if it was issued around these times.

Now, for the individual reductions, the first one is the potential overlord process, and that occurs when more than one – when a student – when it appears to the COD system that student attended more than one school at the same time. The COD system checks to make sure that the student has not received more than 100 percent of his or her eligibility, and then COD generates the multiple reporting requests to the schools involved. It's basically a warning, and it tells the schools they have 30 days to resolve that situation. If not resolved, all Pell Grant funds for that student are reduced at both schools for the entire award year.

And this is something we are thankful – thanking you personally for this. This used to be a very big problem for the schools. We had a lot of work to do with schools when they would send this in, but it is something that schools seem to be resolving this on their own. We get very few escalation issues from our customer service, and I know, when we brought up COD which has been going on ten years already, this was a big problem, and now, it's almost like a best practice.

Then, for the CFL changes as result of global jobs, we have three program wide reductions that we do. The first one is the Pell

Verification W Reduction, and even though it's not Pell, we'll put it in here – it's the ACG and Smart where the programs – where, even though the program award years are ended, 18 months after the end of the award year, we allow you to do adjustments, but then we reduce you – your authorization to CFL – to the level of the net drawdown, and we do the same thing for Pell.

Now why should you care about this? Because it reduces your available balance in G5. It can create an unprocessed deobligation which is the same as excess cash which causes a lot of work for the department staff and for you.

This slide shows you some of the dates for the operational tasks that we're going to do these reductions. In March 2012, we're doing the 2009 – '10 Pell reduction to G5 net drawdown. In April, we'll do the same thing for ACG and Smart for the '09 – '10 year then for the current award year, '11 – '12, we'll be doing the Pell Verification. There will be warning and update, and then, also we do two of those verification reductions. The second one being in August.

We put this slide in here. You're probably familiar with this one. This is the school correspondence letter that comes to the SAIG mailbox into COD, and in this one, it's just showing you an example of what it looks like for one of the reduction jobs. This is an example of the reduction to G5 net drawdown. Here, in this example, the school has an authorization of \$1 million. They've drawn down 800,000, and we've reduced your authorization down to \$800,000.00. You're really not reconciled when this happens because you should have sent in disbursement records that reduce that authorization to 800,000.

That first verification – reduction job is the Pell Grant Verification. There's a second – we do that twice in an award year. This is where the students are selected for verification, and I know, at the federal update session, they were talking – I think that's always one of the standard things we do in the federal update is what's the latest and the verification requirements. Is it 30 percent, 100 percent or whatever?

But whatever those percentage are, it's still the same in the sense that you can submit that first disbursement record with a W which means you've awarded a first disbursement without processing, without verifying, and that must be changed to either an S for selected or a V for verified when you do those procedures. And if you don't do that within certain timeframes, then we send you a

warning we're going to reduce your award and then we do the reduction. And why should you care? Because the negative disbursement record reduces the amount of the authorization in G5, and it creates excess cash for you.

These unprocessed deobligations, we decided to put this slide in here this year because this is a lot of work for us for usually the older award years where schools have submitted reductions and they've not – or the financial aid administrator has submitted a reduction for whatever reason, and it's basically created when a school submits or concretes a decreased CFL transaction below the amount already drawn, and the business officer has not submitted the cash to go along with that reduction.

And this is an example of that where the CFL is \$1 million. The drawdown's \$1 million. The available balance is zero. You're good to go. We like to see this, but then the school submits \$1,000.00 decrease. This is usually for a prior year, and that decrease can be for an audit adjustment or some type of a reconciliation adjustment. But your available balance in G5 was zero. COD now shows a reduction of \$1,000.00, but it doesn't process in G5. It's sort of held in limbo there, but on some of the screens, some of the reports, it is shown, but the financial aid or the business officer must submit – must refund \$1,000.00 to clear it.

Stay reconciled. Again, for us left brained types, this is beauty where your net accepted and post disbursement data, which is your disbursement records in COD, match your authorization which is your CFL in COD which matches the amount that you've drawn down in G5. You reconcile when those there aspects are in synch. The goal is to have a zero Pell Grant available balance for all award years. You should always verify and compare both COD and G5 systems to see the available balance.

We put this in here, and this is for the '08 – '09 year which is still active. The Pell award years are active for five years after the end of the award year. This is for a program year that should have been reconciled to zero, but it's showing an \$848.00 decrease there where the case is greater than accepted in posted disbursements, and that's on the school's summary information. For prior years, you shouldn't be – if you see anything sitting there, you should check with your business office and get it reconciled.

This is your school funding information screen where that \$848.00 decrease is also reflected where the CFL is showing one thing, and then at disbursements – accepted and posted disbursements are

showing something else for a prior year. And then in G5, Michael talked about this at length, but here, that available balance is zero, but when you look at an external award history report in G5, it is showing that \$848.00 dollars, and that's where it is seen by the business officer who should try to get that resolved.

For the Pell Grant reconciliation tools, we have the year to date file, and basically, this slide also shows you – you have the message classes for 2012 – '13. You can take that back as a reference. For closeout and reconciliation, Pell is available for five years after the end of the award year. We put ACG and Smart on here. The first couple of years of that program, they were available for four years and then later three years. They were available for five years, but you can take that back with you if you ever are still working with any adjustments in those programs.

Post deadline processing, we do allow that for any type of extended processing based on audit adjustment, resolutions of POP and the like, but by September 30th, you should have your data submitted. But, if not, you can go on the COD website under the school menu, and you request that post-deadline process and, when you're getting ready, just submit the data.

Next, I'll move into the TEACH program funding lifecycle. This program has been around since 2008. It's basically a grant program – grant for teachers. It basically mimics the processing of direct loans. We have several funding methods, monthly reconciliation, yearend reconciliation. And, with TEACH, there is no initial authorization, and that's basically because we don't know how much to give to you because you're – it varies from year to year, and it's relatively new.

The recipient must complete the TEACH grant entrance counseling and new agreement to serve each year before disbursements will accept, and your reconciliations are very similar to direct loans. We have a student account statement, the year out closeout July 31st, 13 months after the end of the award year, and the available balance is then reduced to the net drawdown of that closeout time.

Then the fifth program, we have one slide for, and as far as we're concerned, I think you would agree, the less recipients, the better. This is the Iraq Afghanistan Service Grant Program. It's very small. We've had it for two years. We only have, fortunately, 40 recipients. These are grants for the survivors of soldiers who have been killed in Iraq or Afghanistan, and it's such a small program.

It's somewhat of a hybrid that it's not cost effective. There's no cost benefit to automate this.

So we have the schools submit that disbursement record as anticipated with a disbursement release indicator of false. That gets it into the system then everything, from that point on, is manually generated by LaShae's staff. She generates a file to G5 for you to draw down. The statement of account, which is our official notification to you, is done manually.

We create the payment requests in G5 when we do our own individual reconciliation with G5, and there's no COD initiated activity. Now, before LaShae starts – gives you a discussion of some of the campus based programs, do you have any questions on anything that I've discussed already? If not, we can wait until the end. Yes?

Female: *[Inaudible comment from audience member]*

Tony Laing: Her question was what should she do differently because she's been getting the nasty grams from COD saying, "You're unsubstantiated," because she has a static payment date. You're thumbing the band on that one also. Come up afterwards and give me your business card and I'll find out the answer to that, and you can also got the – the direct loan closeout and reconciliation session, and I'll try to find the answer.

The problem is I should know that because I don't think that many schools – or I don't know how many schools use a static payment date, but that – also, that substantiation email is basically a warning. So I guess my gut reaction is you can probably ignore that warning because it's not going to result in anything.

Female: *[Inaudible comment from audience member]*

Tony Laing: That one, I would take that down to the reconciliation PC lab and show them your data and what they would recommend to do. I don't think I could address that from the podium, but that is an excellent question. Yes.

Female: *[Inaudible comment from audience member]*

Tony Laing: The question is the ACA payments, that are on the chopping block from the different budget committees, are they for the '12 – '13 year. No. The years beyond that. Right. All right.

I'm going to let LaShae discuss the granddaddy of the programs, the campus based and then we'll take questions afterward.

LaShae Jones:

Good afternoon. Again, my name is LaShae Jones and work in the funds control branch and Campus Based is one of the few programs – or one of the many programs that we do fund. By a show of hands, is anyone familiar with the FSAP? Yay. Good. Good.

As you know, the FSAP serves as a twofold document, reports how campus based funds were spent for the reporting year in addition to it requests funds for campus based for the upcoming year. For the funding, two key dates to remember is February the 1st. That's when our tentatives are run, and they're published to the schools. Also, too, April 1st is your final funding is also too published out on the website. We do generate two FSA initiated global jobs. We'll discuss them a little further on.

By a show of hands, how many have logged into this website? Okay. I'll take your question in one second. Hold on. This is a really good tool to log into. This has a wealth of information right there at your fingertips. It actually has question and answers where, if you have questions, there's the answers to or even if you haven't maybe thought about some of the questions to ask, there's definitely a form of information there. There's also a desk reference that's applicable to the 2012 – '13 award year and also, too, includes the FSAP form for '12 – '13 as well.

It also has a call customer service desk email and phone number. If you have any question, their point of contact information is there as well. In addition to that, there's a related IFAP link that's geared to all information related to FWS and FSCOG which includes electronic updates and any type of announcements that you would need to know.

Ma'am, you have a question?

Female:

[Inaudible comment from audience member]

LaShae Jones:

That's – yeah, that's a correction. It's between February and March. So I'm assuming that the date has changed. It would probably more likely be March, but any additional information regarding the days will be posted in an electronic announcement.

Female:

[Inaudible comment from audience member]

LaShae Jones: The tentatives. Is that – what did we put? Tentative fundings?

Tony Laing: February or March.

LaShae Jones: February or March for tentatives, but the April 1st deadline is still for the final funding for FSEOG and work study.

Female: *[Inaudible comment from audience member]*

LaShae Jones: That way before? Okay. We'll take that forward and see if there's any wiggle room in between that. That – Tony is indicating that the driver is when your budget is available. So we don't know what the appropriation law is going to have. So it's the driver. Stay tuned. We'll try to do it as quickly as possible.

Again, if you have any issues with logging into this website, the PC lab is around the corner for Campus Based, and there's a host of individuals there that can answer any questions that you may have. The FISAP, the actual formal name is the Fiscal Operations Report and Application to Participate. Glad it's shorted to FISAP. Try to say that ten times quickly.

One of the key dates for the FISAP is that the due date is actually October 1st. If by change October 1st falls on a weekend, the due date of the FISAP will be that Friday beforehand. Another important date to remember is December 15th. Why? That's when any changes or corrections will be accepted for the FISAP, any revisions for the initial FISAP submission, anything that's – anything after that date, the system is actually locked. So it's important to try to get your corrections – it's important to get your corrections in by December 15th.

We included this slide here as a takeaway. There's key dates here. As I stated before, the FISAP submission date, the actual due date for any corrections, the tentative awards and the final awards. We basically sailed through the first four. So the next important due date will be the December 15th due date.

Allocation of funds, based on statutory formulas and program funding, that is how the different FWS and FSU and G awards are calculated. They're calculated using the formula set forth by the Higher Education Act of 1965 and as amended by HEA. There's also two calculations by using your base guarantee and your fair share formula.

Also, too, there's a section in a questions and answers module that indicates how your school was actually derived based on your base guarantee and fair share formula. So, if you have any questions about that, you can also go to a question and answer section or, again, there's people – folks with the PC lab that can help you with that information.

New tentative allocations are posted in February, tentatively February. We'll see what actually happens. Any questions that you may have or explanations of your line items for your worksheets, that's also posted in IFAP for the tentative funding levels.

The next one is your fund allocation information. That's posted April 1st. Any unexpended amounts must be released back to the department, and they should be returned via the Campus Based reallocation form, ED form E40-4P. And this form is used also release unexpended portions back to schools and also to request money back as well. So, if you have funds that you want to return back to the department, you can put that information on that form. And, also, if you're requesting funds, that can also be listed on that form as well. So that's another one that serves as a twofold source.

Your transfer of funds. The school may transfer up to 25 percent of its original plus supplemental awards in the Campus Based programs in the following manner. From FWS to FSEOG and or Perkins and the total amount transferred may not exceed 25 percent, and it also can go from FSEOG to FWS as well. The takeaway, though, for this particular slide is that schools can only move fund to Perkins from FSEOG and FWS if they are actively advancing funds to students and receive a level of expenditure or LOE for Perkins. Any amounts transferred but no expended must be returned back to the department.

The difference between the 25 percent slide and the ten percent carry forward and back is a school may carry forward or back only within the same programs. So it's definitely program specific. The school can carry forward, into the next award year, up to ten percent of its original plus supplemental awards in FSEOG and FWS and carry back to the prior award year up to ten percent as well.

The FSA initiated global jobs, April 2012 is when we have tentatively scheduled for our reduction to the G5 net draw downs for award year 2010 – 2011. Also to – with this process, you

need to make sure that, when you report on your FISAP for your expenditures, that those are your expenditures, and once the job has run, that you need to look into G5 because what can happen is that you can also have an excess cash, and that would create an unprocessed deobligation which is a UD.

In those instances, you need to return the funds back via G5, or if you find that you've made a mistake on your FISAP, you can request of the grants and campus based call center to send a request to the grants and campus based division, but it's only based on unusual circumstances. And in that process, they will all the FISAP to be reopened, and you can make changes to your FISAP.

So please make sure that you note in G5 and double check to see if you have any UDs that you need to take care of. For the deobligations for '11 - '12 and reallocations for '12 - '13, that's also scheduled for September 2012, and again, that process is completed on the reallocation form and processed for both the reallocation form, and it's usually due the 3rd week of August. And that's also to the form - ED form E40-4P. Any questions?

Female: *[Inaudible comment from audience member]*

LaShae Jones: Yes. The question was does carry forward and carry back has to be reported an expenditure. Yes. Ma'am?

Female: *[Inaudible comment from audience member]*

LaShae Jones: It actually has to be reported on your FISAP.

Female: *[Inaudible comment from audience member]*

LaShae Jones: It's on the FISAP, and, ultimately, it feeds into G5, and G5 will make the reduction once we do the closeout. Okay. The question was, "Does the 25 percent," in the slide, it says the 25 percent has to be reported in G5. It actually has to be reported on the FISAP.

Any other question? Ma'am, all the way in the back. I think you're going to have to come up and step to the mic, and also, too, if you have any other further questions in regards to campus based, we do have the customer service site on call right around the corner for campus based.

Female: I was wondering, in reference to the transfer of funds, was there a reason that nothing was included regarding transfer from the Perkins account.

LaShae Jones: With the Perkins account, since there's – and that account hasn't been funded. That's the reason why. If you want to step forward, we can go ahead and talk with someone from the campus based desk just to make sure.

Female: Well, I was talking about the funds that we have that we can award to – even though we don't get the FCC anymore, but in the slide, I noticed there was nothing listed there in reference to whether we can transfer funds from the Perkins account.

LaShae Jones: We don't think so, but we can definitely follow up just to make sure.

Female: Because, in the past, we could.

LaShae Jones: Okay.

Female: Even though the '10 – '11 year. So that was why I had the question.

LaShae Jones: Okay. If you could just come up after the session, we'll try to get an answer for you. Okay. Any other questions? All right, Michael, G5.

Michael Falby: Good morning. Welcome to Vegas. My name is Michael Falby, and I am here supporting – I'm here to represent customer support in G5 before you guys go to lunch. So, if you don't ask too many questions, we can get out of here on time.

The key to doing a G5 is logging into the website which is www.G5.gov. It allows you to go in and access all of your information. Okay? What I'm showing you here is just I'm acting as though you've already had user ID and password already set up and ready to go.

If you having a problem with registration or getting your user ID set up, we are set up outside in the PC lab. So we can try to get you in there today. All right?

Everything I'm going to talk about here, you can access the training online. So, if you go to the G5 website, you go to the main button, and you click on the online training for to see how to do all the functionalities that I'm talking about today. And what I am going to talk about today is creating a payment, how to make any adjustments and how to process a refund. There are more things on the online site, but those are the main three

functionalities I'm going to talk about today. Okay?

Creating payment, very simple. If you notice, on the screen, you have two buttons that say, "Create a payment." The first one regards if you're creating a payment for a grant. So please keep that in mind. The one that says, "Creating a pay dash loan," is obviously if you're creating it for a loan. So keep in mind, between the two, which one you want. All right?

And if we're going from left to right, what you'll notice is it gives you the award number and then it gives you the payment amount or the screen where you can enter the payment amount. It's going to give you a default date of when it's going to deposit, but that date is completely modifiable. So, if you wanted to change it for a week or a month or whatever that is, you can do that. Okay?

You'll notice there it says, "Recipient reference." And that's a little area, if you wanted to nickname your account or your award, that you could do that. It's only going to do it for the award. It's not going to do it on the request. So keep that in mind. Okay? It has your available balance, your net authorization and, what's important, your last date to draw down funds. So you have an idea of exactly what the clock that you're working with. It's going to show your bank account information also. Okay?

Once you've done that, you put in your payment amount, and again, if you wanted to adjust your date, you can. You will simply click on "Continue", and upon clicking "Continue," it takes you where you can submit the request. It allows you to take – it takes you to the summary screen which allows you to see exactly what can request, and if you wanted to, you can go back and make any modifications at this time.

So it shows you the amount, the deposit date. It gives you the bank account information, and it also lets you know if it's ACH or if it's Fedwire. If it's ACH and it was made before 3:00, you're going to get that payment before the next day. If it was Fedwire and it was made before 2:00, you're going to get that on the same day. Okay? So that information is listed there where it says "Bank account."

The checkmarks below tells you the total of your payments, and it gives you what we call the three day rule. That you certified that the funds are going to be spent within the next three business days. Then it asks you one time, "Are you sure?" If you want to submit the request, you simply click or select the "Yes" radio button then you submit that request.

Upon submitting that request, you're going to get an automated email basically telling you that you have requested these funds on the certain date, and it's going to give you a control number. The control number is important so, if there is a problem with your request, you can always call the helpdesk, and they can track it through that control number. Okay? They can track it if you have the PR ward number, but the easiest way would be through the control number.

And, also, what's important on there, it lets you know that, if you did not make a request, that somebody did. So you should be aware of that. Okay? That's creating a payment.

Next, I'm going to talk about doing a draw down adjustment, and this is simply a bookkeeping measure which allows you to adjust or move funds between awards. All right? Now, some of things I have on here is what you can't do. So you cannot move money that – more money than has been drawn down obviously.

Your net adjustments must be equal zero. I think Tony spoke about that earlier. You do not want to use the adjustment feature as a substitute for returning excess cash. Okay? And you do not use adjustments to close out a year or bring your school's cash balance down to zero. All right?

And walking through the functionalities of doing that, simply again, once you're in G5, you will select the payment screen, and it gives you draw down adjustments. On the right hand side, you'll notice that you have two features. One says draw down- I mean, "Create adjustments. Create adjustments dash loan." Obviously, create adjustments are for grant users. Okay?

You click the next button which will actually be "Show All," and it gives you all of your awards listed there. At that point in time, you would select the award that you want to decrease and then select the amount on the award you want to increase. So, for this example, what we have done is we've taken award number C, and we want to decrease by 100. Going to take that and put it in award letter D and we want to increase that by 100 then that will balance those out. Okay?

Clicking on "Continue." Oops. Went too far. Oops. Wait a minute. Clicking on "Continue," the next screen doesn't show up there will take you where you can submit that adjustment, and it just processes those for you. Okay? It takes you to a summary

screen. In G5, before you actually save what you're doing, it's always going to give you a summary screen. Let me just go back to it so you can see exactly what I mean.

It's going to give you a summary screen which allows you to view what you've done. If it's incorrect, you can go and modify it or change it before you find – make that final submission. Okay? And that was drawdown adjustments.

Electronic refunds, G5 allows you to process electronic refunds right through the system. You can still mail the check in or do it manually if you want to, but it's a lot more easier for the system, and it's more trackable if you do it electronically. Okay? If you want to, you can post it to G5, and it will post within two business days. It allows you to control the process so that you know exactly what is going on the entire time throughout the refund process.

Schools direct from which bank account the money is refunded. So you can choose that, and you can do multiple refunds on one screen and at one time. Okay? And doing it electronically reduces human error and any delays that you might have. Okay?

The key to doing a refund, even though you've been in the G5, and you've set up your bank account and done everything in there before, initially, for the very first time, you have to go in and set up the bank account. So, even though you might have been in G5 for two years, you might have been receiving funds and doing drawdowns and so forth, when you're doing a refund for the first time, you initially have to go in and set that up, and you will do that on where it says, "Maintain refund bank accounts." So please keep that in mind. Okay?

Let me go back. That's my G5 section for today. I told you I was going to be brief because I know a lot of you want to go to lunch, and I didn't want everyone to walk out on me. Okay? We do have a few other related sessions that are coming up, and those are listed there.

Just a couple of other notes, if you do have questions, you could always refer to the COD School Relations Center, the campus based call center or the G5 helpdesk. Those folks will allow you – from beginning to end, walk you through that. Okay? And if you want to contact LaShae, Tony or myself, that information is also listed there under the contact information.

Do we have any other questions or any questions at all? Have a great lunch.