

Dan: Here's just a general overview of what we're gonna cover today. I'm gonna talk about the Pell, ACG, National SMART and the New Iraq/Afghanistan Service Grant program. I'm gonna talk a little bit about the Pell program overview, some program stats and some editing statistics, and LaShae will cover the grant funding overview. I'll be starting out with the Iraq and Afghanistan Service Grant program for both the '10-'11 and '11-'12 award years. The cessation of the ACG and National SMART Grant programs changes that we needed to do to COD for the new upcoming '11-'12 award year, schema updates that we updated a few items there recently, the addition of the ability to benefit fields and new program CIP code field, and then we'll talk a little bit about some editing on the ability to benefit data.

The main release for the 2011-12 award year is the COD Release 10.0 which is planned for implementation on February 18, 2011. Then in June we plan on doing an update to the IASG program for some funding enhancements, and also, there'll be some Direct Loan enhancements done also. IASG program is new and effective for the '10-'11 award year. A student of a parent or a guardian who died as a result of military service in Iraq or Afghanistan after 9/11/2001, these are just some highlights of what some of the main requirements are.

The student must be less than 24 years of age or enrolled in a post-secondary program when the parent or guardian died. A student is not eligible to receive both a Pell Grant and an IASG Grant at the same school during the same award year. Basically, the IASG program works like Pell in that awards are made under the same terms and conditions as the Pell Grant program. Disbursements are calculated the same way as Pell. A student can receive up to two IASG awards, just like Pell, in an award year, and there's also the maximum time limit of the 900 percent of lifetime eligibility.

In October, 2010 we implemented the IASG program in COD. We actually built a new IASG indicator on the Pell award P8 page on the COD website. The only way you can originate an IASG is through the website. There's no common record batch processing for this program. Once originated, the web responses will be sent in the Pell award block as IASG is not in the schema yet currently. This is for the '10 and '11 award year and forward.

Currently, based on the data we received from the CPS based on the Department of Defense match, there's currently only about 60 students eligible to be eligible for the IASG program based on the data, and we have paid 17 students so far for the '10-'11 award

year. You can't see it very well, but I just wanted to show the COD Create webpage there where at the bottom of the page it shows the IASG indicator.

The grant indicator will only display if the student is not Pell eligible and has been flagged by the Department of Defense as a dependent of a veteran that died as a result of the service after 9/11. Both a few edits for the '10-'11 award year, they're pretty self explanatory here. One thing, Edit 194, funded disbursements are not allowed for a Pell award when an IASG is equal to "true." So, like I said before, a student can either receive a Pell Grant at your school or an IASG at your school but not both during the same award year.

For 9.2, all disbursements must be submitted as anticipated disbursements or the disbursement release indicator of "false." There's no COD funding stream build from COD to the G5 system. That's all a manual interface right now. In 10.1 where we're gonna build the funding stream from COD to G5, but currently, because this is such a small program, the funding stream from COD to G5 was not built. Also, due to the small number of students eligible for this program there's no school reports for this small program through COD.

In June 2011 we'll implement additional IASG funding enhancements for the '11-'12 award year. So, starting with '11-'12 you will be able to submit an actual disbursement, a DRI equals "true." Funding data will be set up for all Pell-eligible schools. The COD system will send funding-related transactions for the IASG program to G5. We did build the message class for the electronic statement of account for the IASG program. You can see the message class there, and Edit 194 will be retired. Now, I forgot to mention that, generally – currently for the '10-'11 award year, it's taking, generally, about three days from the time a school submits an anticipated disbursement for the IASG program till the time the funding shows up in G5 for the school to be able to draw down. Generally, it's taking about three days.

Cessation of ACG and National SMART Grant programs, ACG and National SMART programs were only authorized for five years. No other recent legislation has changed that, so that means these two programs are no longer will be available in the '11-'12 award year. No students are grandfathered in. What I mean by that is, for example, if a student received a National SMART Grant as a third-year student in '10-'11, they might be otherwise eligible as a fourth-year student in the '11-'12 award year. However, since

there's no funding in the '11-'12 award year, the student can't get any funding in '11-'12 for a National SMART Grant.

Also note that for any crossover payment periods between the '10-'11 award year and the '11-'12 award year for ACG and SMART, since there's no funding available for '11-'12, you're gonna need to pay them in the '10-'11 award year, and also remember that in order to get an ACG and National SMART Grant, the student must be a Pell Grant recipient in that same award year. So, they would have to be a Pell Grant recipient in the '10-'11 award year as well. This slide just shows the date that the prior award years that ACG and National SMART funding is cancelled and will no longer be available for any use. Currently, the funding is still available to pay post-deadline adjustments for ACG and National SMART students due to audits, program reviews and other special circumstances.

Please note that funding to pay any 2010-11 post-deadline adjustments after October 1st of 2011 for ACG and SMART students all depends on any available balance that was not used by September 30th and on any de-obligations or decreases that schools submit after October 1st. Currently, Congress is thinking about rescinding any available balance that's available for the ACG and SMART Grant programs, and we may not have any more sufficient funds to pay anyone else after October 1st in the '10-'11 award year. We seem to have sufficient funding available in the other prior award years for the 2006-07 through '09-'10 to be able to pay these adjustments.

This slide just shows that over the past five years how many students received an ACG and what the total dollar amounts were. The ACG program has helped over 2.2 million students and provided over \$1.5 billion in grant aid during the past five years. These are federal grant funds that are lost and are not going to be replaced with any other federal grant program. This is the slide for the National SMART Grant program, same kind of thing. The National SMART Grant program has helped over 400,000 students, provided over \$1.1 billion, and again, these federal grant funds are not going to be replaced by any other federal grant program.

This slide just shows some of the CIP codes that were used for the '09-'10 award year, and as you can see, biology, engineering and computer science were the top recipients in the National SMART Grant program in the '09-'10 award year. COD release 10.0 is the main release for the 2011-2012 award year. We needed to make

some changes to the COD infrastructure. We had to update valid dates, date ranges, build new message classes. All this information has just been published in the 2011-2012 COD Technical Reference that was just posted to IFAP last week. So, there's a lot of good, new information in there.

Next, the option for schools and third-party servicers to not receive batch receipts – in this release, schools and third-party servicers will be able to go to the COD website, schools options page and opt out of receiving any batch document receipts. This option is applicable to all program types so that if a school opts out of one, then they're opting out of all. The COD default setting right now is set so that schools and third-party servicers will receive the batch receipts. So, a school would have to go in and make a change to say no, they didn't want batch receipts if that's what you want to do.

Also, we updated the schema for the '11-'12 award year and added the ability to benefit fields. The program CIP code field, that was added at the request of policy based on some of the new regulations that just came out or will be coming out in the future. However, the program CIP code field was added for future use, and at this time, is not planned on being used in the '11-'12 award year.

The ability to benefit fields are for all program types: Pell, DL, Teach, and these are just some of the data fields, the tag names. The ability to benefit code, the ability to benefit test administrator code, the ability to benefit test code, the ability to benefit completion date and the ability to benefit state code. The 3.0d schema was published on IFAP on September 30th, 2010, and please note that for the 2011-12 award year and forward, the school is required when reporting Title 4 information to COD to indicate which students were admitted on the basis of the ATB information. So, a school would have to send us data if a student did take an ATB test or the new rule as it relates to the six credits, as well as the other options, the state process, homeschooled and others. We'll go over that on other slides that are after this slide.

The ability to benefit code – so, Code 1 is the test completed. Currently, there are ten approved tests that are on the following slide that are currently available for use in 2011-12. My understanding is that based on the new rules that were just published at the end of October, there's a process in place where test publishers can submit documentation to the Department of Education to be approved for use in the ability to benefit area.

College credits, again, as part of the new rules – 03 is the state process. According to the new rules, a state process can – if a state submits documentation to the department, a state can be eligible to do the ability to benefit testing. 04-home schooled and 05-other – so, if you have a student that took one of the approved tests, some of the required fields based on the test are for 01, the ability to benefit completion date, you need that. You need the test administrator code, whether it was taken at an assessment center or by an independent test administrator and then the actual test code itself.

Once any states are approved, the state just has to send in – I’m sorry, the school just has to send in the state code and the completion date. For the other college credits, homeschooled and other, there’s no other data needed, just that field. We built some edits; they’re pretty self explanatory. Basically, missing ability to benefit state code and ability to benefit completion date, 196 the invalid completion date, 197 missing ability to benefit codes, 198 – so, if a school submits data in the college credits or homeschooled area, that seems to be an error and mismatch, and we’re gonna reject that data ‘cause we don’t expect you to send us any of that data.

Moving on to another topic totally, Pell verification, based on an OIG audit, they identified schools that were misreporting verification status codes to COD. The findings were based on that CPS students selected for verification and the status codes reported to COD incorrectly. So, FSA does continue to analyze the codes reported to us each award year. So, you may have been contacted by a customer service call center, either through e-mail or a call, if you didn’t report data according to the way it should’ve been reported. You may need to change your verification status code and update the data based on some of that information that we imparted to you.

Here are the main codes that are used for that. For each Pell Grant recipient selected for verification by CPS your school should’ve reported a verification status of “V” or “S.” “Blank” is not an acceptable value for a Pell Grant recipient selected for verification by the CPS. Also, for each Pell Grant recipient not selected by the CPS the school should’ve reported a verification status code of “V” if you chose to verify or left the field blank altogether. Two Pells an award year – I hope you’ve all got a chance to see Jeff Baker or go to Jeff Baker’s session on that. This just highlights a few things about two Pells in an award year.

Schools need to set the additional eligibility indicator to “true” when awarding funds for students second scheduled award in COD. Do not automatically set the AEI flag to “true” at the beginning of an award year for a student. You only set the AEI flag to “true” once you’ve verified the student’s eligibility for that second Pell based on the eligibility rules as they were published on October 29th, 2009. The eligibility is based on a payment period in which the student established eligibility for the second Pell Grant award.

Crossover payment periods for the ’09-’10 to ’10-’11 award year – basically, depending on your school’s policy that you decided before July 1st, this may not have been applicable to any of you this year. You had a choice to either do it in the ’09-’10 award year or ’10-’11 award year; that you didn’t have to pay the student the greater award amount in the correct award year. For the ’10-’11 and ’11-’12 award year crossover payment periods reassignment is required. The regulations require schools to pay the student in the summer crossover payment period in whichever award year the student received the greater Pell Grant payment. So, you don’t have a choice this year; you must validate and look at that. The September date and the February date will be similar to what they were in the ’09-’10 award year. Those will be published in the ’10-’11 deadline date notice which should be published in the near future.

This is just a reminder; if a reassignment is required you just need to make sure you do the correct transactions in COD. You need to back out the disbursement from the incorrect award year and make sure you report the disbursement in the new award year. Also, you may have to do some adjustments in the G5 system depending on when you needed to do that to make sure to resolve any negative account balance to make sure that all that funding is straight for each different award year. Also, you need to make sure that your institutional accounting is set correctly to make sure that you’ve got the student in the correct award year. This slide just shows where it is on the Pell award page. It’s down at the bottom; you can’t see it very well, but a school can select – they don’t have to send in a common record, or a document is also available on the COD website.

Some editing statistics for the ’09-’10 award year – these are pretty preventable. These two are hit pretty much every day that COD processes data: 56, sequential number not in sequential order for the disbursement, disbursement sequence numbers associated with a specific disbursement number must be processed in incremental,

sequential order. Schools need to report their disbursements sequence number as 01 for the first disbursement transaction for that disbursement. Also, 58, we receive a lot of duplicates where somehow your systems or whatever just kept sending duplicate data. So, please, before you hit the submit button to send it to COD, please review your data to make sure changes were made to that disbursement data. Otherwise, if all the data is the same, it's gonna reject, and you'll get back Edits 58.

These are just some of the top ten edits for the Pell Grant program for the '09-'10 award year. I'm not gonna go over every one but just highlight a few. Edit 38, student not Pell eligible – you need to review the student's **Icer**, and you need to send in the correct transaction 'cause the transaction that rejected wasn't Pell eligible. Also, missing values – required fields get Edit **994** for missing values. Please ensure that all your data, or your software providers or your vendors have available all the appropriate values that are needed for the program.

Edit 74, incorrect adjustment to disbursement release indicator – that is an edit where we already have on file a student's record, disbursement as a DOI of “true,” and then somehow you want to change it to “false.” We don't allow that, so that's gonna reject. Edit 14, citizenship status is not eligible for this award – if you don't send in the citizenship status in the common record, we do use whatever's in the CPS record that we have in COD, and if we can match it up, then that's good to go, but if in CPS is not eligible, you need to send us the data in the common record telling us that that student is a citizen, either a “1” or a “2” for eligible non-citizen.

Then we have the top five edits currently for '10-'11 award year. Edit 51 is a new one this year in that we changed the eligible window for allowing disbursements. Currently, we changed the window from 30 days in advance to 7 days in advance, and we tried to say that in all the electronic announcements, in the COD Tech Ref or whatever. So, in order to pay a Pell, the earliest you can submit an actual disbursement record with a DRI of “true” is seven days before the actual disbursement date.

COD Tech Ref, as I said, in November, I believe it was last week we published the 2011-12 Technical Reference. It's got a lot of the new ability to benefit information in there. In the winter – in February when we release 10.0 we'll probably do an update with whatever the latest changes are, and also, for the release 10.0

version we'll also update the COD Tech Ref in June of 2011. So, I'm done for the moment, and Miss LaShae will come up.

LaShae Jones:

Thank you, Dan. As Dan has indicated, my name is LaShae Jones. I work in the Internal Controls Division under the Funds Control Branch. This afternoon we're gonna go through a few screens dealing with the grant funding for the Pell, ACG and National SMART Grants. We're gonna go into a little bit of the cash management and G5 funding. We're not gonna deal with IASG since the functionality for the funding has not been cut in yet. It's scheduled for the 10.1 release which is scheduled for June.

This screen here is the iron triangle of the funds management for Department of Education. At the top we have our Budget Services office which is one of the areas that's within the Department of Education. It actually provides us – “us” being ICD – with the amount available to process for the different grant programs. In the middle we have the Department of ED. In the left-hand side we have our common origination and disbursement system which is COD, and this is where your student records are actually processed, and then to the right we have G5 which is our payment system.

The next screen is our iron triangle of funds management for the school side. At the top we have the Department of ED. In the middle is the school. Financial aid office is on the left-hand side which submits the records that are actually input into COD, and then the business office actually draws the funds down in G5. This slide is the funding lifecycle for the award year 2011-2012. As you can see at the top we have our records first, then followed by our daily production which we'll go into a little further in the next slides, global jobs and then the year-end reconciliation for Pell, ACG and National SMART.

We'll see how well this goes over. The first session everything was fine and no tomatoes were thrown, so let's see how this goes over with you all. This year for '11-'12 is the first time that we're gonna be processing on a records-first basis. This means schools will not receive an initial authorization until COD receives and accepts records. All schools will receive a CFL or a current funding level update once the COD system has accepted and posted actual disbursement records for that award year. As usual, we will send a electronic statement of account to each school every time your CFL amount has changed. We've actually initiated different announcements regarding this change. They're posted in May and September.

The next slide is a listing of our global jobs that are generated in our COD system. The first one is the Pell reduction to net accepted and posted disbursements or NAPD. This occurs once for an award year and is system-generated to affect only the schools whose CFL is greater than their NAPD. The majority of the Federal Pell Grant funds for the first payment period of the 2010-2011 should have been disbursed to students around the first of the year; we're looking at January, and this is for the 2010-2011. For the Pell verification reduction – Pell W verification reduction, this is generally processed twice for an award year. However, we're looking to probably running this, most likely, three times for an award year. More communications on that process will follow.

ACG and SMART, no Pell de-obligation – schools are affected when they have student records on file without accepted and funded Pell disbursements greater than zero for that particular award year. For the Pell, ACG and SMART reduction to G5 net drawdowns, this process is generally run when the CFL is actually higher than the G5 net drawdowns, and in this process, we actually go in and reduce the CFL authorization to match your G5 net drawdowns.

The next slide is basically a listing of our dates that we have scheduled. As you can see, we generally process a warning first, and then a subsequent reduction will follow right after that. You can mark your calendars. Also, as well, we post communications on the COD website. That will give you a heads up of all the processes that are coming down the pipe.

Our daily production – COD is a 24-hour turnaround processing system. We internally refer to these as a pull and apply. They happen or occur 10:00 a.m. Eastern Standard Time and 10:00 p.m. Eastern Standard Time in COD. So, what that means is that as long as your transactions are posted in the system, COD will do a sweep and apply them into the COD system by 10:00 a.m., and then the funded transactions are sent to **Gaps** and available for drawdown that same day. Anything after the 10:00 a.m. pull and apply is subsequently posted the next day and available for drawdown in Gaps the next day.

Submitting disbursement records for Pell Grant – seven days before COD extends funding transactions to G5 starting with the 2010-2011, the number of days for the submission of disbursement records change from 30 to 7. ACG and National SMART Grants, seven days in advance of disbursement day and seven days before

COD sends funding transactions to G5.

This screen basically gives you an illustration of the Pell reduction to net accepted and posted records. You start off with the initial CFL authorization, and then the next block indicates when the school sends in disbursement records. The warning is triggered January 2011. You will receive a warning message prior to the reduction, and then in February 2011 we will actually generate the reduction to reduce your CFL to match your net accepted and posted records. For illustration purposes for the 2009-2010 award year 314 schools were reduced by \$4.1 million. This is an example of your CFL or your initial authorization equaling \$1 million in May. Then in January 2011 your NAPD is \$500,000.00. Your reduction will be the \$500,000.00. And a ESOA is also generated, so you will receive that as well.

So, the idea here is to stay reconciled for your NAPD, and your CFL and your net drawdowns. The goal is to have a zero available balance for all award years. Please always verify and compare both COD and G5 systems to see if there are any available balances that need to be reconciled. And we have another reconciliation screen. Internal reconciliation is a comparison of the business office records of funds requested, received, disbursed and returned in comparison to the financial aid office and their records of funds awarded, and an external reconciliation is a comparison of reconciled internal records to ED's records of grants or loans originated and disbursed.

The next screen is just a mockup of the school funding information. That's basically a screen that's in the COD system. The identifiers are here. The program is Pell and the award year is 2010-2011, and this is a good example of this current CFL which is \$200,000.00 equaling the net accepted and posted disbursement records, and the net draws are also the same. A few reconciliation tools that will you assist with your reconciliation process for your student records is a reconciliation file.

This is basically a snapshot of what you have processed in the system. We also, too, do a mass mail-out distribution in September for year end to help you with processing your records in anticipation of the closing of the award year. The year-to-date file is a comprehensive file that gives you more information and more detailed information, and basically is primarily used for schools who had a crash with their database or are having issues. At the bottom is a reconciliation message class for the particular program award year and how they're identified.

The reduction to the G5 net drawdowns for Pell, ACG and National SMART for 2008-09 award year reduction to G5 net drawdown is scheduled for March 2011. For 2007-08 award year there were 749 schools that were reduced by \$10.1 million. This indicates that schools are not in compliance with the 30-day rule, and they often result in continued customer service outreach. Reduction to the G5 net drawdown – an example of this is also when your authorization is \$1 million. You've drawn down \$800,000.00 in G5. So, if that's not taken care of or you're unable to draw the funds down before the reduction, we'll actually reduce your authorization down to the net drawdown amount of \$800,000.00.

Other individual reductions that can occur is the Pell potential over-award process or otherwise known as POP. A student may receive disbursements from more than one attended school during the course of an award year. When more than one attended school reports disbursements for a student COD will check to make sure that the student has not received more than 100 percent of his or her eligibility for a Federal Pell Grant award. In a POP situation, COD accepts the disbursement information and notifies both schools or all schools that are involved in the POP situation, and it must be resolved within 30 calendar days. If after the 30 calendar days the situation has not been resolved, COD will generate a negative disbursement for all of the students – for all the students Pell disbursements at all schools for that award year. The eligible schools are then required to re-report accurate disbursement records to reinstate the student's disbursements.

Another individual reduction would be the negative pending. This occurs if an update to a Pell produces an award amount that is less than the total of all accepted and posted disbursement amounts for that award. COD system creates a negative pending award for that award, a response or a reject code of 40 and the negative pending amount tag will be returned. Post-deadline processing – post-deadline processing is provided for extended processing, audit adjustments or resolution of any type of POP situations. By September 30th the data must be submitted following the end of the award year in which the Pell Grant is processed. Schools can request extended processing on the web in COD, and we're requesting that once you request the extension that you are ready to submit your data.

How long do you have? Your first request is gonna be 30 days to resubmit records for administrative relief or extended processing,

and any additional requests will be 15 days after that. If you need additional time, you can also send in a third request and they will be reviewed on a case-by-case basis. For closeout reconciliation for award year 2010-2011, schools should be reconciled by September 30th, 2011. You must closeout within for Pell there's five award years. As Dan indicated, this is the last year for ACG and National SMART.

Pell administrative cost allowance or ACA – this is a process when schools are paid \$5.00 per student based on the number of unduplicated recipients for a reporting campus. This process is generated three times during an award year cycle. The date, the months and the years are noted here. This is no drawdowns. Payments are sent directly to your bank accounts by G5 for ACA only, and this is in regards to the funding method used for your CFL and COD.

Cash management requirements, 30-day reporting requirement – a report changes within 30 days after becoming aware of changes, student records need to be sent 30 days from drawdown, and the three-day cash rule applies. Only drawdown cash to use within those three days, and that's three business days, not calendar days, which excludes holidays and weekends. Excess cash – this includes any Title 4 funds received from ED that are deposited or transferred into a federal account. The tolerance is 1 percent of prior year amount. This could be the result of an award cancellation, adjustment or a recovery. Funding can also trigger cash monitoring or reimbursement to your funding status.

The G5 payment system – G5 is the Department of Education's payment system. It provides the ability to send refunds electronically. We are stressing the use of not using paper checks for refunds. If you need any assistance with registration for G5, Ryan Coleman is the G5 Team Lead Hotline representative, and he is available in the PCP lab if you have any questions. The next slide is basically a screen shot of the payment system page or the home page for G5. It actually has the helpdesk number, e-mail addresses, the welcome page, also two news and events and frequently asked questions.

This was a slide that we put together prior to leaving for the conference. Tentatively, there was a G5 shutdown that was scheduled for December 10th to go until December 20th. That has been postponed. It looks like we're looking more into the lines of March 4th through March 14th, but we'll be sending out additional communications as things are ironed out. The next slide is a CCR

information update. This is the Central Contractor Registration. This is very important. This is an annual update or establishment of registration of your grantee DUNS number. This is an actual slide of the screen where you need to go and register your grantee DUNS number.

We get a lot of questions in regards to payee versus grantee DUNS number. The grantee DUNS number is the number of the recipient who applied for and was awarded the grant. This is generally found on your post-secondary participation agreement. The payee DUNS number is the number that's gonna be used in G5, and that is the number where you process your payments. In most cases, we find that 90 percent of the time the payee and the grantee DUNS number match, although in some cases they don't. Generally, larger schools may have another entity where they wish to drawdown their funding, but there is a distinction.

The next slide is unprocessed de-obligation, and this is generally found in G5, and this is created when the school submits or COD creates a decrease CFL transaction. There's an example where the CFL is \$1 million. You draw down a total of \$1 million. Your available balance in G5 is zero. School or COD creates a \$1,000.00 decrease which will create a UD balance. In these cases, you need to either refund the money back to G5 or the cash back to G5 or correct the record that triggered the reduction.

The next slide is a resource slide where we have information targeting the COD Technical Reference, the COD-initiated grant activity fall listing which has great information in regards to the different jobs, and message classes and what happened with them in the processes. We also, too, have a link for the COD computer-based training and the two power webinars. This slide also has a listing of the different sessions that we are suggesting that you should attend if you have additional time. And this is our contact information, and also, too, we have the COD Relations Center hotline and the G5 hotline as well. So, at this point we can take any questions that you might have. *[Short pause]* Wow, no questions?

Dan: They just know, huh?

LaShae Jones: Oh, okay. Well, if you want to come up to the podium and ask those questions, that's fine as well; we'll be available. Thank you.

Dan: Have a great afternoon.

LaShae Jones: Have a great afternoon.

[End of Audio]