

*Pat Stephenson:*

My name is Pat Stephenson. I am the manager in campus-based programs and with me is Kathleen Wicks who is the director of grants in the campus-based division. Today – I just want to let you all know, that we are recording this session, so if you do have a question as we're going along; raise your hand. We've got someone who will bring a microphone to you. All questions must be asked using the microphone because we are recording the session today. There's also a mic over there in the aisle way, so if you're close to that one, you can stand up and ask a question over there, but if you're over in this section and don't want to go over there, just raise your hand and a microphone will be brought to you. I'm gonna go ahead and turn this over to Kathleen. She's gonna start it out today. But again, if you've got questions as we're going along, please feel free to ask them.

*Kathleen Wicks:*

Good morning. As you know, the campus-based programs are the oldest of the Title 4 student aid programs, beginning in 1958 with the then National Defense Student Loan program. I doubt that there are many of you in the audience, but I am one of those original recipients of the National Defense Student Loan Federal Work Study program and what was then known as the EOG or the Educational Opportunity Grant, the predecessor of the supplementary educational opportunity grant and you can't hear me. I am not old enough – excuse me, I am not young enough to have been recipient of the Pell Grant program, which then became the basic Educational Opportunity Grant program. But the predecessor for the Title 4 Grant program was the supplemental Educational Opportunity Grant. So we are the recipients that my family, many of our colleagues and many of you are all beneficiaries of the war on poverty and the Higher Education Act of 1965. So we have great respect for the campus-based programs and we honor them annually by recognizing that they have formed the foundation of student aid for so many years. The FISAP itself is the application to apply for the upcoming award year for programs. As you know, the Perkins loan program – which is now the name of the original National Defense Student Loan program – has not received an appropriation from congress since 2005, 2006. It continues to exist and thrive, actually, through your hard work – the schools that participate in the Perkins program, that collect from borrowers in the Perkins program. So we have billions of dollars that are actually being awarded in the Perkins program every year from the revolving student loan fund, but there have been no new appropriations in that program since 2005, '06, so the FISAP does not – there's many questions concerning the Perkins. Unfortunately, it doesn't appear – any appropriations are imminent for the Perking program itself. But it is also the way that you

account for the campus-based programs that you received in the prior or in the award year that has just ended. So for those of you who completed the FISAP – that was due September 30th this year – you were reporting how you spent funds in federal work study and the FSEOG program and you were reporting your Perkins collection activity and cumulative history – the collection activity for the 2010, 2011 year. Although the Perkins activity reported in the FISAP is accumulative since your school began participating in the program – and that's the only data source for cumulative history in the Perkins program. And you also, then applied for the 2012, 2013 award year, so that's the Fiscal Operations and Application to Participate – and that's what FISACP stands for. That's a trivia question I think you'd win if anybody asked you what FISAP stands for. As you know, it is an entirely electronic application with the exception of one part, which we'll talk about in a moment. The FISAP is due on October 1st by master calendar. I'm going to mention a number of dates throughout here that are all listed in the Higher Education Act master calendar. The master calendar sets out dates, many of which are schools are responsible for doing things within certain dates, but all the campus based dates are laid out in the master calendar. And so this is an attempt to make sure congress makes sure that the department gets information out to the schools in a timely way with respect to the campus-based programs. But the FISAP itself, by master calendar, is due by October 1st of each year. If October 1st falls on a weekend, as it did this past year, the due date is September 30th, as it was. Another date set out in the master calendar is a date that we're going to talk a lot about throughout this conference, throughout this session, because we're focusing on errors – correction of errors, editing of errors – is the December 5th deadline which is also set out in the master calendar. Revisions to the initial FISAP, submission, may be made through December 15th. Now I chose those words carefully because some folks don't – believe it or not – do not get their FISAPs in on time because they think they have till December 15th to file the FISAP. In fact, October 1st is the master calendar date – or in this year, September 30th and if a school has not filed a FISAP by September 30th of 2011, they have forfeited the right for new campus based funds for the '12/'13 award year. Must do an initial submission by October 1st, then you can go on – and you should go in – and we encourage you to go in after your initial submission, to edit the data so that by December 15, all the data elements are clean and accurate. And then let us move on the next step, the next round of dates in the campus based programs – I'll get to those in a moment. What happens on December 16th is that the FISAP is locked, so your ability to actually go in and make any changes after December

16th involves a somewhat involved process of – and we'll explain more about that as well – but we do need to lock down the quality of the data by December 15th. There was an electronic announcement, I believe, early November – November 7th I think it was – where we announced and reminded you of the December 15th date. The FISAP itself is an electronic document, as I mentioned earlier, and it is by master calendar, required to be made available to schools by August 1st. The link here is the IFAP posting link where we actually linked the final FISAP form, the instructions and the technical reference. We actually were able to post those by June 20th and they had been out on IFAP since that time. This year, they might be a little later than that because we have an OMB clearance process that we have to go through. The forms are expired this year, so we have to get an OMB clearance, but we will have those forms posted. We'll have a draft of the FISAP available to schools as soon as possible, but we will have the final FISAP available by August 1st. Again, that is a master calendar date. The locking of the FISAP, December 15th, because the next critical date we have in the master calendar is a date where the secretary's obligated to inform schools of their tentative award allocations for the upcoming school year and the master calendar says that's February 1st. Now, if we don't make these master calendar dates, we actually have to report to congress why we were unable to make the dates and that's a pretty onerous thing to do. Ironically, there's nothing in there about what happens if congress doesn't give us an appropriation, which I think is a reasonable excuse not to make the award date. But at least where tentative awards are concerned, we usually, if we don't have an appropriation from congress, we make tentative awards to schools based on all of the data that has been supplied by all the participating schools through the December 15th deadline, we make a tentative award based on the previous year's allocation. Now that's been a pretty safe bet over these last few years. It's sort of a good news/bad news situation in that there has been stability in the campus based programs and the bad news is that it has not been nearly enough money in the campus based programs to meet the institutional needs for the funds. But in fact, we have been able to ensure, by using the previous year's amounts, that we can get your final awards to look a lot like your tentative awards. This past year, however, you will recall, we did tentative rewards based on the previous year's amounts and then congress did not have the final appropriation. We had a continuing resolution and that continuing resolution allowed us to use the same amount of funding that we had from the previous year. So we did final awards for you by the next master calendar date, which is April 1st. The problem was that we were on continuing resolution and when

congress actually finally made an appropriation in May, or came up with the budget funding in May, they provided for an across the board cut in domestic programs. So we actually, this year, had to do two final awards to you. We had to do a final “We hope this is gonna be the amount of your final award” but in May, we ended up doing the actual final awards which, for the most part, was a reduction. Not for everyone, but because of the effect of the base guarantee that some schools were able to retain the same award that they had received in the prior year. But many schools received a reduction. Everybody who was eligible for a fair share portion – I’ll talk about that in a minute – had a reduction. Well, this year we’re faced with something quite similar. The super committee did not make a recommendation and so at this time, we’re prepared for sequestration of domestic programs. And while the sequestration has protected the Pell Grant program from cuts, it has not protected the campus-based programs. So at this time, we are expecting approximately a 7.8 percent reduction in the campus-based programs from the prior year. We’ll have to make some hard decisions at the department when we send out our tentative awards to you as to what the value of those awards would be and whether or not they’re as stable as we hoped they would be. The reason the master calendar sets out these dates is that by February 1st, your students are starting to apply for financial aid and you want to get your award packages out to them. And it’s unfortunate if we provide you information about these campus-based awards and then we are unable in the final appropriation, the final allocation, be able to live up to those awards. But the master calendar was designed to protect you from us – the Department of Education and our administrative capability within the program – but they kind of lost track of what happens if we don’t have an appropriation. And if we don’t make these calendar dates, we still have to report to congress. I’m gonna talk about the parts of the FISAP and the emphasis on this – this session’s a bit of a downer, because what we’re gonna talk about are mistakes. We’re gonna talk about common mistakes that are made that prevent schools from getting all that they might get or cause schools to enter into where they get more than they’re eligible to get and they have a situation where funds have to be repaid. And we know that’s a very difficult time, so as I said, it’s a bit of a downer, but what I want to make it clear is that the vast majority of schools apply accurately. We have a saying in the campus based division that we call – we say, “The FISAP is a team sport” and that means – and you’ll hear a lot about the need for coordination on the campus of all the offices in terms of making a successful and an accurate FISAP submission. But the FISAP is a team sport in another way and that is the quality of the awards that are received by your

institution are directly dependent on the quality of your colleagues making accurate applications. If they apply for funds and receive funds that they're really not eligible for, that's money that's not available to you. If schools do not expend all the funds that they receive and the funds go back to the treasury – I know those of you attended the general session, there was discussion about our concerns on that – those are funds that could have been made available to other schools. If schools don't, in the reallocation process, accurately predict what they are not gonna spend and make it available to other schools, supplemental awards can't go to your colleagues. So FISAP is a team sport. The campus based programs, from an administrative point, is a team as well. You have to think of the FISAP as basically a data collection. Sure, it's a collection of the fiscal operations piece and you're counting for how funds were spent, who received them, what kinds of students received them and that information is extremely important in terms of our program management, but in addition to that, the data elements on the FISAP are used in the formula to create a national needs analysis. A national needs analysis. We're all looking at the relative need of your school compared to all other schools in the country and by the constraints of the dollars that congress has appropriated. For example, last year, the national need for the Federal Work Study program was around \$4 billion as demonstrated by the FISAP, and I've used that information for members of congress to demonstrate the need for additional funding in the program and congress appropriated about \$980,000.00, so that's a significant amount of unmet need in the nation. But as I said, the FISAP looks like – I call it the SPAM application in that it's mystery. It's a mystery meat kind of application. Why do I have to report all of these data elements? What affect do they have on the awards? All those data elements become, as I said, a national needs analysis. So Pat's gonna talk a lot and emphasis that errors in reporting and what data elements cause reporting to be inaccurate and cause awards to be inaccurate. The FISAP consists of six parts. Part one is, we call it the identifying information, the school name, the certification from your CEO that what I'm about to say is true under penalty of law and of imprisonment and fines and all sorts of dastardly things and a statement about lobbying as well. That is the one part of the document that is not electronic. It is available in electronic form so you can download it, but it must be submitted with a wet signature. We have not been able to convince our office of general council to have an electronic signature even though we know that people can apply for billions of dollars in aid in an electronic signature. So the FISAP itself calls for the submission of data elements in these various parts, but part one has to be signed by the

Chief Executive Officer of your institution and then mailed and that yes, the signature page must be received by the due date as well. So we'll follow up with schools that have submitted everything electronically but we're still missing the signature page, but that is maintained. Part two becomes extremely critical, because this is the part that begins the application for funds in the upcoming year. This is where you actually go in by program and request your funds and there's one thing – leave here with a couple of sayings – one is “FISAP is a team sport” and the second thing is, “You never get more than you request”. So some schools don't request enough money and when you go through the formula, they might be able to get more money, but they're constrained because part two item they have not requested all that they needed and Pat will talk about that. There's also a danger in requesting more than you need because we have some quasi-amusing stories about schools that have gotten, for example, more work-study than they really can spend and that creates problems later on. But really, remember, you never get more than you request. And then eligible applicant grid – oh my. This is an area that the auditors like to zero in on and when you look at the eligible applicant grid, we're not talking about people who have received aid at your institutions, but we are talking about people who have filed taxes and have actually enrolled and as regular students in degree or certificate programs. And Pat's gonna talk about that, but that eligible applicant grid becomes important and as you know, you have to put the numbers within the dollar range of their application from the ISERS, what income range they fall in. Very, very complex to do, so don't wait till September 29th to start your FISAP. Part three is where Perkins Loan information is reported. This is where you would report current activity on Perkins Loan, whether you're currently making loans or whether you've been making loans in the past, but there's a cumulative section in there as well and this is the only source of information – as I said, the campus based programs, Perkins program goes back to 1958. NSLDS – you are required to report loan information – as you make your loans to students and your collections – you're required to report that to NSLDS. But NSLDS has existed only since 1993, so you cannot go in and get a cumulative history, which would become important in a liquidation or some other activity, except the FISAP is the official document for your cumulative Perkins history. Then part four is your FSEOG section and we'll go over it more detail about possible errors in that section. Part five, the Federal Work Study portion and then part six is the program summary section where you basically un-count for by income level, by dependency status all of your students that you actually have awarded work study to. So that is also a complicated – excuse me, work-study, FSEOG

and make Perkins loans to. As I said, we don't have a current Perkins allocation but we do have Perkins activity. It's all reported in the part six section. So those are the basic – those are the sections of the FISAP and Pat will go over each of those areas. Now I've already talked about the initial submission date. After December 15th, revisions cannot be made except through a request to do that and we'll go in more detail about that. If you find – when you get back you look at your FISAP again and you get as many corrections as you can by December 15th and you find – it's December 16th, you finally got that last work study has hit and you need to make a correction, there are instructions how to open it up under unusual circumstances to do that. So be prepared if you need to open up the FISAP after December 15th to have appropriate reason to do that. The failure to make required revisions so that – you know the FISAP has some data errors – it's critical, because it does impact tentative and final awards to your institution as well as to your colleagues and their institutions. There are only so many funds that are appropriated annually and we do try, in the distribution of funds, to distribute everything. So that means that if a mistake is made and you come back later on and need more funding – and Pat will tell you a little more about that. She's got a very good, interesting story about that. The funds are just not there. You may have adequate need and a documented need for those funds, but the funds are not there. By the same token, if you've made an error so that funds are now to be repaid, other schools have lost the opportunity to have those funds as well as the crisis on your campus of having to repay funds that you probably already awarded to students. Schools may receive less than what they're eligible for or be over awarded. In some case – I've mentioned the base guarantee. I think all of you are aware that the campus-based formula consists of primarily of two things. One is, once we figure out how much money congress has given us and we look at this national needs analysis, the first thing we do is take out of that pot of money is the conditional or base guarantee for institutions. And that means if you request it – as long as you requested the amount – your base guarantee is what you got in 1999/2000. That's the base guarantee. Usually when they do a reauthorization, they change the base guarantee year. They didn't do that in the last three authorizations so out of that pot of \$980,000.00 that congress gave for work study, for example, the first thing we did for schools was award the base guarantee amount that they could count on. The second part of that award that you receive is called “fair share” and that's if anything left over from the base guarantee is then distributed based on the relative need of that institution's students relative to all the students in the nation. Well, again, errors in reporting may affect, in some cases, your

base guarantee, but definitely, it would affect your fair share eligibility. Annual funding amounts may be reduced in G5 by ED. How this happens is that on the FISAP when you report – and I think I got a slide on that. The next slide I think. Yes. The amount that you report in the FISAP as expenditures for the year, the fiscal operations portion, is the official document of the institution. Your CEO has signed it, said, “This is truth.” We don’t require another signature when there’s a revision to it, but that becomes the official word. So if your business office has different value for the expenditures than you’ve had on the FISAP, you reported on the FISAP, it’s the FISAP that’s going to win. So that might mean that there are funds that we might take away from you because according to the G5, you didn’t draw the funds, but you had funds sitting in G5 that you didn’t draw. We only allow you to have what you have officially reported as expenditures. So the amount expended on the FISAP is the official document of the institution concerning campus based programs, not the G5 records, so make sure that your business folks know that and if you are business folks, honor that. Look at the FISAP carefully. We will adjust the funds in G5 to match the FISAP and it could result in a negative balance, which then would have to be repaid. We do not – at that point, because you’ve had through December 15th to edit all of that information. If you don’t make an adjustment to that information until after December 15th, there is no assurance that we can reinstate any funding. So the FISAP is regarded as the correct document as of December 15th. Well, we already discussed the effect of erroneous data on getting awards, but these are just a few of the areas that you know that erroneous data can have an effect on your audits, on the cancellation of your awards in G5, on your awarding to – the students may be eligible, but the funds are not eligible. So by definition, they become ineligible students. And you have to take the funds back from students so there are many impacts of erroneous reporting. A pattern of erroneous information in the FISAP – and we do discover this in audit program review in edits. We look at the various edits that are hit in the FISAP filing, many of which are simply warning edits because we think you’ve made an error and we are asking you to validate the information but it doesn’t stop you from submitting the FISAP, but if we find that consistently schools have made errors, we will, in fact, look at that pattern and refer the school to school compliance for a possible program review as well, so erroneous reporting has downstream effects beyond even the amount of the awards that you might receive. So after December 15th, if you really have to make an adjustment, those would be rare and only in unusual circumstances. What you do is you go into the electronic – the E-campus based system – and you go into the working copy



of the FISAP. By the way, the most common error in the failure to file on time with the FISAP is the fact that the schools have been working in the working copy and failed to submit – hit the submit button. So we find schools that have their data all there by October 1st, but they haven't hit the submit button, which then becomes the official record. But back to the issue of the working copy. E-campus-based allows you to constantly work on your application until you actually hit the submit button so that's one of the reasons we bring it up so early and you can start loading information to the FISAP as you go along. Well, once December 15th has come, you can go into the working copy to make your edits and corrections, but you won't find a submit button. You have to get permission from the campus-based staff. There's a process by which you send an email and ask for the permission to make certain corrections and depending on what corrections need to be made and why you need to make them – you have to explain why you didn't make them by December 15th – the campus-based staff will unlock the FISAP for you. And then you would have five days to get those corrections submitted. Typically, we allow corrections at that point. As I said, except for very rare circumstances where you know there's been a natural disaster or something like that...But sometimes where things don't really matter on the terms of the formula, we might allow you to make your correction at that time. But it'll be the campus-based staff that will get back to you with the authority to go into your unlocked FISAP for the corrections. And then staff works with the school and will be in touch with you both by email or by phone or some other means to make sure that the revisions are correct and make sense relative to the rest of the application. We don't always – sometimes the corrections the schools need to make would have resulted in additional funding had funds been available, but we can't give you additional funding cuz we've given out our money to all the other schools, but we still want you to make those corrections so that the FISAP itself is correct. Sometimes those corrections will result in a reduction of what you already received and that's a painful thing to have to tell you and we will take the reduction, but we will let you know the impact of those corrections, but at least your FISAP is correct and you've done the right thing. A couple of examples of changes that we do not accept after December 15th. A request for either an increase or a decrease in your campus based programs – that part two area. If you have to change your Perkins level of expenditures, which is the annual amount that you should be able to make in Perkins loans given your cash history. The school compliance area will help you get an increase to the level of expenditure and Pat will talk more about that. But most importantly, we don't allow you to change your administrative cost allowance adjustment. So

when you go back – and Pat’s gong talk more about this as well – particularly if you find you have unexpended funds, don’t let those funds lapse. Go ahead and take administrative cost allowance. Many schools don’t take administrative cost allowance until they know their students have been awarded and then they look and see how much is available. There’s a formula – and you can’t take any more than that, but some schools don’t calculate it at all until the students are all awarded and that’s fine as well. But the fact is, you cannot resolve an unexpended balance after December 15th by doing administrative cost allowance, but you could do that now, so make sure your school is taking all the administrative cost allowance that it can. The items that have the most impact on your funding levels would be your number of enrolled students and that affects whether or not, how much money your national needs analysis shows you’re eligible to receive. Your total tuition and fees – that is the revenue to the campus, as well as the tuition and fees that these students, whom you’ve provided income information, are responsible for paying, so it goes into their need for funds, but it also is total revenue of the institution. The grant funds that you receive – the Pell Grant or the state grant program – well, the amount of grant funding that you receive from other sources affects your institutional need for FSEOG. It reduces the amount of FSEOG funds that you may get because you have other grant sources to fill in for FSEOG. And probably most significantly, the eligible applicant grid changes, which is the eligible applicant grid really calculates the need of the school and errors in the applicant grid are probably the single biggest source of audit findings at institutions. So, Pat? Try to smile, because as I said, this is a downer. But most people are doing this right and we really appreciate that.

*Pat Stephenson:*

Okay. Well now we’re gonna look at some of those most common errors that schools do make and maybe some things you can do to avoid them. Some of the reasons why schools do make errors is because they don’t coordinate with the other offices on campus. Some schools believe it’s primarily the financial aid officer’s responsibility to complete the form. At some schools, they believe the business office is the primary office responsible but in fact, it’s a combination of different offices. Includes financial aid, the business office, but admissions and registration because all the data that you’re collecting comes from all those sources and you have to be sure that the information that you’re providing is valid and it is what we’re looking for. Also, some schools hire a third party servicer to complete this data and the belief is, if you’ve hired this third party servicer and you’ve paid them a fee to do this, that it’s 100 percent correct when in fact, that’s not usually the case. The

school is still ultimately responsible for the information that's being provided on the form so it is your responsibility if you do have a third party servicer, to review the data before it is submitted to make sure that it 100 percent accurate. You'd be amazed how many schools do have third party servicers that make the errors and you have to go back and make the corrections and a lot of times it is after December 15th, which is a bigger hassle than doing it before the December 15th deadline. Again, I mentioned the offices involved. Financial aid, of course, is responsible for making the awards and making sure that the right amount gets disbursed to the students. The registration office is responsible for enrollment. You do have students that enroll for just like guest students. They're not there to really get a degree or a certificate or a diploma. They may be auditing courses. Those students are not included in our enrollment count and you have to make sure that you exclude those students when you are reporting the enrollment data. The business office, of course, does actually disburse the aid to the students accounts and issue the refund checks. So if there is an edit to the student's award – if there's a problem with their enrollment and maybe their Pell grants don't disburse as much as the financial aid thinks – all that information has to be coordinated between the actual student account and the aid that's been awarded to the student. And admissions, of course, deals with the program of study that the student is involved with and especially at two year schools, when you've got certificate programs or diploma programs, each one of those has to be approved by the department on your program participation agreement. And if the student is not enrolled in a program that's been approved, those students cannot be included as well. We do deal with a lot of schools that are involved with mergers of multiple schools into one or splits, when one school splits out into multiple schools. And what happens is, if the school is involved in a merger or a split, the school makes the determination that the FISAP is filed based on what's going on, even though it has not been completed. And what you need to do is – like some of the mergers may not be complete until May, but for that whole academic year, the individual schools, or the one school if it's a split, has been allocated funds and has expended funds to students. So they still need to report individually or separately in the case of a split and the funds have to be requested accordingly depending on what's going on. So in a case where there's a merger or split, really you do have to coordinate with the campus based programs division so we can help you file your FISAP properly, and with the internal controls division because they're the ones that actually put the funds out in G5 for your school or take the money away. I can give you an example of one school that we were dealing with this past year who had several

campuses that were merging into one and they did file individually for all the campuses, but they did not request funds for all the campuses. They only requested funds for the school that was to become the main campus. And what happened was, because they only submitted the applicant data for their one school and not all the other schools, the request for funds was not supported by the information in part two. So they only got enough funding for the one campus and because the other campuses did not request funds, we were unable to go in after the fact and give those campuses money. So for this year, they're working with an extremely reduced pot of funds and trying to get through the year because we can't go back in after December 15th and issue new awards to schools if they did not ask for anything initially. And as Kathy said, we can't provide funding to a school for any more than they requested so because these schools did not request anything, we could not go in and increase the awards to cover all those campuses. So if you are involved with mergers or splits, please, please contact us and we will help you to insure that you file properly to make sure all the schools get the funding that they're entitled to. Again, Kathy talked about the impact of your request for funds. If you can only reasonably expend about \$50,000.00 in FSEOG or work study, but you're asking for \$1 million, you could have an impact on other schools who could use that funding. If you're base guarantee or your fair share, of course, isn't a million dollars, but it's a lot more than the \$50,000.00 that you can expend, only ask for around the \$50,000.00 to allow the other schools to get what they need to allow their students to access those funds for school. If you don't request enough money – if you can expend \$100,000.00, but you only request the \$50,000.00 – that's all you're gonna get is the \$50,000.00 and you may be putting up barriers for your students to come to school because they made need that funding in order to be able to register for classes. Again – and Kathy alluded to this, too – with the Perkins loan program, we are not providing a federal capital contribution. We haven't since the 2005/2006 year. But you can ask for a level of expenditure and what this is, is it's an authorized amount that we're telling you can award to students and it's based on – well, FCC or the Federal Capital Contribution is part of the formula, but it's not part of the formula to come up with a level of expenditure because we haven't provided it for several years. But schools are still contributing funds to the Perkins portfolio. So the institutional capital contribution is still part of that formula and what you're projected collections for the upcoming year are – we look at all that to determine if you're gonna have enough funds available to award students in new Perkins loans awards and we give you an amount that you're eligible to award for the upcoming year. We also have

schools that request a Perkins level of expenditure that don't advance funds to students. They're still holding on to the portfolio, but they're not actively awarding new funds. If your school is holding funds – if you've got cash on hand and we've authorized a level of expenditure – the expectation is that you will be making new awards to students. If you're not making those awards to students, we will be contacting you to liquidate your portfolio because the regulations state that if you have the funds, you must make them reasonably available to students. We have schools in part one or two and I can't remember which one it is – I believe it's right under the section where you asked for the funding. There's a question, "Do you wish to liquidate your Perkins portfolio?" We have schools that answer "yes" to that question every year even though they're actively giving out loans to students. They really don't have any desire to liquidate their Perkins program, so when we contact them they say, "Well, no, we really don't want to liquidate" well, then please answer "no" to this question in the future because if you answer "yes" it is gonna trigger the liquidation process. We do have schools that do want to liquidate that answer it "no". So we don't know that you want to liquidate. You have to formally let us know of your intent to liquidate. This year we added a new way to do that. If you've answered "no" here, we have a mailbox – a Perkins liquid mailbox, that I'll give you the information for at the end of the presentation, where you can notify us by email of your intent to liquidate. And I've got two staff members, Greg Garenson and Serena Razul, who are monitoring that mailbox so you can let them know of your intent and they will get back with you about the next steps. And if you have questions while you're in the process of liquidating, they're there to answer your questions as well. So you could either contact our call center or the Perkins liquid mailbox to get help with the liquidation process. We do have schools that don't expend all the funds that they have been given for the year and they end up reporting unexpended funds on their FISAP. So say you got \$100,000.00 in FSEOG money and were only able to spend \$75,000.00 of it and you're reporting \$25,000.00 in unexpended funds. Because you've got the unexpended funds, the penalty for that is the next year when you're awarded funds, you may get another \$100,000.00 but it's gonna be reduced again by the \$25,000.00 that you did not expend the prior year. So a way to avoid that penalty is by applying for an under use waiver. If you do have a valid reason for not expending those funds, we will take that into consideration and if your waiver request is approved, you won't be penalized the upcoming year. Your allocation won't be reduced by the unexpended amount. But if you don't apply for that waiver, you will be penalized. There's no question about that.

Schools also misreport the number of enrolled students, and as I mentioned before, the registration office and the admissions office are **intrical** in getting this piece of information. Because you've got to exclude students that are taking classes only for audit, students that are enrolled only under guest student status, students that are not in an improved program of study from your program participation agreement. So, we don't want your FTE. A lot of schools will report their FTE. That's not what we're looking for. We're looking for the actual number of eligible students in approved programs of study that are seeking a degree or certificate or some kind of final diploma for their program of study. Schools also may misreport the total tuition and fees. You might be including what these students that are not eligible enrolled students are paying. We only want the amounts that are being paid for that group of students that are in eligible programs of study, again. Sometimes this amount must be changed after the initial application has been submitted and a lot of times it's due to findings from your A – Annual 133 Audit. The auditors may find some ineligible students or maybe you had student drop out that were given 100 percent refund on their tuition that were originally counted that now need to be backed out of that figure. So again, it's important that you try to get those corrections made by the December 15th deadline, but if not, if you have to do it after the fact, you still must do it because it's gonna impact the tentative and final funding on awards we give out in the next spring. And again, a lot of times this information may be misreported because of the lack of coordination between – especially in this case – the business office and the financial aid office and sometimes the registration office is also involved because of the way they've got your system set up to calculate if a student withdraws. If they count it as a withdrawal or a drop, it could have an impact on the tuition and fees that are being charged for that student. In part four, part A subpart one, where you're collecting information on the grants and the state expenditures. The Pell Grant expenditures, again, this can change if you've had to calculate an R2T4 calculation later in the year. Sometimes you find those students that you didn't know about before. Maybe they turned up as a no-show or something and you can't validate their last date of enrollment so you have to do the R2T4 at the 50 percent period. Sometimes that has to be revised after you filed the FISAP and of course, the Pell Grant is one of the programs that's impacted by R2T4 so you would have to revise that figure. Also, with the ACG and Smart Grants, the same thing applies. Typically, it's because of an R2T4 calculation or something that's discovered in the A133 audit. One thing I do want to point out for the upcoming year, next year when you file your FISAP, you're gonna see a significant

decrease in your Pell expenditures because we've eliminated the year round Pell Grant. And also, the ACG and Smart Grants are no longer valid programs, so you're not gonna have those expenditures to show as well. This could impact the funding that you're receiving. You may notice a reduction in your funding that you get for the '12/'14 year, because of the reduction of the state funding and the Pell Grants. We have had a couple of cases this past year of Perkins identity theft. Schools have discovered that Perkins, for whatever reason, have taken out Perkins loans under someone else's name or someone else's social security number. And they don't have any way to recover those funds from the student who took these funds, so I've provided the information here on how to report that if you are aware of it and you can't recover the funds. You would report in part three section A, on line 26 as a loan principle adjustment and then on line 55 under other costs and losses. Also in the Perkins section under part three section C, the cumulative repayment information as of June 30. Schools do misreport the number of assigned loans to the department and the total dollar amount and one of the reasons for this is when you send in loans to be assigned to the department, they're loans you no longer want to service, so you're gonna turn them over to us – you do get a report back telling you which ones were accepted and which ones were not accepted. The ones that are not accepted are typically due to invalid promissory notes, missing promissory notes, the promissory note is not legible for whatever reason and schools have a tendency to think once they've sent them in to the department that they're all accepted and this is not the case. So we have a lot of discrepant data between what we have at our servicer for assigned loans and what the school is reporting on the FISAP. And when you do go to liquidate, we are trying to resolve all these discrepancies between the servicer and the school and we do have reports that can help you identify the students that are either missing or if you have too many students that you're reporting that we don't have, you can identify them and try to go back and resolve them and you can resubmit them if they've been rejected and try to get them accepted by the department, but any loans that are not accepted by us – and you can't get them accepted by resubmitting with new data – you have to purchase those loans and they then become an institutional liability and they're no longer a federal Perkins loan. We also have – again, the schools that have hired third party servicers to deal with their Perkins portfolio, they may not be reporting – just like the school – accurate information as far as assigned loans. So again, the school is ultimately responsible for the data that's reported on the FISAP so you must work closely with the third party servicer, validate what they're submitting on the FISAP to

ensure that it's correct and resolve any discrepancies. One of the things that we have noticed is part four, section A, very first question, "Is the final adjusted authorization for FFCEOG? Some schools are reducing this amount if they have unexpended funds so that they have a zero at the end of this section. So they're not reporting unexpended funds so they don't get penalized for the upcoming year. If you try to adjust this, you will get an edit that comes up that says "This does not match your final authorized amount". It won't prevent you from adjusting it, but it is a warning that you need to take notice of because the only time you can or you're supposed to be adjusting your amount is you can reduce it if you've returned funds through the reallocation process or you can increase it if you've received supplemental funds. But under no other circumstances can you adjust the final authorized amount because it does have an impact, at the end, on how much you've expended as far as the federal dollars and how much is unexpended. Also, if you look – now we've talked to many schools that only go into the ECB system once a year when they do their FISAPs. You really should be looking in this system more than once a year because your statement of account is out here on the system for each year and it goes back, right now, to '06, '07 and you can see any adjustment that's been made to your authorized amount for that year, whether it's through reallocation, whether it's through supplemental funds or if G5 has de-obligated funds from G5 from your account because maybe you misreported funds on your FISAP that need to be corrected and G5 has made that adjustment as Kathy had talked about, that will show up on your statement of account as well. But I strongly recommend that you go in there, review that, look at your tentative funding levels. A lot of schools just wait till their final levels are out there. Please look at your tentative levels because once we run finals, we can't rerun them for you if an error has been made. But if you think something doesn't look right when you get your tentative award letter, we have still time to go in and make some adjustments that may help when finals are run so that you get the funding you're entitled to. Also, schools who have a problem expending all their FSCEOG funds, aren't moving the funds into the next year. You can move up to 10 percent of your funds into the next year if you're unable to expend them and we see a lot of schools that don't do this and then they end up getting penalized for the full amount of the unexpended funds. So please, take note that you can move the funds across to the next year. The administrative cost allowance, as Kathy mentioned, you can only make adjustments to this up through December 15th. After that we are unable to allow you to utilize this option if you've got unexpended funds. Schools are not utilizing this. They're not claiming and administrative cost



allowance. And just for clarification, this is not additional funding on top of your annual allocation. Most schools use this as a last resort if you're unable to expend funds you can use this to increase your amount of federal expended dollars and decrease the unexpended amounts. But it's not additional funding that the schools gonna receive on top of your allocation. There are some schools that will take this off the top at the beginning of the year before you start awarding students. That's fine, you're allowed to do that, but also keep in mind that it's reducing the amount of funds that are made available to students and it may impact your enrollment because those students may not get enough funding to be able to enroll. The same thing happens with the federal work study and part five, section A, number one – schools are adjusting this amount to eliminate the unexpended funds and again, the only time you can adjust the final authorized amount of federal work study dollars is if you've returned funds through the reallocation process, you can reduce it by the amount that you've returned, or if you received additional funds through the supplemental funding, which would increase that amount. Now keep in mind too, that if you received funds through the supplemental funding for federal work study, 100 percent of the supplemental amount must be spent in community service. Again, every change to your allocation will show up on the statement of count that's in your self-service page in the ECB system. And again, in part five, section B, some schools are neglecting to move funds forward into the next year to eliminate unexpended funds. They just leave it blank and they have a high unexpended amount showing and if they're not applying for the underuse waiver, they are being penalized in the upcoming year by that amount, so to avoid the penalties, please remember that you can move up to 10 percent of your work study amount into the next year. Work study has a lot of different sections to it and one of those is on campus versus off campus employment and this is another area where the financial aid office must coordinate with the student employment office and with payroll. They've got to determine exactly where this student is working, if it's on campus and off campus and some students have a combination of on campus and off campus jobs, so you actually have to split those wages out to determine what portion gets reported under on campus, and what portion gets reported off campus. Again, some schools misreport the institutional share of earned compensation. If you don't work with your payroll office – you know, sometimes they've got different general ledger accounts set up where they pull the earnings from different general ledger accounts to cover the total wages for that student. You've gotta make sure that when you're reporting this, that you're reporting it accurately. Again, the administrative cost allowance is not

additional funding that the school receives on top of the annual allocation and a lot of schools are not utilizing this if they do have unexpended funds and on the very last page of the FISAP it will compute the five percent administrative cost allowance for each of the campus based programs and you can utilize that funding in any combination on the FISAP for the program, so you don't have to use it for all of them. You could use it for one and not the other. But please, if you are able to use it, use it if you do have unexpended funds because it will eliminate a penalty in the upcoming year. And again, you can't change anything under the administrative cost allowance after December 15th. And because there are so many sections in part five under work study, if errors are made in any of the early sections, once you get down to the bottom or where you're actually showing the expended federal dollars and the unexpended dollars, it could impact those final figures, so just make sure that everything is accurate in there as you're going through. Again, part of the work study requirements are that you spend seven percent of your actual allocation in community service and that you have one reading tutor hired. Many schools are choosing not to provide community service jobs and so they're just reporting it as zeros. There is a penalty for that. You will get penalized for the full amount of your seven percent in the upcoming year. If you are unable to produce community service jobs or place students out in the community or get on reading tutor there is a community service waiver that you can apply for so that you won't be penalized in the upcoming year. And also, if you have received supplemental funding for work study, 100 percent of what you received must be spent in community service. There are edits in the ECB system when you're filling out the FISAP that will let you know that you haven't spent what you should have spent in community service if you have received the supplemental funds or just the seven percent if you haven't. Another way to spend work study funds – and I know a lot of schools have problems utilizing all their federal work study dollars – is the Job Location and Development Program. This program is outlined in the federal student aid handbook and if your school meets the requirements for this, you can utilize funding in work study under this program, but many schools don't take advantage of this. Students, again, must be employed in community service for up to seven percent of your initial allocation. Again, I talked about this. They will have the penalty imposed if they choose to ignore this requirement and we do have a lot of schools that make that choice and again, the community service waiver should be available in February of 2012 so if you are having a problem make sure that you look for that electronic announcement with the information on how to apply for the

community service waiver. The unduplicated student count, in part six – what this is, is by income level and by program, how many students and how many dollars were spent. And the very last column on that page is an unduplicated student count. We have many schools that are just adding up the number of students in all three programs and reporting that in the unduplicated student count and it's throwing off all of our reporting. We had many, many schools this year who made that mistake. We identified them and we contacted them to go in and fix those errors to make sure that what we were reporting to congress and all our other reporting entities that the information is accurate. Most software vendors, like Datatell and People Soft and Banner, pull this report for you. They pull all the data for the FISAP for you as long as you've got the parameters set up correctly in there. It will provide an error report to you if there are problems with the information that's being supplied to you and what I have found – I use Datatell myself – that the error report was generally students who had returned a Title 4 funds calculations. You had to go back in and make some manual adjustments to the figures because when it pulled the data, it pulled the original amount that was disbursed to the student and not the revised amount that was calculated as a result of the R2T4 calculation. Why are there errors? Well, a lot of times, waiting too late to complete the form. If you wait until the week before it's due to start collecting the data and filling out the form, you're not going to have enough time to validate the data and maybe collect it from all the entities on campus. Sometimes there's a lot of turnover in the financial aid offices and changes in staffing during the time when the FISAP filing is due can create some delays and some inaccuracies in the reporting. Again, as I mentioned, mergers, acquisitions and splits can create some confusion on how to file. Again, please contact us. We will help you determine how to accurately file. And because we've got so many new financial aid folks, a lot of them without a lot of experience – sometimes the lack of the program requirements creates a lot of errors in reporting. And again, a lack of coordination among all the offices. Some financial aid office folk think they're the only ones that need to do this, they're not communicating with other campus offices and sometimes the business office folks think that way. There's not that back and forth of communication that really needs to take place. We do have some schools that if they move funds from one year to the next or of course you can move part of your funding from FSEOG to work study and from work study to FSEOG and sometimes to Perkins – that the funds also have to be moved in G5 to correspond to the moves that you've made. That's not so. The funds in G5 must stay in the year that they were originally allocated and they

must be drawn down from that year. The only place where you identify where the funds have been moved is on the FISAP. So everything else remains in the initial year, under the initial program, but on the FSIP you show – in the section under the final authorized amount – where the funds have been moved from year to year, from program to program. And again, schools can transfer up to 25 percent of their funds from work study to FSEOG, from FSEOG to work study, from work study to Perkins – but you can only move funds to Perkins if you've been authorized with a level of expenditure for the year and if your school is actively advancing funds to students. You can't move funds there to avoid an unexpended amount if you're not advancing funds to students or have the authority to award. Again, transferring campus based funds to and from the Perkins program can only be done, you know, the regulation say if a federal capital contribution has been allocated, but because we haven't been doing that since '05/'06, you have to have a level of expenditure authorized for that year and actively advancing. Again, funds transferred to another campus based program must be reported on the FISAP and drawn down from G5 from the year or the program it was initially allocated. We are getting some reports in our call center and I myself have experienced this – when you go into the E-campus based system, on your self-service page, many of the links are .PDFs and when you open those .PDFs, you're not seeing it in the format that you're supposed to. You're seeing lines of code. I've got several screens here that will show you how to correct that, but again, it's gonna depend on the version of Windows that you have, so if you're unable to correct the problem using these several screens of instructions, contact our call center and they will try to help you to be able to view those .PDFs in the format that they're intended. Here, I've provided you with our new Perkins liquid mailbox, so if you have questions about Perkins liquidation or are in the process or want to let us know of your intent to liquidate, please contact us through this email address and I've also provided our call center phone number if you have other questions. And here's Kathleen's contact information and mine as well. One final thing that I do want to mention to you, for those of you that are making corrections on your FISAP, if the corrections are "Make your school eligible for aid that has been de-obligated from G5" and you're doing this after December 15th, those funds will not automatically be reinstated to your G5 account. You actually have to request that those funds be reinstated. You can either call the call center and they will contact me or contact me directly and depending on your reason for the error on you FISAP that created the de-obligation in the first place, we may or may not be able to

reinstate those funds for your school. So does anyone have any questions? Any questions about our presentation? Yes.

*Audience:* I have a question regarding fiscal year and award year.

*Pat Stephenson:* Okay.

*Audience:* For part three, that's the Perkins loan, and our Bursa office completes that section and they interpret fiscal year July 1st through June 30th when they complete that. Inevitably, when I complete the financial aid section, I think part six where you put the SEOG Perkins – the grid – our numbers do not match up because I'm using award year and the Bursa office is using fiscal year. I've been at my institution for a few years so this was something that we faced my first year at the institution but we called and tried to get, "How do we resolve this?" because I think we're both right. Well, we basically explained in our edit the difference because we had to make an adjustment, we had to return Perkins and it crossed over years. So I just want to affirm that what we're doing is correct, that I'm providing award year information in reporting rewards based in the grids, that section, that it's award year, particularly when we need to make corrections after June 30th or past December 15th. So I see you head nodding that we're interpreting that correctly.

*Pat Stephenson:* Well, typically well, the Perkins section is a little different from the other sections in that most of it in part three is cumulative data. There is one section that is award year data and it asks how many students you provided new awards to and the dollar amount and so forth. That's the information that goes in the grid in part six is the award year data.

*Audience:* Yes. Yes. Okay, so I think we're good there, but when you talked about enrollment and tuition fees, I collect that data from – I just want to make sure – is that fiscal year or is that award year? Because I really don't know what they're doing. I provide them the instructions and I got it clear with the part three that that's fiscal year and with part six, it's award year, but when it comes to tuition and fees – and you spoke about the Pell Grant – that's award year reporting. The straight grants are award year reporting. What are we reporting for enrollment? Is it award year or is it fiscal year?

*Pat Stephenson:* It's award year.

*Audience:* Okay. Same thing with tuition and fees. It's award year.

*Pat Stephenson:* It is clearly defined in the instructions.

*Audience:* And I'm not certain. We may be doing – it's just that I'm collecting the information from other departments and I just want to go back and make sure we're doing it correctly.

*Kathleen Wicks:* The easiest way to think of it – and we did improve the instructions in the last couple of years on this because of the issues is basically, what is the ISER year associated with everything that you're doing. That's really – if you think of it in those terms, then you'll get the right year.

*Audience:* Okay. Thank you.

*Kathleen Wicks:* You're welcome.

*Pat Stephenson:* Do we have any other questions? No? Okay, well thank you all very much.