

# Campus-Based Programs

## Common Elements



## CHAPTER 1

### CAMPUS-BASED PROGRAMS OVERVIEW

A school must first enter into a Program Participation Agreement (PPA) with the Department of Education (the Department/ED) before it can participate and make awards of FSA funds in the Campus-Based Programs.

#### *Federal Perkins Loan Program*

The term *Perkins Loans*, includes Federal Perkins Loans National Direct Student Loans (NDSL Loans) and National Defense Student Loans. Federal Perkins Loans are low interest (currently 5%), long-term loans made by school financial aid offices to help needy undergraduate and graduate students pay for postsecondary education.

#### *Federal Supplemental Educational Opportunity Grant Program (FSEOG)*

The Federal Supplemental Educational Opportunity Grant Program (FSEOG) provides assistance to exceptionally needy undergraduate students. Students are exceptionally needy if they have the lowest Estimated Family Contributions (EFCs). Awarding priority must be given to Pell Grant recipients. Schools selecting FSEOG recipients must use the selection criteria discussed in *Volume 3*.

#### *Federal Work-Study Program (FWS)*

The Federal Work-Study Program (FWS) provides part-time employment to undergraduate and graduate students who need the earnings to help meet their costs of postsecondary education. The FWS Program encourages students receiving FWS assistance to participate in community service activities.

### Related information

The rules for awarding and packaging Campus-Based aid are discussed with the other FSA programs (*Volume 3*).

### Program Purposes

Perkins  
34 CFR 674.1  
FWS  
34 CFR 675.1  
FSEOG  
34 CFR 676.4

## PROGRAM PARTICIPATION AGREEMENT (PPA)

### Program participation requirements

The basic list of Program Participation Agreement (PPA) requirements is found in 34 CFR 668.14. Under the PPA, the school agrees to use the funds it receives solely for the purposes specified in the regulations for that program and to administer each program in accordance with the Higher Education Act of 1965 (HEA), as amended, and the General Provisions regulations.

PPA requirements for Perkins

34 CFR 674.8

PPA requirements for Federal Work-Study

34 CFR 675.8

PPA requirements for FSEOG

34 CFR 676.8

When a school completes its Application to Participate (E-App) (or its recertification), the school has the opportunity to elect participation in one or more of the Campus-Based Programs. When a school's application is approved (*Volume 2*), the Department sends an electronic notice to the president and financial aid officer notifying them that the school's PPA is available to print, review, sign, and return.

In addition to the requirements generally applicable to the FSA programs contained in the PPA, there are requirements unique to the Federal Perkins Loan and Federal Work-Study programs.

### Perkins PPA requirements

The Program Participation Agreement requires a school to calculate its Perkins Program default rate and report this rate on its Fiscal Operations Report and Application to Participate (FISAP) annually

The agreement for the Federal Perkins Loan Program also requires the school to establish and maintain a fund and to deposit into the fund:

- ♦ any Federal Capital Contribution (FCC) the school receives for the program for each award year. (Congress has not authorized any FCC for the Perkins Loan Program since the 2004–2005 award year);
- ♦ the Institutional Capital Contribution (ICC), including any ICC to match transfer of funds from other Campus-Based Programs;
- ♦ payments the school receives for repayment of loan principal, interest, collection charges, and penalty or late charges on loans from the fund;
- ♦ payments the school receives from ED for cancellations, such as teacher service cancellations (currently, no cancellation reimbursements are being appropriated by Congress) (see Chapter 4);
- ♦ any other earnings on fund assets, including net interest earnings on funds deposited in an interest-bearing account (total interest minus bank charges incurred on the account); and
- ♦ proceeds of any short-term, no interest loans made to the Fund by the school in anticipation of collections or receipt of FCC.

The institution shall use the money in the Fund only for

- ♦ making loans to students;
- ♦ administrative expenses as provided for in 34 CFR 673.7;

### Short-term Loans

**TIP**

Schools may make short-term loans to the fund to cover shortfalls in their collections and then reimburse themselves from the fund.

Generally, *short-term* means not more than a year.

- ♦ capital distributions provided for in section 466 of the Higher Education Act;
- ♦ litigation costs (see § 674.47);
- ♦ other collection costs, agreed to by the Secretary in connection with the collection of principal, interest, and late charges on a loan made from the Fund (see § 674.47); and
- ♦ repayment of any short-term, no interest loans made to the Fund by the institution in anticipation of collections or receipt of FCC.

### ***Federal Work-Study PPA requirements***

Under the Program Participation Agreement, schools participating in the FWS Program must

- ♦ make FWS employment reasonably available, to the extent of available funds, to all eligible students;
- ♦ award FWS employment, to the maximum extent practicable, that will complement and reinforce each recipient's educational program or career goals;
- ♦ assure that FWS employment is used to support programs for supportive services to students with disabilities; and
- ♦ inform all eligible students of the opportunity to perform community service and consult with local nonprofit, government, and community-based organizations to identify those opportunities.

### ***FSEOG PPA requirements***

Under the Program Participation Agreement, schools participating in the FSEOG Program must use the funds they receive solely to award grants to financially needy students to help those students pay their educational costs.

A student at an institution of higher education is eligible to receive an FSEOG for an award year if the student

- ♦ meets the relevant eligibility requirements contained in 34 CFR 668.32;
- ♦ is enrolled or accepted for enrollment as an undergraduate student at the institution; and
- ♦ has financial need as determined in accordance with part F of Title IV of the HEA.

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#### **FSEOG PPA requirements**

34 CFR 676  
Agreement  
34 CFR 676.8  
Student eligibility  
34 CFR 676.9

## THE FUNDING PROCESS

### Treatment of FWS in 90/10 calculation

FWS funds recovered by the school are excluded from revenues in the 90/10 calculation, unless the school used those funds to pay for a student's institutional charges. (See *Volume 2* for discussion of the 90/10 calculation.)

### First-time Campus-Based Program applicants

A school that has applied to participate in the Campus-Based Programs for the first time should submit a FISAP by the deadline even if the school has not been certified to participate in the programs. The Department will calculate a funding level for the school and put the funding on "hold" status until the school has been approved to participate. See "Allocation of Campus-Based Funds" later in this chapter for more information.

### *Fiscal Operations Report—The Application to Participate*

The Fiscal Operations Report and Application to Participate (FISAP) is divided into three main parts:

Part I – identifying Information, Certifications, and Warnings;

Part II – the Application to Participate in the three Campus-Based Programs in the upcoming award year; and

Parts III—V – the Fiscal Operations Report, in which schools provide information on any Campus-Based expenditures made during the award year just completed.

Any school that wants to obtain Campus-Based Program funds for an upcoming year and all schools that have received Campus-Based Program funds for the reporting year must complete the FISAP. All schools that complete a FISAP must provide the information requested in the *Identifying Information, Certifications, and Warning* section. A school that wishes to apply for Campus-Based Program funds for the coming year must complete *The Application to Participate* section of the FISAP. A school that received Campus-Based Program funds for the award year that just ended must complete *The Fiscal Operations Report* portion of the FISAP.

The Department uses the information your school provides in the Application to Participate and Fiscal Operations Report to determine the amount of funds your school will receive for each program. The Department uses your Fiscal Operations Report data to manage the Federal Perkins Loan portfolio and monitor expenditures in the Campus-Based Programs.

For program review and audit purposes, you must retain accurate and verifiable records for three years following the end of the award year in which the FISAP is submitted. For example, the award year in which you will submit the FISAP due on September 29, 2017 ends on June 30, 2017 (Award year = July 1, 2016–June 30, 2017). You must retain all records used in the creation of the FISAP due on September 29, 2017 until June 30, 2020 (three years from June 30, 2017—the end of the award year in which the FISAP is submitted).

The important dates in the FISAP award process are

- ♦ *August 1*—ED must make the FISAP software available to all participating schools.
- ♦ *October 1 (or the Friday before if October 1 falls on a weekend)*—the final deadline for submitting the FISAP to the Department.
- ♦ *December 15*—all corrections to FISAP data and resolution of edits must be submitted to the Department, and you must update your Federal Perkins cash on hand.
- ♦ *February 1*—ED sends tentative award notifications to all eligible schools.
- ♦ *April 1*—ED sends final award notifications to all eligible schools (if appropriations have been finalized).

You will find additional information on the Fiscal Operations Report later in this chapter.

## Completing and Submitting the FISAP



### FISAP on the Web

Schools submit the FISAP through the FISAP on the Web, available at: **cbfisap.ed.gov**.

To submit the FISAP on the Web, your school must have a user ID and password, which can be obtained on the eCampus-Based website (select “Login,” and select the registration link). Once you have registered, you will receive your user ID via email.

The FISAP is available for completion on the Web by August 1 of each year. It must be completed no later than October 1 of the same year. (The deadline will be earlier if October 1st falls on a weekend.) A list of all Campus-Based submission dates is posted on the FISAP on the website.

Schools may also make FISAP corrections on the website. For more information on amending previous submissions, see *Volume 5*.

### Certifications on the FISAP

Part I of the FISAP includes two required certifications:

1. Form 80-0013, Certifications Regarding Lobbying; Debarment, Suspension, and Other Responsibility Matters.
2. Standard Form LLL, Disclosure of Lobbying Activities (should only be completed if a school expends funds for lobbying activities).

See *Volume 2* for more information on these requirements.

### Address for certification/signature pages

**FISAP Administrator  
8405 Greensboro Drive  
Suite 1020  
McLean, Virginia 22102**

**Campus-Based Call Center** For assistance submitting corrections for closed years or for questions concerning the preparation of the FISAP, contact the Campus-Based Call Center at 877-801-7168 (8 a.m.–8 p.m. Eastern time); cbfob@ed.gov.

## Signing and Submitting Your FISAP



An electronic signature (eSignature) process is required for all forms within the eCampus-Based System.

The Chief Executive Officer's signature is required on all forms that require a signature within the eCampus-Based system. All forms must be signed (by eSignature or manual signature) and submitted by the appropriate deadline date.

### FISAP Signature Options

#### eSignature

The CEO is encouraged to sign the FISAP electronically through the eSignature tab within the eCB System at [cbfisap.ed.gov](http://cbfisap.ed.gov). eSignature instructions are available through a link on the eCB Login page and through the Help tab within the eCB System.

**Reminder:** The FISAP form must be submitted before the FISAP eSignature may be submitted.

#### Authorization and Access to eCB eSignature

Access to the eCB system is provided by your school's Destination Point Administrator (DPA) through SAIG Enrollment at [fsawebenroll.ed.gov](http://fsawebenroll.ed.gov). Read, Write, and Submit access to eCB are required for the CEO to be able to use the eCB eSignature functionality.

#### Manual Signature

The Department will also continue to accept the FISAP signature form manually. The manual process has not changed. To submit a manual signature for the FISAP, you must print the combined certification and signature pages for your FISAP submission, obtain the CEO's signature, and mail these documents (with the original signature) to the address on the previous page.

## Annual Campus-Based Deadlines



The Campus-Based Deadline dates Federal Register (FR) notices are listed by year at

[ifap.ed.gov/ifap/cbp\\_deadlines.jsp](http://ifap.ed.gov/ifap/cbp_deadlines.jsp)

## Allocation of Campus-Based funds

The Department allocates funds for the Campus-Based Programs directly to schools each award year, indicating the amount of funding for each program the school is authorized to receive from the Department for the award year. Using the information on the FISAP, the Department calculates the allocation amount using statutory formulas and the amount of funds appropriated by Congress for the program(s). A school will not receive an allocation that is in excess of its request.

A school can receive two types of Campus-Based fund allocations—initial and supplemental.

- ♦ **Initial Allocation**—the amount that the Department first allocates to each participating school for an award year from new funds appropriated by Congress, according to statutory allocation formulas. An eligible school receives an initial allocation for each Campus-Based Program in which the school participates.
- ♦ **Supplemental Allocation**—an additional amount of Campus-Based funds from the Department that is reallocated from the amount of unused Campus-Based funds returned from the previous award year by participating schools. Criteria for distributing these funds for each program are established in accordance with the statute and regulation.

### Allocation schedule

If your school submits the FISAP by the deadline (October 1), the Department will provide your school with tentative allocation information and your worksheet by February 1 of the following year and with final allocation information and worksheets by April 1 for the upcoming award year. In a Dear Colleague Letter, the Department notifies participating schools that they can view the methodology used for final award figures.

You can find the final funding worksheets for your school, your Electronic Statement of Account (ESOA), and your final award at **cbfisap.ed.gov**.

To access your school's final funding level worksheets and individual school awards, log in to the eCB website, select the **Self-Service** link from the top navigation bar, and scroll to the *Campus-Based Notification Section*, then, select **Final Awards** and **Statement of Account**.

The *Final Funding Worksheet* shows the data that was used to determine a school's allocation for each Campus-Based Program in which it participates and how each final allocation was determined.

### Release of tentative and final funding levels

HEA 462(a)  
34 CFR 673.4

Your school's funding levels and corresponding worksheets will be posted in the "Self-Service" area on the eCB website at **cbfisap.ed.gov/ecb/CBSWebApp/** before your school's Campus-Based contact person will be notified by email when the tentative and the final funding levels are issued. Review your funding levels on the eCB website, and if you feel they are not correct, you may contact the Campus-Based Call Center at 877-801-7168.



### Federal Capital Contribution (Perkins)

Congress has not authorized a Federal Capital Contribution (FCC) for the Federal Perkins Loan Program since the 2004–2005 award year.

It is important that schools review their tentative allocations and the supporting worksheets so they can address any concerns before the final allocations are determined.



If your school doesn't receive its final allocation by April 1, it may mean that

- ◆ your school lost its eligibility to participate in FSA programs;
- ◆ your school is a new applicant for the FSA programs and/or for the Campus-Based Programs and its participation hasn't been approved yet;
- ◆ the Department has not received the FISAP signature/certification form with the required original signature of the school's CEO, or through the eCB system, the eSignature of the CEO; or
- ◆ Congress has not yet appropriated funds for the year.

If the reason(s) for holding the school's final allocation is/are resolved, the Department will release the school's final allocation.

The worksheet shows the actual numbers that were used to determine a school's allocation for each Campus-Based Program in which it participates and how each final allocation was determined. If your school is awarded a Supplemental Allocation, the Department will inform you before the end of September of the award year.

### Releasing and reallocation of funds

If a school does not use its total allocation during an award year, it can release the unexpended portion of the allocation of federal funds to the Department during August following the award year. These released funds can be reallocated to schools that need additional funds for the upcoming award year. This return of unexpended funds is called *releasing Campus-Based funds*.

Each year in July, the Department posts an Electronic Announcement (EA) at [ifap.ed.gov](http://ifap.ed.gov) that asks schools to release any previous award year funds that they have not expended and offers schools the opportunity to request supplemental FWS funds for community service. The Reallocation Form for schools wishing to return funds or request supplemental FWS funds can be found in the Setup Section of the eCB website ([cbfisap.gov](http://cbfisap.gov)).

### Reduction and reallocation

34 CFR 673.4(d)(3)

### Releasing unexpended funds

34 CFR 673.4(d)(3)



You must complete the Campus-Based Reallocation Form (on the eCB website) if you

- ♦ did not spend your entire allocation in any of the Campus-Based Programs, or
- ♦ want to request supplemental FWS funds to pay students in community service jobs (based on the criteria discussed later in this section).

A school may request supplemental FWS funds if it has

- ♦ spent at least 5% of its total FWS funds for the award year to compensate students employed as reading tutors of children or in family literacy activities as part of its community service activities, and
- ♦ an FWS fair share shortfall as shown on the school's final funding worksheet, provided with the final allocation letter.

After schools release their unexpended allocations, ED reallocates both the FWS and FSEOG funds to schools that have met the criteria for receiving a supplemental allocation. Criteria for distributing these funds for each program are established in accordance with the HEA and the Campus-Based Program regulations.

### *Underuse Penalty and Waiver*

If a school returns more than 10% of its allocated funds for a given award year in any one of the Campus-Based Programs, the Department may reduce the school's allocation for the second succeeding award year by the dollar amount returned unless the Department waives this provision. For example, if the school returns more than 10% of its 2016–2017 allocation, its 2018–2019 allocation may be reduced by the dollar amount returned for 2016–2017.

The Department may waive this penalty provision for a school if it finds that enforcement would be contrary to the interests of the program. To request a waiver, a school must submit an explanation with its FISAP by the deadline that shows that the school returned more than 10% of its allocation due to circumstances beyond its control and that are not expected to recur. ED explains the process a school must use to request a waiver in the FISAP instruction booklet.

To request a waiver, a school must submit an explanation of the circumstances with its FISAP. ED explains the process a school must use to request a waiver in the FISAP instruction booklet.

PAYMENT METHODS AND CONDITIONS

Before requesting and disbursing FSA program funds, schools must meet certain conditions. These conditions vary depending on the way ED provides funds to schools. For more detail about the methods and conditions through which ED provides funds, see *Volume 4*. A school should not request funds in excess of the actual disbursements it has made or will make to students within the timeframe allowed.

TRANSFER OF CAMPUS-BASED FUNDS

Transfer

34 CFR 674.18(b)  
34 CFR 675.18(e)  
34 CFR 676.18(b)

FWS transfer to Perkins and FSEOG transfer to FWS

U.S.C. 1095 [HEA section 488]

Matching of Transferred Funds

If a school transfers Federal Perkins Loan funds to either FSEOG or FWS before depositing those funds in the school's Federal Perkins Loan fund, the school provides the match required by the FWS or FSEOG programs.

To help meet their students' need, schools may transfer funds from certain Campus-Based Programs into certain other Campus-Based Programs. The Department's permission is not required. A school's future allocations for the Campus-Based Programs are not affected by past transferring of funds between programs.

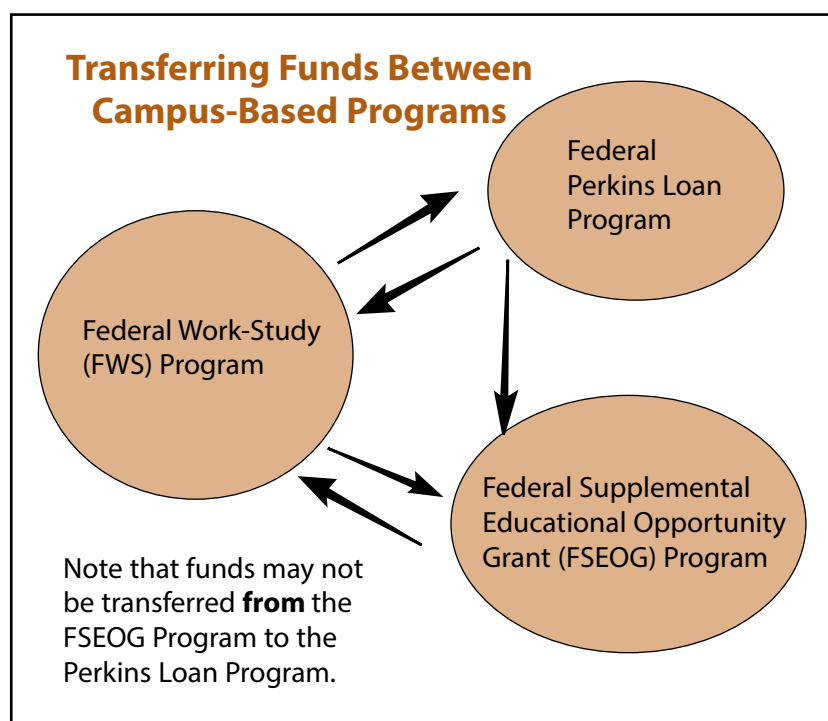
Several general rules apply to the transfer of funds between Campus-Based Programs:

- ◆ You must award transferred funds according to the requirements of the program to which they are transferred.
- ◆ You must report the transfer of funds on the Fiscal Operations Report portion of the FISAP.
- ◆ You may not transfer funds from one program to another unless you have awarded funds to students in the program from which you are transferring in the same award year.
- ◆ Any transferred funds that are unexpended must be transferred back to the original program at the end of the award year.
- ◆ All transfers must be reported on the FISAP.

The G5 system does not permit moving funds between programs or years. Schools report the transfer of Campus-Based funds on the FISAP only. Adjustments are NOT made in the G5 payment system. In the G5 system, all funds must remain in the original program award identifier (P033AxxXXXX for FWS and P007AxxXXXX for FESOG) and in the year received.



Descriptions of individual program fund transfers follow.



### General Principles

The official authorization letter for a specific award period is the school's authority to transfer funds across years or to other Campus Based Programs. A school may not carry forward or carry back FWS funds to any award year in which there is no specific FWS allocation, and the same requirement holds for FSEOG funds.

## FSEOG



A school may transfer up to 25% of its FSEOG allocation to its FWS allocation. (A school must have an FWS and FSEOG allocation for any year it wants to transfer funds from FSEOG to FWS.) Also, you may not transfer FSEOG funds to FWS unless you have awarded FSEOG funds to students in the same award year that you intend to make the transfer.



**A school may not transfer funds carried forward or back from other award years to a different Campus-Based program.**

A school must match any FWS funds transferred to FSEOG at the matching rate of that FSEOG program, but the match doesn't have to be made until the transfer has occurred.

## FWS



**You may not transfer FWS funds to FSEOG unless you have an allocation in both programs and have made awards to students from both programs for the award year.** Your school must have a Perkins Loan Level of Expenditure from the Department for the award year in order to transfer funds to Perkins.

A school may transfer up to 25% of the sum of its initial and supplemental FWS allocations for an award year to its FSEOG or Perkins Loan Program. **The total transfer cannot exceed 25% of the FWS allocation, whether the transfer is made to one program or divided between FSEOG and Perkins. Please note that FWS supplemental funding may not be transferred to another Campus-Based program. All FWS supplemental funding must be spent in community service.**

### Questions about Transferring Funds or Carrying Them Forward or Back

If you have questions regarding Campus-Based Program fund adjustments, transferring funds between Campus-Based Programs, or the carry forward and carry back authority for Campus-Based funds, contact the Campus-Based Call Center at

**877-801-7168.**

Customer service representatives are available Monday through Friday from 8:00 a.m. until 8:00 p.m. (ET). You may also email

**cbfob@ed.gov.**

Funds carried forward to the next year or carried back to the previous year do not change the basis for the 25% maximum transfer. You must match any FWS funds transferred to FSEOG at the matching rate of the FSEOG Program, but the match doesn't have to occur until after the transfer has occurred.

If your school is actively advancing Perkins funds to students, you may transfer up to 25% of your initial and supplemental FWS allocations to your Perkins Loan fund. A school's entire FWS supplemental funding must be spent in community service. You must make the appropriate Institutional Capital Contribution as soon as you make the transfer. **A school may not transfer funds from FWS to Perkins to resolve unexpended funds or avoid a penalty.**

### *Perkins*

A school may transfer up to 25% of the sum of its initial and supplemental annual Federal Perkins Loan allocation to FSEOG or FWS. You must match any Federal Perkins funds transferred to FSEOG or FWS at the matching rate of that program. You must adjust the match as soon as you make the transfer. The total transfer cannot exceed 25% of the Federal Perkins Loan allocation, whether the transfer is made only to one program or divided between FSEOG and FWS.

Because a school maintains a revolving Perkins Loan Fund, it does not need to receive a Perkins Loan FCC allocation for an award year to be able to transfer an allowable percentage of its FWS allocation for that award year to the Federal Perkins Loan Program. However, the school must have a Perkins Loan Level of Expenditure (LOE) from ED for that award year. The LOE is the authority from ED for the school to participate and spend monies from the Perkins Loan Fund for that award year, including making new loans to students. The official FWS allocation letter and the Perkins Loan LOE is the school's authority to exercise the FWS to Perkins Loan transfer option.

## FSEOG AND FWS CARRY FORWARD/CARRY BACK

Your school may spend up to 10% of its initial and supplemental FWS authorizations, or 10% of its initial and supplemental FSEOG authorizations in the following award year (carry forward). Before a school may spend its current year's allocation, it must spend any funds carried forward from the previous year.

Your school is also permitted to spend up to 10% of its current initial and supplemental FWS authorizations, or 10% of its initial and supplemental FSEOG authorizations for expenses incurred in the previous award year (carry back).

FWS supplemental funding may not be carried forward or back. Supplemental funding must be spent on community service in the award year in which the supplemental funding is awarded.

Your school must match FWS or FSEOG funds carried forward or carried back in the award year that they are spent. A school's future FWS or FSEOG program allocation is not affected by carrying forward or carrying back funds between award years.

### Carry forward/carry back

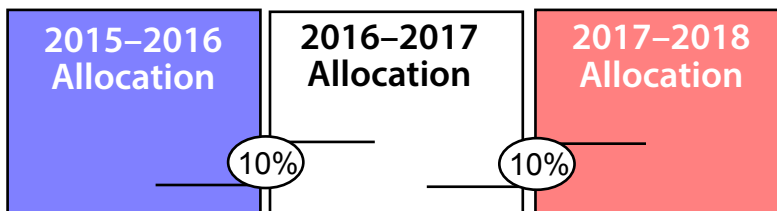
34 CFR 675.18(b)(c)(d)(e) & (f)

34 CFR 676.18(b)(c)(d)(e) & (f)

### G5: Funds Carried Forward/Back

Any Campus-Based funds carried forward or carried back between award years must be entered in G5 as an expenditure against the original program award in the year from which the funds were taken—not the authorization for the award year in which the funds were used.

### Carry forward/carry back



Rule: A school may transfer up to 10% of its current year initial plus supplemental authorizations for FWS and FSEOG, and up to 10% of its current year initial plus supplemental FSEOG authorization, forward to the next award year, or back to the previous award year.

### *Carry back funds for summer FWS employment and FSEOG awards*

You may carry back FWS funds for summer employment that is part of the prior award year. That is, you may use any portion of your school's initial and supplemental FWS authorizations for the current award year to pay student wages earned on or after May 1 of the previous award year but prior to the beginning of the current award year (July 1). This summer carry back authority is in addition to the authority to carry back 10% of the current year's FWS allocation for use during the previous award year.

Also, your school may spend any portion of its current award year's initial and supplemental FSEOG allocations to make FSEOG awards to students for payment periods that began on or after May 1 of the prior award year but ended prior to the start of the current award year (***carry back for summer***). This carry-back authority for summer FSEOG awards is in addition to the authority to carry back 10% of the current award year's FSEOG allocation for use during the previous award year.

### *FWS limitations on use of funds carried forward or back*

Schools are not permitted to add funds that are carried forward or back to the total FWS allocation for an award year when determining the maximum percentage of available funds that may be used in that award year for any of the following purposes

- ♦ transferring FWS funds to FSEOG,
- ♦ providing the federal share of wages in private for-profit sector jobs,
- ♦ the Job Location and Development (JLD) Program.

For example, if a school carries \$10,000 forward from 2015–2016 to 2016–2017, it may not include the \$10,000 in the total 2016–2017 allocation for these three purposes. For these purposes, the 2016–2017 percentage is based on a school's total 2016–2017 FWS initial allocation for the 2016–2017 year.

### *Reporting funds carried forward and back*

On the FISAP, you must report FWS or FSEOG funds that your school carries back and carries forward. For example, if a school carried forward 10% of its FWS 2016–2017 allocation to be spent in 2017–2018, the school must report this amount on the FISAP in Part V of the Fiscal Operations Report for 2017–2018 due October 1, 2018.

## FEDERAL AND NONFEDERAL SHARES (MATCHING)

The amount that a school may spend in a Campus-Based Program is composed of both federal and nonfederal funds. With the exception of certain schools (see below), schools that participate in the Campus-Based Programs must provide nonfederal funds as a *match* for the federal funds they receive. The specific matching requirements for each Campus-Based Program are different. For more detail on the requirements of federal and nonfederal shares for each program, see the program-specific sections later in this chapter.

### Federal share of FWS

In general, the federal share of FWS wages paid to a student may not exceed 75% of the student's total wages. However, there are some important exceptions to this rule.

1. If the student is working for a private for-profit organization, the federal share of the student's wages may not exceed 50%.
2. A school may use the federal share to pay up to 100% of the FWS wages if the work performed by the student is for the school itself and the school is an excepted institution or a federal, state, or local public agency, or for a private nonprofit organization. The student must be
  - employed as a reading tutor for preschool-age children or elementary school children,
  - employed as a mathematics tutor for children in elementary school through ninth grade,
  - performing family literacy activities in a family literacy project that provides services to families with preschool or elementary age children, or
  - employed in community service activities and is performing civic education and participation activities in community service projects.

A school is not required to ask the Department for a waiver of the FWS nonfederal share requirement to receive the 100% federal share authorization for an FWS student employed in one of these jobs. Instead, the school should use 100% federal dollars to pay such a student and then show on its FISAP that it did so.

### Federal Share

34 CFR 674.8(a)  
34 CFR 675.26 & 675.33(b)  
34 CFR 676.21

### Job Location & Development

A school may use up to 10% or \$75,000 of a school's FWS allocation for its Job Location and Development Program.

The federal share of allowable costs in carrying out the JLD Program may not exceed 80% of such costs. (See Chapter 2.)

### Wages from federal agency

The portion of the FWS wages contributed as the school share by a federal off-campus agency is not considered part of the "federal share." Thus, a federal agency may provide the required share of student compensation normally paid by off-campus agencies plus any other employer costs that they agree to pay.



3. A school may use the federal share of FWS wages to pay up to 90% of a student's wages if all the following conditions are met:
  - The student is employed at a private nonprofit organization or a federal, state, or local public agency. (Employment at the school itself is not eligible.)
  - The school does not own, operate, or control the organization or agency. To satisfy this requirement, your school must keep a statement in the school's file, signed by both the agency and the school, stating that they have no such relationship.
  - The school selects the organization or agency on a case-by-case basis. This requirement is satisfied when the school selects the agency through its normal process of selecting potential employers.
  - The organization or agency must be unable to pay the regular nonfederal share. To satisfy this requirement, the school must keep in its file a signed letter from an official of the agency stating that the agency cannot afford to pay the regular nonfederal share.
  - The 90% federal share is limited to no more than 10% of the students paid under the FWS Program. For purposes of this calculation, the school must use the total number of FWS students paid during the current award year. The 10% limit on the number of students paid with the 90% federal share does not include students whose FWS wages have been exempted from the full nonfederal share requirement due to being employed as a reading or mathematics tutor, performing family literacy activities, or performing civic education and participation activities in community service projects.
  - The federal share can be 100% for a school designated as an eligible institution under Title III or Title V of the HEA. (See discussion under *Title III and V Non-Federal Share Requirement Waiver for the FSEOG and FWS Programs* later in this chapter.)

### *Federal share of Perkins*

The federal funds allocated to a school in an award year under the Federal Perkins Loan Program are called the Federal Capital Contribution (FCC), and the matching share is called the Institutional Capital Contribution (ICC). Congress has not authorized new Federal Capital Contribution since the 2004–2005 award year.



## Federal share of FSEOG

In general, the federal share of Federal Supplemental Educational Opportunity Grant (FSEOG) awards made to students may not exceed 75% of the total FSEOG awards made by the school.

The federal share can be 100% for a school designated as an eligible institution under Title III or Title V of the HEA. (See the discussion under *Title III and V Non-Federal Share Requirement Waiver for the FSEOG and FWS Programs* later in this chapter.)

## NONFEDERAL SHARE

### Nonfederal share of FWS

The nonfederal share of a student's FWS wages must be at least 25% each award year, except as noted in the previous section. Your school may use any resource available to pay its share of FWS compensation except federal funds allocated under the FWS Program (or any other program funds where this use is prohibited). The school's share may come from its own funds, from outside funds (such as from an off-campus agency), or from both. However, if a student is employed by a private, for-profit organization, that organization must provide the nonfederal share.

Your school may also pay the institutional share with noncash contributions. If the school's noncash contribution is less than the remaining 25%, the school must make up the difference in cash.

Funds from programs sponsored by federal agencies (such as the National Science Foundation or the National Institutes of Health) may be used to pay the nonfederal share, as long as the programs have the authority to pay student wages. A school should contact the appropriate federal agency to see if the program in question does have this authority.

### Nonfederal share of FSEOG

The school must ensure there is a nonfederal match of 25% of the total FSEOG awards. The nonfederal share of FSEOGs must be made from the school's own resources. These resources may include

- ◆ institutional scholarships and grants;
- ◆ waivers of tuition or fees;
- ◆ the nonfederal portion of state scholarships and grants; and
- ◆ funds from foundations or other charitable organizations.

### Nonfederal share of FWS

34 CFR 675.27



#### Contributing Greater than Minimum Nonfederal Share of FWS

An employer can choose to contribute more than the minimum required nonfederal share. For example, if a school has a large demand for FWS jobs from its various departments, it may contribute more than the usual 25% to allow for additional employment. However, schools should not report any contributions over the 25% requirement on the FISAP.

### Nonfederal share of FSEOG

34 CFR 676.21(c)

The nonfederal share requirement is 25% of awards to students. In the following discussion of these methods, you should note that **for a student to meet the definition of an FSEOG recipient, some portion of the grant awarded the student must have come from the FSEOG federal dollars.** Note that the federal share can be 100% for a school designated as an eligible institution under Title III or Title V of the HEA. (See the discussion under *Title III and V Non-Federal Share Requirement Waiver for the FSEOG and FWS Programs* later in this chapter.)



### Use of State Grants in FSEOG Matching

All State scholarships and grants (including state vocational rehabilitation grants) are eligible funds that may be used to meet the nonfederal share requirement for the FSEOG Program.



Note that if a state grant includes any federal funds, those federal funds may not be included in the match.

The Higher Education Act of 1965, as amended, provides that the Federal share of awards made to students under the Federal Supplemental Educational Opportunity Grant (FSEOG) Program may not exceed 75%. The 25% nonfederal share of FSEOG awards must come from an institution's own resources, including institutional scholarships and grants, tuition or fee waivers, state scholarships and grants, and foundation or other charitable organization funds.

By the time the FSEOGs are disbursed (regardless of when in the award period the disbursements are made), the required match must have been accomplished; that is, the school's own resources must have been disbursed before or at the time the federal dollars are disbursed. However, outside resources (such as state grants, foundation, or other charitable organization funds) can be used to match FSEOGs even if the funds are received at a later date, provided that the school has written information about funds that the noninstitutional agency or organization is awarding to the student involved. The written information must be kept on file at the school.

## Types of nonfederal FSEOG matching

### Individual recipient basis

The school ensures that the nonfederal match is made to each individual FSEOG recipient together with the federal share in such a way that **every student's FSEOG award consists of 75% federal funds and 25% qualified nonfederal funds.** A school using this method calculates and documents on a student-by-student basis what portion of the student's FSEOG award comes from federal funds and what portion comes from nonfederal funds. Note that for the purpose of a Return of Title IV Funds calculation, only 75% of the funds are considered federal funds when a school uses this method of matching.



### Aggregate basis

The school ensures that the sum of all funds awarded to all FSEOG recipients in a given award year consists of 75% federal dollars and 25% qualified nonfederal funds. A school using this method calculates and documents on an aggregate basis what portion of total federal *and* qualified nonfederal funds awarded to all FSEOG recipients comes from federal funds and what portion comes from nonfederal funds.

For example, if a school awards a total of \$60,000 to all FSEOG recipients in an award year, it must ensure that \$45,000 comes from federally allocated funds and \$15,000 comes from nonfederal funds. The school may meet this requirement by awarding qualified nonfederal funds to FSEOG recipients on a student-specific basis. For example, if the school makes a total of \$60,000 in FSEOG awards to a total of 100 students, the entire nonfederal share may be met by awarding a total of \$15,000 in nonfederal resources to only five FSEOG recipients.



**However, each of the 100 FSEOG recipients must receive some FSEOG federal funds.** Note that for the purpose of a Return of Title IV Funds calculation, only 75% of the funds are considered federal funds when a school uses this method of matching.

### Fund-specific basis

The school establishes an FSEOG account for federal program funds and deposits the required 25% qualified nonfederal matching share into the fund. The matching funds must be deposited at the same time the federal funds are deposited. Awards to FSEOG recipients are then made from this *mixed* fund. Schools using the fund-specific method must deposit their institutional match at the time they receive the federal share funds. **For the purpose of a Return of Title IV funds calculation, 100% of the funds are considered federal funds when a school uses this method of matching.**



### Nonfederal share of Perkins

The nonfederal share required from the school's own funds for the Federal Perkins Loan Program is called the Institutional Capital Contribution (ICC). There will be no new FCC for 2017–2018. However, a school may contribute institutional funds to the Perkins revolving fund, through a short term loan or as additional ICC, and report these contributions in Part III of the FISAP.

### Title III and V nonfederal share requirement waiver for the FSEOG and FWS programs

#### Clarification

Certain schools are eligible for a waiver of the nonfederal share requirements under 34 CFR 675.26(d) of the FWS regulations and 34 CFR 676.21(b) of the FSEOG regulations. To receive a waiver of the FWS and FSEOG nonfederal share requirement, the school must be designated by the Department of Education's Office of Postsecondary Education Institutional Service (OPE/IS) as an eligible Title III or Title V institution under the Higher Education Act (the HEA). These waivers are granted for the year immediately following the year in which the institution receives the Title III or Title V designation.

To qualify for a Title III or Title V waiver of the nonfederal share requirement, an institution (one having a unique six-digit OPEID with a two-digit extension of "00") must submit its own FISAP and qualify for Title III or V designation under its own OPEID.

### Questions About Title III or V Eligibility

If you have questions about your school's eligibility for Title III or Title V, contact

U.S. Department Of Education  
Office of Postsecondary Education  
Strengthening Institutions Program  
Lyndon Baines Johnson (LBJ) Building  
400 Maryland Avenue, S.W.  
Washington, DC 20202

Christopher Smith  
christopher.smith@ed.gov  
202-219-7012  
or  
Jeffrey Hartman  
jeffrey.hartman@ed.gov  
202-502-7607

Information is also available on the OPE/IS website:  
[www2.ed.gov/about/offices/list/opec/dues/eligibility.html](http://www2.ed.gov/about/offices/list/opec/dues/eligibility.html)

General electronic announcements will be posted to IFAP regarding the Title III or Title V process.

### Help with Waivers

For questions about the Title III/V waiver of the nonfederal share requirement for the FWS and FSEOG programs, contact the Campus-Based Call Center at 877/801-7168. Customer service representatives are available Monday through Friday from 8:00 A.M. until 8:00 P.M. (ET). You may also e-mail [cbfob@ed.gov](mailto:cbfob@ed.gov).

**Note:** Although an institution is granted a waiver, it may choose to continue providing an institutional share and to determine the amount of that share for one or both of the programs.

It is important to note that the 50% federal share limitation for FWS wages paid to students employed by a private, for-profit organization and the 80 federal share limitation for the administration of the Job Location and Development (JLD) Program are not waived under the Title III or Title V designations. The institutional share requirements for these two categories of FWS expenditures are never waived.

### Designation as an eligible institution for Title III or Title V programs

The Department's Office of Postsecondary Education (OPE) has instituted a process known as the Eligibility Matrix (EM) under which institutional data submitted to the Integrated Postsecondary Education Data System (IPEDS) is used to determine which institutions meet the basic eligibility requirements for programs authorized by Title III and/or Title V of the HEA. OPE will review eligibility annually and make the information available on the OPE/IS website at

<http://opeweb.ed.gov/title3and5/>

Institutions that find they are ineligible for a Title III or Title V program have the option to complete the *Application for Designation as an Eligible Institution* by the deadline, and submit any additional documentation as requested by OPE for reconsideration. Institutions that do not appear in the EM as being eligible for a Title III or Title V program may apply for a waiver with OPE to be reconsidered.

Availability of the EM and the *Application for Designation as an Eligible Institution* are published each winter in an Electronic Announcement on the IFAP Website at [ifap.eg.gov/ifap/](http://ifap.eg.gov/ifap/), once the Federal Register notice and application deadline is posted on the OPE/IS website.

### Institutions currently receiving funding under a Title III or Title V grant

A school that receives grant funding under Title III or Title V is eligible for the FWS and/or FSEOG nonfederal share waiver for the entire duration of its grant. In the event that the school does not appear on the EM as an eligible institution but is receiving a grant for the year in question, the school not required to complete the *Application for Designation as an Eligible Institution* in order to receive the nonfederal share waiver as long as its grant funding can be verified by OPE.

### Schools designated as Historically Black Colleges and Universities (HBCU) or Tribally Controlled Colleges and Universities (TCCU)

A school that has been designated as an HBCU or TCCU but does not appear on the EM as an eligible institution is not required to complete the *Application for Designation as an Eligible Institution* in order to qualify for the FWS and/or the FSEOG nonfederal share waiver. HBCUs and TCCUs automatically qualify for the nonfederal share waiver each year as long as the school maintains this designation



The Department will send an email to the financial aid administrator of the Title III or Title V designated school in early spring indicating that the nonfederal share waiver has been granted for the upcoming award year.

### ADMINISTRATIVE COST ALLOWANCE (ACA)

A school participating in the Campus-Based Programs is entitled to an Administrative Cost Allowance (ACA) for an award year if it advances funds under the Perkins Loan Program, provides employment under the FWS Program, or awards grants under the FSEOG Program to students in an award year. The ACA may be used to help offset administrative costs, such as salaries, furniture, travel, supplies, and equipment. The ACA can also be used for service fees that banks charge for maintaining accounts. Computer costs associated with Perkins Loan billing may also be paid from this allowance. Schools may use the allowance to help pay the costs of administering not only the Campus-Based Programs but the Federal Pell Grant Program as well. Administrative costs also cover expenses for carrying out the student consumer information services requirements.

The amount of the ACA is calculated as a percentage of the school's expenditures to students for an award year under the Campus-Based Programs.

5% of the first \$2,750,000 of a school's  
Campus-Based expenditures to students

+

4% of Campus-Based expenditures  
greater than \$2,750,000 but less than \$5,500,000

+

3% of Campus-Based expenditures  
greater than \$5,000,000

### Administrative Cost Allowance calculation

34 CFR 673.7

#### Reporting ACA on the FISAP

Remember to report all ACA drawn for the award year on the FISAP prior to the December 15th deadline to submit FISAP corrections. No increases or additional claims to ACA will be permitted after that date.



When a school calculates its ACA for the award year, the school is to include in its calculation the full amount of its FSEOG awards—both the 75% federal share and the required 25% nonfederal share. However, a school that chooses to provide more than a 25% institutional share to FSEOG recipients may not include an FSEOG institutional share in excess of 25% in its FISAP or in the calculation of its ACA.

If a school makes no match after receiving a waiver of its required institutional share for the FSEOG Program or the FWS Program, that school's ACA may be calculated only on the full federal portion of its awards for those programs.

A school may not request a Perkins ACA if it has not made any Perkins Loans during the year.

The school takes the ACA out of the annual authorizations the school receives for the FSEOG and FWS programs and from the available cash on hand in its Perkins Loan fund. It is not a separate allowance sent to the school. A school may draw its allowance from any combination of Campus-Based Programs, or it may take the total allowance from only one program, provided there are sufficient funds in that program. However, a school may not draw any part of its allowance from a Campus-Based Program unless the school has disbursed funds to students from that program during the award year. If a school charges any ACA against its Perkins Loan fund, it must charge these costs during the same award year in which the expenditures for these costs were made.

Your school may use up to 10% of the ACA, as calculated previously, as attributable to its expenditures under the FWS Program to pay the administrative costs of conducting its program of community service. These costs may include

- ♦ developing mechanisms to assure the academic quality of a student's experience;
- ♦ assuring student access to educational resources, expertise, and supervision necessary to achieve community service objectives; and
- ♦ collaborating with public and private nonprofit agencies and programs assisted under the National and Community Service Act of 1990 in the planning, development, and administration of these programs.

A school may choose not to claim an ACA so that all the funds can be used for student awards.



## FUNDS AVAILABLE FOR AWARDS

The general principle for all Campus Based Programs is that the amount of funds available for awards is the federal share, plus the institutional match (unless otherwise waived), minus the ACA if the school chooses to claim ACA.



**No FSA grant, loan, or work assistance (or property traceable to that assistance) is subject to garnishment or attachment except to satisfy a debt owed to the Department.**

## PROJECTING NEED

The maximum amount of federal funds a school may draw down from each Campus-Based Program is based on the school's initial allocation and supplemental allocation for that program, as reported to the school in its Final Funding Authorization from ED.

Unless a nonfederal share requirement waiver has been granted, each Campus-Based Program requires that awards made to students be a combination of both federal and nonfederal funds. To accurately determine immediate cash need for Campus-Based Programs, you must calculate the portion of disbursements from each program that may be made up of federal funds, including funds carried forward. *The amount of funds drawn down represents the federal share only.* You must deposit institutional matching funds **at the time the federal funds are deposited** into the account from which Campus-Based awards will be made.

A school on the **advance payment method** must determine the amount of funds it needs before it transmits a request to draw down those funds through G5 payment system. The amount requested must be limited to the minimum amount needed to make disbursements, so excess funds do not exist after disbursements are made. For the Campus-Based Programs, the amount must be enough to meet the federal share of Campus-Based disbursements and the ACA when applicable.

The following equation may be used to calculate projected immediate needs:

$$\begin{array}{r}
 \textbf{Anticipated Disbursements} \\
 \textit{minus} \text{ Balance of Cash on Hand} \\
 \textit{minus} \text{ Anticipated Recoveries} \\
 \textit{minus} \text{ ACH/EFT Cash in Transit} \\
 \hline
 \textit{equals} \text{ Projected, Immediate Need}
 \end{array}$$



**A school should not draw down funds that exceed its immediate need.**

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**Deadline for making ACA accounting entries**

Campus-Based Program ACA accounting entries must be posted no later than June 30 of the award year for which expenditures for those costs were made.

34 CFR 673.7(g), 673.4(f) and 673.4(g).

***Program-specific considerations*****Federal Perkins Loan Program**

A school must determine whether the cash available in its Federal Perkins Loan fund is sufficient to make loan advances to students. In years funds are allocated for the Perkins Loan Program, a school may draw down only that portion of the FCC it needs to cover disbursements for the next three business days.

**FSEOG**

In the FSEOG Program, a school must time its drawdowns to coincide with the date it expects to disburse FSEOG funds to students. A school may draw down only the federal share of the FSEOG awards it will disburse to students within three business days of receiving the funds.

**FWS**

A school must time its FWS drawdowns to coincide with its payroll dates. A school must calculate the amount of federal funds needed to meet FWS payroll for a given pay period and draw down only the appropriate federal share of wages to be paid. Student wages must be paid within three business days of the date federal funds are received.

***Timing issues***

When a school initiates a drawdown from G5, a school should consider that processing requests within G5 typically takes one to three business days and whether the school is using ACH/EFT or FEDWIRE. Schools should also be aware of system downtime, federal holidays, and other delays in processing cash requests when determining immediate need.

## DRAWING DOWN FUNDS

Schools use the G5 system to draw down Campus-Based funds. To begin drawing down funds, log into G5 using the new two-factor authentication system. On the top panel, hover your cursor over the word **Payments**. From the options that appear, select **Create Payments**. The payment requests screen allows you to create, modify, and view payment requests.

Once you have selected Create Payments, you will see a list of awards.

The award(s) will populate with corresponding authorized and available balances from which drawdowns can be initiated. A school may use the **Recipient Reference Field** to identify the award type (i.e., FWS, FSEOG, etc.).

An important step in creating payment requests is setting the Deposit Date. The default deposit date displayed is based on the method the school has selected for receiving funds (ED's transmission method). The default date assumes that you are going to disburse the funds within three business days of the deposit date. However, you may set a deposit date that is up to 30 days after the current date.

For ACH payments, the default deposit date is the next business day if received prior to 3:00 p.m. Eastern time (ET), or two business days later if submitted after 3:00 p.m. If the request is made after 3:00 p.m. ET on Friday, the Deposit Date is the current date plus two days.

For payments by FEDWIRE, the default deposit date is the current date if the request is submitted before 2 p.m. ET, or the next day if submitted after 2 p.m. If the request is made after 2:00 p.m. ET on Friday, the Deposit Date is the current date plus two days.

After entering the request amount, click **Continue**. If you agree to the certification statement on the next screen, you will click **Submit** on the next page to complete the payment request.

After you have created payment requests, G5 performs validations. If the G5 system encounters a problem, the payment will not post and you will be notified by email. If there's a problem with your request, you should contact the G5 Hotline for help in resolving the problem.

G5 website: **[www.g5.gov](http://www.g5.gov)**

G5 hotline: **Phone: 888-336-8930**

Email: **[edcaps.user@ed.gov](mailto:edcaps.user@ed.gov)**

### Two-Factor Authentication

The U.S. Office of Management and Budget has mandated that all federal agencies implement increased cybersecurity capabilities to prevent unauthorized access to government systems. The U.S. Department of Education is implementing a more secure means for users of the G5 Grants Administration System to gain access, referred to as Two-factor Authentication (TFA).

TFA is a security process in which the user provides two means of identification from separate categories of credentials. One is typically something that you know, such as a password; and the other is something that you have, such as a security code you download from your mobile device. The combination of these two security factors makes it more difficult for someone to access government systems. Once both the first and second factors are validated, users are allowed into the G5 system.

Two-factor Authentication will be rolled out to G5 users in groups starting in mid-April 2016 and extend through the end of June 2016.

Each group of users will be notified via an email a week before they are required to begin logging into G5 using Two-factor Authentication.

You can find training on Two-factor Authentication at [www.G5.gov](http://www.G5.gov) under the HELP menu. You do not need to be a registered user to access the training materials.

If you have any questions, please contact the G5 Hotline using one of the options below:

- Phone number: 1-888-336-8930
- Email: [edcaps.user@ed.gov](mailto:edcaps.user@ed.gov)
- Go to the self-help portal at [edcaps.force.com](http://edcaps.force.com) to submit a ticket.

Potential errors include but are not limited to

- ♦ deposit date that is not in the required format (MM/DD/YY);
- ♦ deposit date that is more than 30 days from the current date;
- ♦ deposit date that is earlier than the default date for the method of transmission selected in Pay By field;
- ♦ deposit date that is earlier than the award start date, or later than the last date to draw funds;
- ♦ request that is non-numeric or negative;
- ♦ request in which all fields are zero; and
- ♦ request that exceeds the available balance displayed in the available balance field.

If no errors are encountered, G5 displays a confirmation window, to ensure that the user intends to submit the information. You must click Yes to certify that the funds will be expended within three business days for the purpose and condition of the grant. Once you have completed the process, you will receive an email confirming your payment request has been accepted.

## CAMPUS-BASED RECORDKEEPING

A school must follow the recordkeeping requirements in the General Provisions (discussed in *Volume 2*) and those specific to the Campus-Based Programs.

A school must keep financial records that reflect all Campus-Based Program transactions and must keep all records supporting the school's application for Campus-Based funds. This documentation includes the applications and records of all students who applied for Campus-Based assistance for a specific award year and were included on the school's FISAP for that award year.

The school must also retain applications and records of students who applied for but did not receive aid, either because the school had no more funds to award or because the school determined that the student did not need funds. The school must keep general ledger control accounts and related accounts that identify each program transaction and must separate those transactions from all other institutional financial activity. Fiscal records must be reconciled at least monthly.

The Campus-Based records a school must maintain include but are not limited to

- ♦ the Student Aid Report (SAR) or Institutional Student Information Record (ISIR) used to determine a student's eligibility for Campus-Based Program funds;
- ♦ application data submitted to the Department or the school on behalf of the student;
- ♦ documentation of the payment of any return of Title IV funds or overpayment to the FSA program fund or the Department;
- ♦ documentation of the amount of a Perkins Loan, FSEOG or FWS award; its payment period; and the calculations used to determine the amount of the loan, grant, or FWS award;
- ♦ documentation of each FSEOG or Perkins Loan disbursement and the date and amount of each payment of FWS wages;
- ♦ documentation of the school's calculation of any refunds or overpayments due to, or on behalf of, the student and the amount, date, and basis of the school's calculation;
- ♦ information collected at initial and exit loan counseling required by Perkins Loan regulations; and
- ♦ reports and forms used by the school in its participation in a Campus-Based Program and any records needed to verify data that appear in those reports and forms.

### Retention of records

General Provisions

34 CFR 668.24

Perkins Loans

34 CFR 674.19

FWS

34 CFR 675.19

FSEOG

34 CFR 676.19

**Perkins Recordkeeping**

Perkins recordkeeping requirements are covered in Chapter 3 of this volume.

**FSEOG recordkeeping**

In addition to following the fiscal procedures and records requirements mentioned earlier and in *Volume 2*, a school must meet the following requirements, which are included in the FSEOG regulations:

- ♦ A school must establish and maintain an internal control system of checks and balances that ensures that no office can both authorize FSEOG payments and disburse FSEOG funds to students.
- ♦ A school must establish and maintain program and fiscal records that are reconciled at least monthly.
- ♦ Each year, a school must submit a FISAP and other information the Department requires. The information must be accurate and must be provided on the form and at the time specified by the Department.

**FWS recordkeeping**

For schools administering FWS, you must also follow the procedures established in 34 CFR 675.19 for documenting a student's FWS work, earnings, and payroll transactions. You must establish and maintain an internal control system of checks and balances that ensures that no office can both authorize FWS payments and disburse FWS funds to students. If you use a fiscal agent for FWS funds, that agent may perform only ministerial acts.

In school records, schools must distinguish expenditures for FWS compensation from other institutional expenditures. You should enter FWS compensation on a separate voucher or, if listed on the general payroll voucher, you should group FWS compensation separately from other compensation. If payrolls are handled on automatic data processing equipment, you should identify FWS with a special code.

You must establish and maintain program and fiscal records that are reconciled at least monthly. The records must include a

- ♦ payroll voucher containing sufficient information to support all payroll disbursements;
- ♦ noncash contribution record to document any payment of the school's share of the student's earnings in the form of services and equipment; and
- ♦ certification by the student's supervisor, an official of the school (or off-campus agency) that each student has worked and earned the amount being paid. Your school may use an electronic certification process. The school may still continue to have the FWS student's supervisor sign a paper certification. If the students are paid on an hourly basis, the certification must include or be supported by a time record showing the hours each student worked in clock time sequence or the total hours worked per day (see sidebar).

**Electronic Certification for FWS**

A school that uses an electronic certification must adopt reasonable safeguards against possible fraud and abuse.

The school should provide a secure electronic certification through an electronic payroll system that includes

- password protection;
- password changes at set intervals;
- access revocation for unsuccessful logins;
- user identification and entry-point tracking;
- random audit surveys with supervisors; and
- security tests of the code access.

See *Volume 2* for more information about recordkeeping, privacy safeguards, and information security.

## RECORD RETENTION AND FORMATS

### *Availability of records and period of retention*

Your school must make its records readily available for review by the Department or its authorized representative at an institutional location the Department or its representative designates. Generally, a school must keep records relating to the school's administration of a Campus-Based Program for three years after the end of an award year for which the aid was awarded and disbursed under that program.

There are some exceptions to this requirement:

- ♦ The school must retain the FISAP containing reported expenditures and any records necessary to support the data contained in the FISAP, including “income grid information,” for three years after the end of the award year in which the FISAP is submitted.
- ♦ The school must keep the original signed promissory note and repayment schedule *until all loans made on the promissory note or MPN are satisfied*, accepted for assignment by the Department, *or until the original note or MPN is needed to enforce loan collection*. Only authorized personnel may have access to these records.
- ♦ If a promissory note or MPN was signed electronically, you must store it electronically for *at least* three years after all loans made on the promissory note or MPN are satisfied. (The Department recommends that the school maintain a certified copy of the signed promissory note, as well as a record of the full amount owed, in its records beyond the three-year record retention requirement.) You must ensure that the promissory note or MPN can be retrieved in a coherent format.
- ♦ The school must keep *repayment* records for Perkins Loans, including records relating to cancellation and deferment requests, for at least three years from the date a loan is repaid, cancelled, or assigned to the Department. If a loan is assigned to the Department due to total and permanent disability, the school must retain any loan-related documentation that it does not submit for at least three years from the date the loan is assigned. In some instances, the Department may require schools to provide copies of repayment records, cancellation records or deferment requests in order for the loan to be accepted for assignment.
- ♦ Records questioned in an audit or program review must be kept for three years after the end of the program year in which the program review or audit was finalized.

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**Records readily available for review**

34 CFR 668.24(d)(2) & (f)



### Record formats, storage, etc.

A school must keep its Campus-Based Program records in one of the following formats:

- ♦ The school must retain the original signed promissory notes and signed repayment schedules for Perkins Loans in a locked fireproof container. **If a loan is assigned to ED, the school should keep copies of all the original documentation submitted to the Department with the assignment.** The school may not maintain only computer generated form(s) or microform(s).
- ♦ A school may keep other required records in hard copy or in microform, computer file, optical disk, CD-ROM, or other media formats, but all record information must be retrievable in a coherent hard copy format or in other media formats acceptable to the Department except that any document that contains a signature, seal, certification, or any other image or mark required to validate the authenticity of its information must be kept in its original hard copy or in an imaged media format.
- ♦ Any imaged media format used to keep required records must be capable of reproducing an accurate, legible, and complete copy of the original document, and, when printed, this copy must be approximately the same size as the original.

## THE FISCAL OPERATIONS REPORT

### FISAP Documents

You can access all FISAP references at [cbfisap.ed.gov](http://cbfisap.ed.gov).

The Fiscal Operations Report (*aka* FISOP) is parts III, IV, V, and VI of the FISAP. If you participated in any Campus-Based Programs in an award year, you must report on your activities for those programs by completing the appropriate portions of the FISAP by the next filing deadline.

- ♦ Part III applies to the Perkins Loan Program.
- ♦ Part IV applies to the FSEOG Program.
- ♦ Part V applies to the FWS Program.
- ♦ Part VI, applies to all three Campus-Based Programs.

In each program section, you will report how much of your school's total federal allocation was used and how much remained unexpended at the end of the award year. (Your school's unexpended authorization is equal to its final adjusted authorization amount minus its total expended authorization.) If this amount is a positive dollar figure, the amount of unexpended funds will be deducted from your school's G5 grantee account. **You may not make negative entries on the FISAP.**



### FISAP —Part III, the Federal Perkins Loan section

You must complete Part III, if your school

- ♦ is a continuing participant in the Federal Perkins Loan Program;
- ♦ made Federal Perkins Loans to students during the recent award year;
- ♦ is liquidating its Federal Perkins Loan portfolio. (You must do so every year until your final report shows that all outstanding loans have been assigned, fully retired, or purchased and that the federal share of cash on hand has been returned to ED and you have received the official liquidation completion letter from ED.)

The Federal Perkins Loan section of the FISAP consists of the following sections:

- ♦ **Section A** is a historical/cumulative report of your school's Federal Perkins Loan fund activity from the beginning of the program through the end of the most recent award year. **This section is the balance sheet for your Federal Perkins Loan fund, and it must balance.**
- ♦ **Section B** is a report of the Federal Perkins Loan activity that took place at your school during the **recently completed award year**.
- ♦ **Section C** is a report of your school's **cumulative repayment information** as of the end of the reporting year. This summary includes all data from your school's initial participation in the program through the recently completed award year.

In Section C you report the status of all borrowers as of June 30 of the reporting year. What you report in this section must match what your school has reported to the Department's NSLDS system. **If the data does not match you must reconcile the data and correct all discrepancies.**

Note: Schools are required to report new loans or updated data on existing loans to NSLDS once a month on a schedule established by ED. Schools are encouraged to reconcile their entire loan portfolio twice a year.

#### FISAP

Campus-Based Programs 34 CFR 673.3  
Perkins Loan Program 34 CFR 674.19(d)(2)  
FWS 34 CFR 675.19(b)(3)  
FSEOG 34 CFR 676.19(b)(3)

#### Signature Requirement

The FISAP must be signed by the person designated as the CEO in your school's Program Participation Agreement (PPA). With their signature, they are certifying

- the information submitted on the FISAP is true and accurate;
- no one managing the programs has been debarred or suspended;
- the school is a drug-free work place; and
- no federal funds are spent on any lobbying activities.

Electronic Signature (eSignature) is also an option. See the discussion under *Signing and Submitting Your FISAP* earlier in this chapter.

You can access all FISAP references at the school link **cbfisap.ed.gov**.

- ♦ **Sections D and E** are used to calculate your school's **cohort default rate**.
  - You complete Section D if your school had 30 or more borrowers who entered repayment during the award year.
  - You complete Section E if your school had fewer than 30 or more borrowers enter repayment during the award year.

For FISAP purposes, a cohort is defined as a group of borrowers that went into repayment during a particular year. The cohort moves up one year with each FISAP. Of the borrowers that went into repayment during the relevant year, the school reports how many were in default at the end of the following year. Schools that had fewer than 30 borrowers going into repayment use a three-year cohort.

### ***FISAP—Part IV, the FSEOG section***

Your school must complete Part IV if it received FSEOG Program funds during the most recent award year. The five sections in this part of the FISAP summarize your school's use of FSEOG funds during the previous year. The data you report in this section is used to

- ◆ determine underuse penalties in FSEOG;
- ◆ account for funds transferred across programs and across years during the reporting year;
- ◆ monitor the program (e.g., validate expenditure and balance totals by using the G5 "Award History Report"); and
- ◆ conduct year end close out of the FSEOG program funds.

**TIP**

In field 17, your school reports the expended FSEOG authorization. This amount must agree with the final FSEOG expenditures reported in G5.

### **Matching requirement**

Remember, unless your school has a waiver of its non-federal matching requirement, your school is required to contribute an additional amount equal to 25% of the awards to students, from your school's own resources. (*A school may choose to provide an additional institutional contribution from its own resources regardless of the waiver.*) So, unless your school has a matching waiver, when you report the total amount of FSEOG funds paid to recipients, the amount must include a nonfederal share of at least 25%. (See Electronic Announcement 2011-04-29 and the discussion earlier in this chapter under Nonfederal Share of FSEOG.)

**Note:** Any funds recovered on prior year awards should be returned to ED using existing G5 refund procedures. Refunds should be applied to the award corresponding to the funding year the recovered funds were awarded.

*FISAP—Part V, The FWS section***TIP**

If the nonfederal share of student compensation was paid in kind (for example, as a tuition waiver or room and board), the in-kind compensation value must be converted to a cash amount and reported in this section of the FISAP as part of your matching funds.

Your school must complete Part V if it received FWS Program funds during the most recent award year. The nine sections in this part of the FISAP summarize your school's use of FWS funds during the previous year. The data you report in this section is used to

- ♦ provide data for underuse penalties;
- ♦ account for and close out funds awarded in FWS for the Fiscal Operations Report year;
- ♦ monitor the program (e.g., validate expenditure and balance totals by using the G5 "Award History Report");
- ♦ report program transfers made during the year; and
- ♦ provide data for community service requirements.

When completing this section, it's important to remember that

- ♦ The institutional share includes amounts contributed by off-campus employers in addition to amounts contributed by the school itself.
- ♦ The amount reported should not include institutional expenditures for non-FWS employment.
- ♦ If your school has a Title III/V waiver, you will report this share as zero, unless your school chose to provide an institutional contribution.
- ♦ Any amount that your school spends for reading tutors of children/family literacy programs does not have to be matched.

**Note:** In Section E of this part, you will report how much of your school's total federal FWS allocation was used and how much remained unexpended at the end of the award year. (Your school's unexpended FWS authorization is equal to its final adjusted FWS authorization amount minus its total expended FWS authorization.)

If this amount is a positive dollar figure, the amount of unexpended FWS funds will be deducted from your school's G5 grantee account.

**You may not make negative entries on the FISAP.**

**Reminder**

## FISAP—Part VI, the Program Summary

Your school must complete Section A of the Part VI, if your school made any awards to students from any Federal Campus-Based Program during the most recent award year. This data is used to provide statistical data for analysis. In Section A, you report these expenditures by “Income Category” and by “Student Type.” In Section B, an amount is calculated for the ACA your school can claim on the basis of its total Campus-Based Program expenditures, as reported in Parts III, IV, and V of the FISAP.

$$\frac{\text{FSEOG Total Award}}{\text{Number of Payment Periods}}$$

## FREQUENCY AND AMOUNT OF FSEOG DISBURSEMENTS

If a student is awarded an FSEOG, you must pay the student a portion of this award in each payment period, even if you do not use standard academic terms. Within a payment period, a school may advance funds in whatever installments it determines will best meet the student’s need. To determine the amount of each payment period’s FSEOG disbursement, divide the total FSEOG award amount by the number of payment periods you expect the student to be enrolled.

For a school that measures progress in credit hours and academic terms, a payment period is defined as a term (semester, trimester, quarter). The definition of a payment period for a school that does not have academic terms or a school that measures progress in clock hours is discussed in more detail in *Volume 3*.

### Uneven costs/unequal disbursements

If the student incurs uneven costs or receives uneven resources during the year and needs extra funds in a particular payment period, you may make unequal FSEOG disbursements.

### Payment of FSEOG

34 CFR 676.16(a)

### Uneven costs/uneven payments

34 CFR 676.16(b)

### Payment periods

34 CFR 668.4

### Single-Term FSEOG Awards

A single-term FSEOG award is permissible if a student will only be enrolled for one term or only one term remains in the award year when the award is made. Moreover, the award would then be disbursed in a single disbursement.

When the regulations were revised to prohibit a single disbursement for an FSEOG award of \$501 or less, they did not prohibit single term awards.

### FSEOG Withdrawal and Return of Title IV Funds

If a student ceases attendance after receiving a lump sum FSEOG payment (of less than \$501, or after receiving a disbursement in a second payment period that includes funds for the previous period), only that portion of the FSEOG intended for the payment period in which the student was attending class should be included in the Return calculation.

## INTERNAL CONTROLS IN THE FSEOG PROGRAM— RECONCILIATION, FISCAL, AND PROGRAM RECORDS

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### Fiscal procedures and records

34 CFR 676.19

Your school must reconcile, at least monthly, your FSEOG draws recorded in G5 to the funds received in the bank account your school has designated to receive electronic transfers. **You must also reconcile monthly the amount drawn down and received to the amounts disbursed to students or returned to ED, and resolve all discrepancies.**



In addition, you should examine your FSEOG program and fiscal records monthly. Did the fiscal records on which you based your anticipated need for FSEOG funds accurately predict your disbursements, or are you returning unused funds? Were your matching funds deposited at the same time you received your federal share?