

This chapter explains how to report Pell information to the Department through the Recipient Financial Management System (RFMS) and how this reporting system affects the school's authorization.

OVERVIEW OF RFMS

Schools report Pell disbursements to the Department through the Recipient Financial Management System (RFMS). As in previous years, schools will receive an initial Pell authorization.⁸

The reporting process starts with origination records. Origination records can be submitted well in advance of any disbursements, as early as the school chooses to submit them. A school should submit origination records for any student to which it might pay a Pell Grant. When RFMS receives an origination record, it checks the record to make sure there aren't errors and then returns an acknowledgment.

When the school makes a disbursement, it needs to submit a disbursement record. The disbursement record reports the actual disbursement date and the amount of the disbursement. RFMS also returns an acknowledgment for the disbursement record, which will let the school know if there were any problems with its submission. RFMS sends information from disbursement records to the Education Central Automated Processing System/Grants Administration and Payments System (EDCAPS/GAPS, or GAPS), and the school's authorization will be adjusted.

RFMS Software

The Department provides a Pell Payment module as part of the EDExpress software. However, schools aren't required to use this software, and we won't discuss the specifics of the software in this chapter. Schools using the Department's software can use the Desk Reference for the Pell Payment software or the on-line help in EDExpress for help with the software. They can also download the *RFMS 2001-2002 Technical Reference* from <<http://www.sfadownload.ed.gov>>.

8. The schools participating in the Just-In-Time Funding pilot don't receive an initial authorization, because they don't draw down funds. Instead, funds are automatically deposited in the schools' bank account, based on disbursement records they submit.

Schools using third-party software should consult the materials provided by the vendor. A school that develops its own software may want to refer to the record layouts for the various RFMS records. The records have to be formatted correctly to be accepted by RFMS. The layouts are available on the Information for Financial Aid Professionals (IFAP) web site at

<http://ifap.ed.gov/csb_html/software.htm>.

IFAP also has other information about RFMS, such as edit codes, and a series of Action Letters describing the system.

PELL AUTHORIZATION

At the beginning of each award year, a school is given an initial authorization based on an estimate of the Pell funds the school will need to cover its first payments. As the award year progresses, the authorization for the school will be adjusted based on the actual dollar amount of disbursements the school reports to RFMS.

RFMS sends information on the school's initial authorization to GAPS. It also sends an Electronic Statement of Account (ESOA) to the schools to notify them of their initial authorizations. As the school reports disbursements to RFMS, RFMS makes any necessary adjustments to the authorization, and notifies GAPS so that funds will be available to the school. RFMS enables the Department to track a school's need for funds as the award year progresses and adjust the school's authorization on that basis. The system also provides documentation to the school for reconciling the school's records of total expenditures with the Department's records of eligible students paid by the school. (This documentation is the Year-to-Date data; see "Year-to-Date Records," in this chapter.) The Pell funds that the school reports as expenditures to GAPS must equal the total payments to eligible Pell recipients at the school, as shown by the records for each student.

REPORTING METHOD

Electronic Data Exchange

Schools must use the *Electronic Data Exchange* (EDE) to report Pell information to the Department. This method allows schools or their service agents to use the school's computers to send and receive information to and from the Department. The Department supplies personal computer communication software (EDConnect). Information is transmitted electronically by telephone line to a communications network (the Student Aid Information Gateway [SAIG], formerly, the Title IV WAN), which in turn transmits the information to RFMS.

ORIGINATION RECORDS

RFMS origination records contain much the same data as the Payment Data used previously. One difference is that origination records don't include actual disbursement dates and amounts, because those are reported separately on disbursement records. A school must submit an origination record for every Pell recipient. The origination record establishes a student's eligibility and the amount of Pell funds the student can receive for the award year.

Submitting Records

A school should submit an origination record for every student it **might** pay during the award year; the school doesn't have to disburse funds for each origination record. Also, more than one school can submit an origination record for a student. However, RFMS only accepts one origination record from each school for each student; if a school submits another origination record with different data for a student, RFMS treats the new record as an update to the original record.

Timing of submissions

A school can submit an origination record as early in the year as it chooses, once the system starts up. In 2001-2002, schools will be able to submit origination records on May 1, 2001. It's to the school's benefit to submit origination records well in advance of the time of disbursement. This will allow the school enough time to correct any problems with the student's eligibility that might otherwise delay disbursements.

Also, RFMS has to accept an origination record for a student before a disbursement record can be processed and disbursements made. Submitting the origination records early ensures that disbursement records won't be rejected because there's no acceptable origination record. A school may not submit disbursement records more than 30 days prior to disbursement. The exception to this rule is the beginning of the award year. Disbursement records for 2001-2002 may be submitted beginning June 21st, 2001. If a school does submit an origination record and disbursement record for a student in the same batch, the origination record gets processed first; if there's a problem with that origination record, the disbursement record will also be rejected.

Specific Origination Record Items

The software the school uses to prepare origination records should help it enter data in the correct origination record format. Some items that can be entered are required, and others are optional. The Department's EDExpress software won't let the school submit invalid data, but the school will still want to make sure the information is correct for that student.

Origination Record Cite

Action Letter #6, April 8, 1999

Timing of Origination Records Example

Malvek University decides to submit as many of its origination records as possible at the beginning of July. Three students face the following circumstances:

Sal won't be attending until the spring semester next year, but Malvek University submits an origination for him anyway in July. This record is accepted, and Malvek will now just have to submit a disbursement record closer to Sal's disbursement date.

Dave will start in the fall; the origination record Malvek submits for him is rejected, but it will have several months to submit a new origination record and fix the problems.

Frank is supposed to receive a disbursement in July, so Malvek submits a disbursement record for him in the batch with all the origination records. His origination record is also rejected, which causes his disbursement record to be rejected too. Malvek will need to resolve the problem quickly and submit both a new origination record and a new disbursement record for Frank.

Record Layouts

As mentioned previously, the record layouts for all the RFMS records are available on IFAP as well as SFA Tech (www.ed.gov/offices/OSFAP/sfatech). Schools may find them a useful reference on what values RFMS will accept.

Origination Record Data Elements

The required items are:

- *Origination ID*
- *Original SSN*
- *Original Name Code*
- *Attending Campus ID*
- *Award Amount*
- *Estimated Disbursement Date #1*
- *Enrollment Date*
- *Verification Status Code*
- *Transaction Number*
- *EFC*
- *Academic Calendar*
- *Payment Methodology*
- *Cost of Attendance*
- *Enrollment Status*
- *Weeks of instructional time used to calculate payment*
- *Weeks of instructional time in program's definition of academic year*
- *Hours in all payment periods used to complete school year*
- *Hours in program's definition of school year*

The optional items are:

- *Institutional Cross-Reference*
- *Action Code*
- *Estimated Disbursement Dates #2-#15*
- *Low Tuition and Fees Code*
- *Incarcerated Federal Pell Recipient code*
- *Secondary EFC*

Award Amount Example

Lochlan University has determined that Matt's award for the year will be \$2,916.80. When reporting the amount on the origination record, Lochlan reports that Matt's award amount will be \$2,917.00, by reporting it as 0291700. This ensures that Lochlan U. will be able to pay Matt the entire amount without problems from RFMS.

Origination ID

The origination ID is used to uniquely identify the student and school in the RFMS database. If the school submits another record using the same origination ID, RFMS will assume it's either a duplicate of the first (if no data have changed) or a correction to the earlier record.

The school's software may automatically generate the correct origination ID (for example, the Department's software will do so). The origination ID consists of the SSN used on the student's first application for the year (which might not be the student's actual SSN), the first two letters of the last name reported on the student's first application, four digits for the award year (2002 for the 2001-2002 award year), the school's Pell ID, and 00.

Award amount

The award amount is reported as seven numbers, with no other characters such as dollar signs, commas, or periods. The last two numbers represent cents, so for an award amount of \$3,750, the school would report 03750000 as the award amount to RFMS. If the school doesn't report an amount for cents, RFMS will take the last two digits to be the cents amount. So, for example, if a school reports an award amount of 2000, RFMS will take this to be an award of \$20.00, not \$2,000.

In addition, for the 2001-2002 award year, the cents amount must be zero. Any other amounts reported as cents on an origination record are dropped and replaced with zeroes. For example, if the school reports an award amount of 0056250 (an award of \$562.50), RFMS will correct that to 0056200 (an award of \$562.00). The school then wouldn't be able to submit and receive disbursement amounts for the full award amount, because the last fifty cents would be more than the award amount on file. Therefore, a school that is going to pay an award amount that includes cents should round that amount up to the next whole dollar when reporting it on the origination record.

Low tuition and fees code

This is an optional item, used to indicate that the school used the Alternate Schedule to determine the student's annual award (see Chapter 2 of this volume). A school that used the Alternate Schedule reports a number that shows the range it used for the students tuition plus dependent care and/or disability expenses of:

- 1 \$0
- 2 \$1-\$262
- 3 \$263-\$524
- 4 \$525 or more

Verification status code

The school must report a verification status code, even if the student wasn't selected for verification. If the student wasn't selected, the verification status code is "N" (Not selected). Otherwise, the school should report the appropriate code for the student's status:

- A** Accurate: Verification was completed, and the record being used for the award is accurate.
- C** Calculated: Errors were discovered during verification; the school calculated what the changed award would be. The corrected EFC would be lower, and the school is paying on the original, incorrect, higher EFC. (See the *SFA Handbook: Student Eligibility [Volume 1]* for more information.)
- R** Reprocessed: Errors were discovered during verification, and the information was corrected and reprocessed. The school is using the corrected information. A school would also use the "R" code if the student wasn't required to make a correction (for example, if the errors fell within the verification tolerance), but did so voluntarily. Note that the Transaction Number reported in the origination record has to be greater than 01 if the school is reporting R for a verification status code.
- S** Selected, not verified: The student was selected for verification, but the school wasn't required to verify the student's information because it had already verified 30% of its applicants or is participating in the QA Program (see Chapter 8 of the *SFA Handbook: Student Eligibility [Volume 1]* for more on these exceptions).
- T** Tolerance: Errors were discovered during verification, but the errors were within the verification tolerances, so no corrections were made. This code is also used for students who meet certain verification exclusions (see Chapter 8 of the *SFA Handbook: Student Eligibility, [Volume 1]* for information on verification tolerances and exclusions).
- W** Without documentation: The student hasn't completed the verification process. A school can make a first disbursement to a student with this status, but won't be able to make any further disbursements until verification is completed. The school must then submit a new, updated origination record with the correct verification code.

Enrollment date

This is the first date the student was enrolled in the eligible program for the award year. (For this item, "enrolled" means the first day the student attended classes.) If the student enrolled in a crossover payment period before the first day of the award year (July 1), report the actual date enrolled, even though that date occurs before the start of the award year.

Enrollment Date Example

Peg is enrolled in a summer term at Aanar College, and it's the first term in the 2001-2002 award year. The term began on June 7, 2001. Aanar reports the enrollment date as 20010607 on the origination record it submits for Peg for the 2001-2002 award year.

Academic calendar

The academic year categories are defined as follows:

- 1 Credit hours—nonstandard terms.** The school uses nonstandard academic terms but measures progress by credit hours or units.
- 2 Quarters.** The school uses standard term quarters and measures academic progress by quarter hours.
- 3 Semesters.** The school uses standard term semesters and measures academic progress by semester hours.
- 4 Trimesters.** The school uses standard term trimesters and measures academic progress by semester or trimester hours.
- 5 Clock hours.** The school measures academic progress by clock hours.
- 6 Credit hours without terms.** The school doesn't use terms, and measures academic progress by credit hours.

Cost of attendance

The cost of attendance is reported as seven numbers, with no other characters such as dollar signs, commas, or decimal points. The last two numbers represent cents, so for a cost of attendance of \$10,345, the school should report 1034500. If the school submits a cost of attendance of 10345, RFMS will take that to be a cost of attendance of \$103.45. The cents amount doesn't have to be zero, so a school could report a cost of attendance of \$3,456.89, as 0345689.

Enrollment status

This item is only completed if the academic calendar uses terms (standard or nonstandard). The enrollment status code "Other" is used when the student's enrollment status is "mixed"—for instance, when a student attends full time one term and half time the next, or when the student attends an additional (optional) term within the award year. Reporting a status of "Other" allows RFMS to accept an award amount up to the full Scheduled Award.

Weeks of instructional time used to calculate payment

This item isn't completed if the school is using Formula 1 to calculate the Pell Grant, but is reported for all other formulas. (See Chapter 2 of this volume for more information about the formulas.) Note that this is an amount for the entire award year; this amount won't match the amount actually used in calculations under Formulas 3 and 5B because they only use the number of weeks in a particular payment period in the calculation.

For standard-term-based, credit-hour programs (programs using Formula 2), this is the total number of weeks provided in the school's fall through spring terms. For other term-based, credit-hour programs (programs using Formula 3 or 5B), this is the total number of weeks of instructional time provided in all terms that are part of a normal

Enrollment Status Codes

- 1 Full time*
- 2 Three-quarter time*
- 3 Half time*
- 4 Less than half time*
- 5 Other*

Enrollment Status Example

Sedrick is enrolled three-quarter time at MacLean University for the fall and spring semesters, and also for the summer term. MacLean reports his enrollment status as 5, which is "Other." If it reported his status as 2, "Three-quarter time," the award amount would be limited to Sedrick's three-quarter-time annual award, and Sedrick wouldn't be able to receive payment for the summer term.

complete academic year. For programs using Formula 4 or 5A, this is the number of weeks of instructional time provided by the program or academic year, whichever is less.⁹ Note that the weeks of instructional time might not be the same as the number of calendar weeks (see the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]* for more information).

The number the school reports here can never be more than the number of weeks of instructional time in the program's definition of academic year, which is also reported on the origination record. If it is larger (which should only happen for programs using Formulas 4 or 5A), the school should adjust one of the two numbers so they're the same.

Credit/clock hours in all payment periods expected to complete this school year

This item is completed only for clock-hour (schools using Formula 4) or nonterm credit-hour programs (schools using Formula 4 or Formula 5A). It's the number of hours or credits the student is expected to complete in all payment periods occurring in the current award year. If the school is paying the student in the current award year for payment periods that are in progress or are already completed, it must be sure to include those payment periods in this total. This number can't be more than the number of credit/clock hours in the program's definition of academic year, which is also reported on the origination record.

Origination Record Acknowledgment

When RFMS receives origination records, it edits them to make sure there are no errors. Then it sends an acknowledgment back to the school. RFMS will send one acknowledgment record back for each origination record it received.

RFMS will accept the origination record without corrections, make corrections to some of the items, or reject the record. RFMS only rejects the record if there are errors that can't be corrected. The acknowledgment record has an action code that shows whether the origination record was accepted (A), corrected (C), (D), duplicated, or rejected due to errors (E). The record also has error codes that tell why a particular record was corrected or rejected.

When an origination record is accepted or corrected the acknowledgment record reports back the values on file within RFMS for each data element on the origination record. RFMS keeps each data element's accepted or corrected value. If an origination record was rejected, the acknowledgment record reports back the values reported by the school for each data element. RFMS doesn't keep any data for an origination record that was rejected due to errors.

Weeks of Instructional Time Examples

Tharian College uses Formula 2 to calculate Pell Grants. It has two 14-week semesters, and in the calculation it reduces annual awards by multiplying them by 28/30 (weeks of instructional time in the terms divided by weeks of instructional time in the academic year). Tharian College reports 28 as the weeks of instructional time used to calculate payment.

Lochlan University has a nonstandard term program that has a short 4-week term between two 15-week terms; it uses Formula 3 to calculate Pell awards for this program. It determines payments for the 15-week terms by multiplying the annual award by 15/34 (weeks of instructional time in the payment period divided by weeks of instructional time in the academic year) and for the 4-week term by multiplying the annual award by 4/34. A student enrolling in all the terms for a normal year would have 34 weeks of instructional time (and would eventually receive 34/34ths of an annual award). Lochlan reports 34 as the weeks of instructional time used to calculate payment.

Peabodi Technical Institute has a program that provides 27 weeks of instructional time. The academic year is 30 weeks of instructional time. In calculating payments, Peabodi multiplies the annual award by 27/30 (weeks of instructional time in the program divided by weeks of instructional time in the academic year). Peabodi reports 27 as the weeks of instructional time used to calculate payment.

9. For Formula 4, the number of weeks of instructional time provided by the program is the number of weeks of instructional time it takes a full-time student to complete the hours in the program. See Chapter 2 of this publication, page 43.

Origination Record Edit Codes

<i>Edit Codes</i>	<i>Message</i>	<i>Type</i>
301	Invalid Origination ID--SSN is non numeric	Rejected
303	Invalid Original SSN Applicant not on Eligible Applicant File	Rejected
304	Attending and Reporting/ Funded Campus Mismatch or Origination Identifier Pell ID Mismatch with Attending Campus Pell ID	Rejected
305	Invalid Award Amount/Correction Applied	Warning
306	Invalid Disbursement Date/Correction Applied	Warning
307	Invalid Enrollment Date/Correction Applied	Warning
308	Invalid Low Tuition and Fees Code/ Correction Applied	Warning
309	Invalid Verification Code/Correction Applied	Warning
310	Invalid Incarcerated Federal Pell Recipient Code/ Correction Applied	Warning
311	Invalid Transaction Number	Rejected
312	Invalid Expected Family Contribution	Rejected
313	Invalid Secondary Expected Family Contribution/ Correction Applied	Warning
314	Invalid Academic Calendar/Correction Applied	Warning
315	Invalid Payment Methodology/Correction Applied	Warning
317	Invalid Cost Of Attendance/Correction Applied	Warning
318	Invalid Enrollment Status/Correction Applied	Warning
319	Invalid Weeks of Instructional Time in Program's Definition of Academic Year/Correction Applied	Warning
320	Invalid Weeks of Instructional Time Used to Calculate Payment/Correction Applied	Warning
321	Invalid Credit/Clock Hours in Program's Definition of Academic Year/Correction Applied	Warning
322	Invalid Credit/Clock Hours in all Payment Periods Expected to Complete this School Year/Correction Applied	Warning
323	Origination 'Over Paid' and Negative Disbursement Expected	Warning
324	Invalid Name Code resulting in RFMS being unable to match with the applicant record, or does not equal the name code in the origination ID, for award year 2002 and beyond	Rejected
325	Invalid Origination ID--Pell ID is non-numeric for award year 2002 and beyond	Rejected
326	Invalid Origination ID--Invalid award year for the batch for award year 2002 and beyond	Rejected
327	Invalid Origination ID--Sequence number is not "00" for award year 2002 and beyond	Rejected
328	Invalid Origination ID--SSN is non numeric, or is not >=001010001 and <=999999999 for award year 2002 and beyond	Rejected
329	Invalid Origination ID--Name code not A-Z or acceptable mark for award year 2002 and beyond	Rejected
330	Duplicate SAR ID may be shared by two students for award year 2002 or beyond	Warning
331	Duplicate Origination for award year 2002 and beyond	Duplicate
399	New origination award or increase received after end of processing year and institution has not been granted administrative relief	Rejected

Schools should check records rejected because the SSN was invalid or didn't match (edit code 303); in many cases, this means that the student isn't in the Pell database. This can occur if an eligible student incorrectly reported having a bachelor's degree or being enrolled as a graduate student. The school must correct (or have the student correct) the incorrect information before it can receive any payment for the student from the Department.

RFMS corrections

RFMS makes corrections to invalid values whenever possible, rather than rejecting the record. Values may be invalid because they're formatted incorrectly, or they may be invalid in relation to other data the school has reported. For example, the school reported academic calendar as 3 (Semester) but the payment methodology is reported as 4 (Credit/Clock Hour, or Formula 4). In this case, RFMS would correct the payment methodology to 3 (Credit Hour with standard or nonstandard terms) to agree with the reported academic calendar. The record layouts detail how RFMS corrects invalid values.

RFMS will also calculate the maximum award amount the student can receive, based on the attendance, cost, and EFC on file in RFMS. If the reported award amount is more than this maximum amount, RFMS will correct the award amount. Note that RFMS won't **increase** the award amount the school reported; a school that accidentally reported an award amount that's too low will need to update the origination record itself.

DISBURSEMENT RECORDS

A school must report each payment made to each eligible student. For 2001-2002, RFMS has one records type for reporting disbursements: the disbursement record. All schools will use the disbursement record, which has only five items the school is required to report. The special disbursement record is no longer in use for the 2001-2002 award year.

Timing of Submissions

As mentioned previously, before RFMS will accept a disbursement record, it must have an accepted origination record for the student. Although a school can submit both records in the same batch, if there's a problem with the origination record, the disbursement record won't be accepted.

Under Advance Funding, a disbursement record can be submitted as early as 30 days before the actual disbursement date. However, a school may want to wait until closer to or after the disbursement date, because if a reported disbursement isn't made the school will need to submit another disbursement record reducing the payment amount. Schools using Just-In-Time Funding can submit records up to five days before the disbursement date; schools on Reimbursement or Cash Monitoring can't submit a disbursement record until they have actually made the disbursement to the student. In all cases, a record that's submitted too early will be rejected.

Correction Example

Tharian College reports an award amount of 0330000 (\$3,300) for Gary. However, Gary's EFC is 573, and Tharian also reported that he would only be enrolled half time. RFMS reduces the award amount to 0137500 (\$1,375, Gary's annual award according to the half-time Disbursement Schedule).

Peabodi Technical Institute wanted to report an award amount of \$1,323 for Rosey, but forgot to include the necessary zeroes. Instead of reporting an award amount of 0132300, Peabodi reported 1323. RFMS first reads this as an award amount of 0001323 (\$13.23) and then replaces the cents amount with zeroes, so the corrected award amount is 0001300 (\$13.00). Peabodi will need to submit another origination record for Rosey and report her award as 0132300, if it actually plans to submit disbursement records that total \$1,323.00.

Disbursement Record Cite

Action Letter #7, April 27, 1999

Disbursement Amount Example

In August, Malvek University submits a disbursement record for Jess, showing that it plans to disburse \$413.82 to her after the beginning of the fall term, on September 7. The debit/credit indicator is P, and the disbursement amount is 0041382. At the time Malvek submits the disbursement record, Jess is enrolled half time. However, two weeks before the disbursement date, Jess changes her enrollment status to full time. Because of this change, she can receive an additional \$413.39 in the fall disbursement. Malvek submits another disbursement record, showing the same planned disbursement date as the first, a debit/credit indicator of P, and a disbursement amount of 0041339. When Malvek is ready to make the disbursement, after classes start, it discovers that Jess didn't start attending some of her classes, so she's only enrolled half time after all. Malvek makes a disbursement for the original amount of \$413.82. Later, it submits another disbursement record showing a negative disbursement of \$413.39 (the amount it ended up not giving to Jess). The disbursement date is still the same date, the debit/credit indicator is N, and the disbursement amount is 0041339.

A disbursement record should be submitted no later than 30 days after the disbursement is made. A school is required to report disbursements within 30 days of making the payment (see “Reporting Deadline” in this chapter).

Specific Disbursement Record Items

The disbursement record must have an Origination ID, which must match an origination record in the RFMS database. If there's no match, the disbursement record will be rejected. It must also have a disbursement reference number. The school can assign these numbers as it chooses, but the number must be from 01 to 90, and must be different for each of the student's disbursements. Schools may find it convenient to number each student's first disbursement 01, and then use consecutive numbers for the following disbursements.

There are two parts to reporting the disbursement amount. First, the disbursement record has a debit/credit indicator flag. If this is set to “P” (positive), it means the school is reporting a positive disbursement (money paid to the student). If it's set to “N” (negative), the school is reporting a negative disbursement (money taken from the student, or an award reduction). On the first disbursement record the school submits for a student, the debit/credit indicator flag must be P (positive). The school reports the disbursement amount separately from the indicator. Like the award amount on the origination record, the disbursement amount is reported as seven numbers, with no other characters. Again, the school must report cents for the disbursement amount but unlike on the origination record, the amount of cents can be something other than zero.

Disbursement Record Acknowledgment

When RFMS receives disbursement records, it edits them to make sure there are no errors. Then it sends an acknowledgment back to the school. RFMS will send one acknowledgment record back for each disbursement record it received.

RFMS will accept the record without corrections, make corrections to some of the items, or reject the record. RFMS only rejects the record if there are errors that can't be corrected. The acknowledgment record has an action code that shows whether the record was accepted (A), corrected (C), duplicated (D), or rejected due to errors (E). The record also has error codes that tell why a particular record was corrected or rejected.

When a disbursement record is accepted or corrected the acknowledgment record reports back the values on file within RFMS for each data element on the Origination Record. RFMS keeps each data element's accepted or corrected value. If an origination record was rejected, the acknowledgment record reports back the values

reported by the school for each data element. RFMS doesn't keep any data for a record that was rejected due to errors.

When a disbursement record has been accepted or corrected the acknowledgment record has a Year-to-Date disbursement amount for the student. The school can use this to help reconcile its records for the student with the Department's records of what the student has received for the year. If the disbursement record was rejected the Year-to-Date disbursement amount will be left blank.

RFMS Corrections

On a disbursement record, there aren't many items that can be corrected. However, the record layouts explain what corrections will be made on the disbursement records. RFMS will check to make sure that the student isn't going to receive more than the award amount on the origination record. RFMS also checks to see if disbursements already made by other schools would cause the student to receive more than a Scheduled Award. If the disbursement amount reported on the disbursement record or special disbursement record would cause the student to receive too much, RFMS will reduce the disbursement amount.

REPORTING CHANGES

If the origination record acknowledgments and disbursement record acknowledgments the school has received are accurate and there are no changes to the students' awards, the school must simply retain these records in its files. However, if the information for any student is wrong or changes during the award year, the school may have to make corrections.

The most frequently required changes are to COA, verification status (to update a "W," payment without documentation), enrollment status (term schools), and payment amounts and dates. Other changes occur less frequently, except in cases of error. For instance, one wouldn't expect the school's academic calendar to change during the award year.

Changes to Origination Record Information

In general, the school only needs to submit an updated origination record if there's a change that will increase the award amount. The school has to report increased award amounts, or else RFMS won't accept disbursements up to the increased amount. To update the origination record, the school sends a new record with the same Origination ID, Original SSN, Name Code, and Attended Campus ID as the previously accepted origination record. If any of these are different, RFMS will assume that the school is sending in a different origination record instead of updating an existing record. If all these identifiers match those on a previous origination record, RFMS replaces the data from the previous record with the data on the new origination record.

Verification status

Correction Example

MacLean University paid IJ \$1,666.67 for his full-time enrollment in the fall semester. The calculated amount for the second semester is also \$1,666.67. MacLean reports this amount (as 0166667) on the disbursement record it submits for the second semester. On the origination record MacLean submitted for IJ, the annual award amount was 00330000 (\$3,300). The second disbursement amount reported by MacLean would cause IJ's total disbursement amount to be \$3,333.34, more than the annual award amount accepted by RFMS. Therefore, RFMS reduces the amount on this second disbursement record to 0163333 (\$1,633.33), which is the most he can receive without exceeding the annual award amount on file with RFMS.

Disbursement Record Edit Codes

<i>Edit Codes</i>	<i>Message</i>	<i>Type</i>
401	Invalid Origination ID (not in Valid Format)	Rejected
402	Origination ID does not Match on RFMS	Rejected
403	Disbursement Reference Number not Valid	Rejected
404	Debit/Credit Indicator Flag not Valid	Rejected
405	Disbursement Amount not Valid	Rejected
406	Disbursement Amount not in Range, has been adjusted	Warning
407	Disbursement Date not Valid Date Format	Rejected
408	Disbursement Date not Valid for Processing Date or not in Valid Range	Rejected
410	Potential Concurrent Enrollment-Multiple Reporting Sent Separately	Warning
411	Potential Overaward Payment-Multiple Reporting Sent Separately	Warning
412	Negative Disbursement cannot be Accepted without Previous Positive Disbursement	Rejected
413	Insufficient Negative Disbursement Amount-Negative Disbursement Expected for Difference Amount	Warning
414	Origination in "Over Paid" Status-Positive Disbursement cannot be Accepted	Warning
416	Negative Disbursement Adjusted to Reflect Accepted Previous Disbursement Balance	Warning
417	Disbursement Submitted after End of Processing Year and Institution has not been Granted Administrative Relief	Rejected
419	Origination indicates verification status "W" and award year is 2000-2001 or prior	Warning
422	Institution is eligible, payment period start date is invalid or not in a valid range and award year is 2001-02 or beyond	Warning
423	Institution is not eligible, payment period start date is invalid or not in a valid range and award year is 2001-02 or beyond	Rejected
424	Institution is not eligible, payment period start date is not in the eligible range and award year is 2001-02 or beyond	Rejected
425	Invalid Origination ID--Pell ID is non-numeric for award year 2002 and beyond	Rejected
426	Invalid Origination ID--Invalid award year for the batch for award year 2002 and beyond	Rejected
427	Invalid Origination ID--Sequence number is not "00" for award year 2002 and beyond	Rejected
428	Invalid Origination ID--SSN is not ≥ 001010001 and ≤ 999999999 for award year 2002 and beyond	Rejected
429	Invalid Origination ID--Name code not A-Z or acceptable mark for award year 2002 and beyond	Rejected
430	Duplicate disbursement reference number. Reference number already at RFMS	Duplicate
431	Award year is 2002 or greater and the disbursement reference number is non-numeric or NOT between 01 to 90	Rejected
432	Disbursement amount would have been corrected to zero by RFMS calculations so the disbursement record was rejected	Rejected
440	CMO rejected this student for inadequate/missing eligibility documentation/information	Rejected
441	CMO rejected this student for inadequate/missing fiscal documentation/information	Rejected
442	CMO rejected this student for inadequate/missing award or disbursing documentation/information	Rejected
443	CMO rejected this student for not meeting reporting requirements	Rejected
444	CMO rejected this student for failure to comply with requirements	Rejected
445	CMO rejected this student for inadequate or missing documentation	Rejected

As mentioned previously, according to the regulations, a school can't make more than one disbursement for a student selected for verification until the student supplies documentation to verify or correct the application data. As soon as the school completes verification, it must submit an origination record with the revised verification status and also submit applicable disbursement records.

Optional corrections

Some corrections or changes don't have to be reported to RFMS:

- *Estimated Disbursement Dates.* Because the disbursement dates reported on the origination record are only estimated, the school doesn't have to submit an updated origination record if the actual disbursement dates are different.
- *Verification Status.* If the verification status accepted by RFMS for the student was N, A, T, C, R, or S, the school doesn't have to report a change to that status. **If the student's status was "W," the school must report a change to that status once it receives full documentation from the student and completes verification.**
- *Academic Calendar.* The school doesn't have to report a change from one type of standard academic term to another (for example, from a quarter system to a semester system). Other calendar changes (for example, from a credit-hour to a clock-hour calendar) must be reported.
- *Cost of Attendance.* The school doesn't have to report a change that doesn't increase the amount the student will be paid for the year.
- *Enrollment Status.* The school doesn't have to report a change to enrollment status that doesn't increase the amount the student will be paid for the year. It will have to report a change in enrollment status if a student attends for a longer period than expected and the result is a greater award. For example, if a student reported as enrolled three-quarter time decides to attend summer school as a three-quarter-time student (in addition to attending fall and spring terms three-quarter time), the school must change *Enrollment Status* to "Other" at the same time it reports the larger award amount. If the school leaves the student's status as three-quarter time, RFMS assumes that the student's three-quarter-time award is being exceeded, and the larger award amount won't be put on file for the student.
- *Weeks of instructional time used to calculate payment, Credit/Clock Hours in all payment periods expected to complete this school year.* The school doesn't have to report a change to these items if the change doesn't increase the amount the student will be paid for the year.

- *Weeks of instructional time in program's definition of academic year; Credit/Clock Hours in program's definition of academic year.* The school reports a change to these items only if it's redefining its academic year. (For example, the school decides to change its 32-week academic year to 30 weeks.)

Changes to Disbursement Information

To correct payment amounts, the school submits a new disbursement record. Unlike origination records, the information on the new disbursement record doesn't replace the existing record. Instead, the payment amount reported on the new disbursement record is added to or subtracted from the accepted payment amount, resulting in a new total payment to the student.

Because the old disbursement record information isn't replaced, a school can't actually correct an incorrect disbursement date. If a school reported an anticipated disbursement that wasn't made, it should simply send in a new disbursement record with a negative disbursement amount for the amount it reported it would pay.

Reporting Deadline Cite

34 CFR 690.83; July 10, 2000 Federal Register notice, 64 FR 42340

Reporting Deadline Example

On November 4, Tharian College determines that a Pell award it has previously reported to the Department must be reduced. On November 12, it pays five new recipients and determines that it must increase the amount it reported for another student's award. December 4 is 30 days after November 4, so Tharian must report the downward adjustment by that date. On December 4, the school bundles the November 4 and November 12 payments and adjustments and submits new disbursement records for them all, plus an updated origination record for the increased award. Tharian could also have waited until December 12 to report the changes from November 12.

On December 17, Tharian pays another new student and learns that a student for whom it submitted a disbursement record reporting a spring semester disbursement won't be returning. January 16 is 30 days after December 17. Therefore, January 16 is the deadline by which Tharian must submit new disbursement records for these two changes.

REPORTING DEADLINE

A school must submit a disbursement record within 30 days of the date the school becomes aware of a Pell Grant change (for example, a new recipient or an increased award). Schools may do this by reporting once every 30 calendar days (or more frequently), or may set up their own systems to ensure that changes are reported in a timely manner. For example, a school may decide to report every other Friday on all changes since the last report, or a highly automated school may set up a program to check the records daily for changes and report the changes the same day. In some cases, the school may also need to submit an updated origination record.

If a school doesn't report any data for a period of 30 or more calendar days, the Department will consider that the school had no data to report for that period, and any actions (such as changes in authorization levels) will be based only on the data reported up to that time. The 30-day reporting requirement ensures that Federal funds won't remain at a school when its students don't need the funds. It further ensures that if the student transfers to another school, Pell payments to the student through the new school won't be blocked. Schools that don't submit required records or don't submit them on time, and schools that submit incomplete records, will have their Pell allocations reduced and may be fined.

A school can submit disbursement record batches more frequently than once every 30 days. A school can submit batches daily or weekly if it chooses. Schools can submit an unlimited number of batches. Note that all disbursement records for the 2001-2002 award year must be submitted by September 30, 2002 (but see below for exceptions). A school may need to submit disbursement records after the end of the award year to report summer school payments, students who need

verification completed, or outstanding changes. The school must be sure that it submits these records before September 30. Remember that RFMS must have an origination record on file before any disbursement records or special disbursement records will be accepted.

Adjustments after September 30th

Records with negative disbursement amounts will be accepted after the normal submission deadline. This allows schools to reduce overpayments whenever they're discovered.

If a school needs to report a new origination, increase an award amount on an origination record, or report a positive disbursement amount after September 30, 2002, the school can request administrative relief. A school can ask for administrative relief based on unusual circumstances beyond the school's control or a processing error caused by the Department or one of its contractors.

These requests must be made in writing and must be received by January 31 of the calendar year following the award year (for example, by January 31, 2003, for the 2001-2002 award year). Requests for such actions should be sent to:

**ATTN: Administrative Relief Coordinator
U.S. Department of Education
Pell Operations Team
Schools Channel, OSFA
P.O. Box 23781
Washington, D.C. 20026-0781**

If you have questions about administrative relief, contact RFMS Customer Service at 1-800-4-PGRANT (1-800-474-7268).

Late adjustments due to program review or audit

In certain limited audit adjustment or program review circumstances, a school can receive reimbursement even if it didn't submit correct disbursement records for a student before the submission deadline. The Department will reimburse a school for funds found to be owed to the school during an audit conducted after December 31, 1988—including funds for which reimbursement to the school wasn't requested before the audit, provided all applicable Department rules and requirements were met. In order to receive reimbursement under this provision, the school must show that it qualifies based on a finding in the school's first required compliance audit of the award year; the audit report must have been submitted by the appropriate deadline. (See the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]* for more information about audit requirements and deadlines.)

A school can also receive reimbursement if under a program review it's documented that the school submitted a disbursement record for a student before the deadline, but didn't submit correct

Late Adjustments Cite

34 CFR 690.83(d)

Audit Adjustment Procedures Cite

"Dear Colleague" Letter P-97-2, June 1997

disbursement records for that student. In order for the school to receive reimbursement, the underpayment must be at least \$100, and a program review must show that the student was eligible to receive more than the school originally reported.

Note that the final deadline (published in the *Federal Register* each award year) for submitting disbursement records will continue to apply. A school that misses the regulatory deadline wouldn't be in compliance with Federal Pell Grant Program requirements.

Adjustments due to overpayments

A school can adjust the student's disbursement amounts for an overpayment whenever it determines that a student was ineligible to receive all of the Pell Grant funds disbursed. The school must report the reduction to the proper amount whether or not it can collect the overpayment from the student, unless the school wasn't liable for the overpayment; in that case, the school reports the amount to the Debt Collection Service (see Chapter 5 of this volume and Chapter 3 of the *SFA Handbook: Student Eligibility [Volume 1]* for more information on how to handle overpayments).

MULTIPLE REPORTING RECORD

In order to reduce potential overpayments, RFMS has a record, called a multiple reporting record (MRR). This record can be used to tell schools when another school has submitted an origination record or disbursement record on a student for whom it has submitted records. The MRR became available for schools to use in January 2000 for the 1999-2000 award year. Schools will be permitted to request these records, but they will also be sent automatically in some situations. In "Dear Colleague" Letter P-00-01, the Department details the MRR process and provides guidance for schools when using this feature of RFMS.

Requesting MRRs

Schools can request a number of different kinds of MRRs. For example, the school can request information on other schools that have submitted origination records for certain students, or other schools that have submitted disbursement records. The school can request information about all students it has sent origination records for, about selected students, or about an individual student. Or, the school can ask for information on all students for which a particular school has submitted a record.

Automatic MRRs

MRRs are generated automatically only for specific situations involving reported disbursements at two or more schools. The first is if

RFMS must reduce or reject a payment to prevent an overaward. The second is if the student is receiving payments for concurrent enrollment.

Potential overaward

If the combination of payments reported would cause the student to receive more than a Scheduled Award, the last disbursement record (the one that causes the student to exceed the Scheduled Award) will have its payment amount reduced or rejected. This prevents the student from receiving an overaward. All the schools involved will receive an MRR. The school that had its disbursement amount reduced or rejected will receive an MRR that shows which other schools made payments that prevented RFMS from accepting its disbursement amount. The other school or schools will receive an MRR showing that its payments have blocked another school from receiving payments. The MRR also has contact information for the other schools, so the financial aid administrator can contact them to resolve the problem.

Concurrent enrollment

Because a student can't receive Pell Grant funds from two schools for the same period of enrollment, RFMS provides an MRR as a warning to schools if it looks as if the student might be receiving payments from different schools for the same time period. If RFMS receives disbursement records for a student showing enrollment dates are within 30 days of each other, it will generate an MRR for each school. This MRR will have a record type code of "CE" which shows that it was generated because of a possible concurrent enrollment. However, RFMS won't prevent either payment, because it's possible that the student's enrollment at one school might end before the enrollment at the other begins. Once again, the MRR has contact information, so that the financial aid administrators can resolve any possible problems, such as a potential overaward situation.

YEAR-TO-DATE RECORDS

As a replacement for the Student Payment Summary, RFMS has Year-to-Date records. The Year-to-Date file will have origination and disbursement information for each student, as well as summary information for everything the school submitted. However, the Year-to-Date data only include information from those records that were accepted or corrected. RFMS doesn't keep any information from rejected records, so that information isn't available in the Year-to-Date records. Unlike the Student Payment Summary, Year-to-Date records aren't automatically sent to schools; instead, schools must request Year-to-Date records.

The Year-to-Date origination record for a student will show the origination information RFMS is using for the student. If RFMS made corrections to the data, the Year-to-Date record has the corrected information. This record will also have the total amount disbursed to the student for the year. The Year-to-Date disbursement records for the student show the accepted data for each disbursement the school

Concurrent Enrollment Example

Eric is enrolled in a clock hour program at Peabodi Technical Institute. Peabodi reports an enrollment date of August 16, 2001, on the origination record it submits for Eric. Eric is also enrolled part time at Chrisburg Community College. Peabodi submits an origination record with an enrollment date of September 7, 2001. On August 23, Peabodi submits a disbursement record for Eric, which is accepted by RFMS. No automatic MRR is generated yet, because only one school has submitted a disbursement (although either school could have requested an MRR that would show that the other school had submitted an origination record for Eric). On September 2, 2001, Chrisburg submits a disbursement record for Eric. RFMS now automatically generates an MRR for each school.

Data Request Edit Codes

<i>Edit Codes</i>	<i>Message</i>	<i>Type</i>
601	Invalid Attending Pell ID	Rejected
602	Invalid Data Request Type	Rejected
603	Invalid Requested Output Media Type	Rejected
604	Invalid Pell Batch Number	Rejected
605	Invalid Multiple Reporting Request Code 1	Rejected
606	Invalid Multiple Reporting Request Code 2	Rejected
607	Invalid MR Student ID	Rejected
608	Invalid MR Institution ID	Rejected
609	Requested/Matching Data Not Found	Rejected
610	Student Not Originated at Requesting Institution	Rejected
611	Invalid Not Originated at Requesting Institution	Rejected

reported. Looking at the Year-to-Date records lets the school see what information the Department has about its students, which may be different than the information in the school records.

The Year-to-Date summary will show the number of recipients at the school, the number of origination and disbursement records that were accepted, corrected, or rejected, and, for a certain number of edit codes, the number of times the school received that edit code on an acknowledgment.

The software the school is using should allow it to generate the information it needs for reconciling its records with the Department's record. For example, the school may be able to automatically compare its records to the Year-to-Date record to get a list of students who have differing disbursement amounts in the two sets of records. You should consult the documentation for your software for more information on the uses of Year-to-Date data.

REQUESTING FUNDS

RFMS enables the Department to track schools' need for Pell funds during the award year and to adjust Pell authorizations accordingly. The system ensures that federal funds don't remain at a school when its students don't need them. When the school requests funds from the Department, that request is handled by a different system, GAPS. Schools that participate in the Federal Pell Grant Program use GAPS to submit their payment requests.

Automated Clearing House (ACH)

The Department's Financial Payments Group uses a payment system called the Automated Clearing House/Electronic Funds

Transfer (ACH/EFT). The ACH/EFT is essentially a direct deposit system. Most postsecondary schools that participate in the SFA Programs use the ACH/EFT. If you're responsible for your school's fiscal office activities, you should refer to the *GAPS User's Guide* and to the current edition of the *SFA Blue Book*.

A second method for requesting funds from EDCAPS/GAPS is through FEDWIRE. Under this method, requests for funds go directly to EDCAPS/GAPS. Most state institutions use FEDWIRE. See the *GAPS User's Guide* mentioned above for further details.

Administrative Cost Allowance

A school participating in the Federal Pell Grant Program is entitled to an administrative cost allowance (ACA) to help offset the costs of administering the program. The Department notifies the school of the amount of its ACA several times a year, and pays the school automatically by EFT. The school doesn't need to request the ACA.

A school receives \$5 for each of its reported Pell recipients. Students who later withdraw are included in the number of recipients, as are transfer students, but those whose disbursement records are rejected by the Department aren't included. The ACA must be used only to help pay the costs of administering the Federal Pell Grant Program and the campus-based programs (see the *SFA Handbook: Campus-Based Programs Volumes*). If the school enrolls a significant number of less-than-full-time or independent students, it's required to use a reasonable proportion of the ACA to assure that financial aid services are available to those students.

Administrative Cost Allowance
Cite:
34 CFR 690.10

