Here we provide a summary of changes and clarifications. However, the introduction does not provide complete guidance on these changes. For that, refer to the text in the chapters cited, the Code of Federal Regulations (CFR), and the Higher Education Act (HEA).

We appreciate any comments that you have on this volume as well as all the volumes of the FSA Handbook. We revise the text based on questions and feedback from the financial aid community, so please write us at fsaschoolspubs@ed.gov about how to improve the Handbook so that it is always clear and informative.

Notes on Active Links

At the top of each page you will find links to the Dear Colleague Letters, the Code of Federal Regulations, and the Handbook glossary and acronyms.

Glossary  CFR  DCL

Major changes for 2020–2021

Links, URLs and websites have been updated throughout Volume 4 due to recent upgrades and changes with the Department’s IFAP website.

On page 5, we informed schools that by the end of December 2020, the government will be replacing school DUNS numbers with Unique Entity Identifiers (UEI) generated in the System for Award Management (SAM.gov), which will become the official identifier for doing business with the federal government.

We provided information about the new electronic submission process in the COD System for schools required to use the heightened cash monitoring or reimbursement payment methods on page 15.

We clarified on pages 27, 28, and 37 that a separate student/parent authorization is not required to use current Title IV funds to cover prior year charges up to $200 for tuition, fees, contracted room and board. We further clarified that an authorization is also not required for other allowable charges if an authorization covering those charges had already been obtained and had not been rescinded.

In the institutional charges discussion on page 31, we clarified that an administrative fee of $100 or 5% of the total institutional charges, whichever is less, can be excluded from the institutional charges used in step 5 of the R2T4 calculation.
In the apportionment section and corresponding examples found on pages 33-35, we replaced the word “apportionment” with “proration” to be consistent with our regulations and current guidance. Provided additional information with respect to the specific formula for prorating charges found in 34 CFR 668.164(c)(5).

In the prior-year charges section on page 37, we clarified that during a payment period where a student receives both a Direct Loan and funds from any other Title IV program, the school may determine whether the current year will be based on the loan period or the award year.

We added a section on page 48 entitled “correcting disbursements” reminding schools that disbursing or re-disbursing Title IV funds to resolve a school disbursement error is still considered a disbursement which must meet all the cash management disbursement rules, including all of the late disbursement conditions, if applicable.

On page 75, we provided additional packaging formula information reminding schools that when packaging subsidized or need-based aid, the basic formula is Cost of Attendance (COA) minus Expected Family Contribution (EFC) minus Estimated Financial Aid (EFA) equals need. When packaging unsubsidized or non-need based aid the formula is simply COA minus EFA (unsubsidized aid can replace all or part of the EFC).

We clarified on page 77 that a school has the option to replace a student’s EFC with TEACH Grant funds and removed TEACH Grant overaward examples that had caused confusion.

In the Campus-Based section on page 78, we expanded our guidance around the $300 tolerance with an example explaining that the $300 tolerance includes situations where a student with need ends up with an overaward of up to $300 above COA as well.

Updated page 80 with clarifying guidance about when and how a school can replace subsidized loans with unsubsidized loans or unsubsidized loans with subsidized loans when awarding errors have occurred.

Where appropriate, we added information about “Year-round” Pell thresholds (150%) in the Pell Potential Overaward Process (POP) on pages 85-87.

On pages 103-104, we reminded schools that though funds may be considered to have been returned timely if placed in the school’s federal funds account, the school must also remember to return funds according to the three business day time frame to remain in compliance with excess cash requirements.