
Participation, Fiscal Procedures, and Records

For information on general fiscal procedures and records requirements for all Student Financial Assistance (SFA) programs, refer to Volume 2 - Institutional Eligibility and Participation, the current edition of the Blue Book, and 34 CFR 668.

A school applies for and receives program funds directly from the U.S. Department of Education by submitting an application, the Fiscal Operations Report and Application to Participate (FISAP), each award year. The school's financial aid administrator is responsible for ensuring that eligible students at the school receive program funds according to the provisions of the law, the regulations, the Program Participation Agreement (PPA) signed by both the Secretary of Education and the school's chief administrative officer, and other criteria the Department may establish.

PROGRAM PARTICIPATION AGREEMENT

A school that wants to participate in any Student Financial Assistance (SFA) program must sign a PPA with the Department. The school official legally authorized to assume the agreement's obligations on the school's behalf must sign the agreement. (For more information on this agreement, see *Volume 2 - Institutional Eligibility and Participation*.)

The agreement provides that the school must use the funds it receives for a program solely for the purposes specified in the regulations for that program and that the school must administer each program in accordance with the Higher Education Act (HEA) of 1965, as amended, and the General Provisions regulations. See volume 2 for information on the General Provisions. Each of the campus-based programs has additional requirements that are part of the PPA and that are specific to the individual program; these requirements are found in the regulations for each program and in the HEA. Each program's specific requirements are discussed in that program's respective volume.

APPLICATION FOR FUNDS

To receive funds from the Department for one or more of the campus-based programs, a school must submit a FISAP each award

FISAP Cite
34 CFR 673.3

year. All schools are required to file the FISAP data through the electronic FISAP process. The Department no longer provides or accepts paper, diskette, or magnetic tape FISAP forms. Thus, a school must use the electronic FISAP transmission process through the Student Aid Internet Gateway or SAIG (formerly known as TIV WAN) using EDEExpress to be eligible to participate (request/receive a funding allocation) in the campus-based programs.

Each July, the Department makes available the electronic FISAP for schools to use in applying for funds for the subsequent award year. The information reported must be accurate and verifiable. The deadline for transmitting the completed FISAP to the Department over the SAIG is October 1.

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 “Fiscal Operations Report” in chapter 1 for more information.

ALLOCATION OF FUNDS

The Department allocates funds directly to schools according to the statutory formulas. The allocation (or authorization) for each program is the amount of funding the school is authorized to receive from the Department for an award year. This amount is based on the allocation formulas in the law as well as on the funds appropriated by Congress for the program. A school will not, however, receive an allocation that is in excess of its request.

The Department notifies schools of their final allocation for each campus-based program no later than April 1 by sending a copy of the school’s final funding worksheet and Electronic Statement of Account (ESOA) for each program to its SAIG mailbox. This notification shows the specific steps used to calculate the awards.

If a school does not use its total allocation of funds for campus-based programs, the school must release unexpended amounts to the Department. The Department issues a Dear Partner Letter in June that tells schools to release unexpended funds by the end of August that year and asks for an estimate of the amount of funds they expect to have used by that date. Later, a school also must determine the actual amounts spent as of the end of the award year and report those amounts on the Department of Education’s Central Automated Processing System (EDCAPS). The Dear Partner Letter will be posted to the Web and the software to be used will be included with the FISAP software materials.

If a school returns more than 10% of its allocated funds for a given award year under any one of the campus-based programs, the

Allocation of Funds Cite
34 CFR 673.4

Campus-Based Programs
Allocation Formula Cites
Dear Partner Letters CB-99-16 and CB-00-01
HEA Sections 413D, 442, and 462

2000-2001 Campus-Based Final
Funding Authorization Cite
Dear Partner Letter CB-00-03

Department will 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 2000-2001 allocation, its 2002-2003 allocation will be reduced by the dollar amount returned for 2000-2001.

The Department may waive this provision for a specific school if it finds that enforcement would be contrary to the interests of the program. The Department considers enforcement to be contrary to the interest of the program only if the school returned more than 10% of its allocation due to circumstances that are beyond the school's control and are not expected to recur. To request a waiver, a school must submit a written explanation of the circumstances along with its FISAP transmission. The Department will explain the process a school must use to request a waiver for the 2002-2003 award year in the FISAP Instruction Booklet.

After schools release their unexpended allocations, the Department reallocates the 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.

FISCAL OPERATIONS REPORT

As discussed earlier, a school must submit an application (Fiscal Operations Report and Application to Participate [FISAP]) for each award year to receive federal funds under the campus-based programs. The school uses the Fiscal Operations Report portion of the FISAP to report its expenditures under the campus-based programs in the previous award year. All schools are required to file the FISAP data through the electronic FISAP process.

FISAP Cite
34 CFR 673.3

Each July, the U.S. Department of Education provides the electronic FISAP for schools to use in applying for funds for the subsequent award year and in reporting expenditures for the previous award year. Materials essential for the preparation and submission of the 2000-2001 Fiscal Operations Report and 2002-2003 Application to Participate will be distributed to schools in July 2001. A school that sends the FISAP to the Department by the October 1, 2001 deadline will receive its tentative 2002-2003 funding notifications in a Dear Colleague letter in January 2002. Final 2002-03 funding notifications will be sent to schools in March 2002.

In July 2001, the Department will make available through the Student Aid Internet Gateway (SAIG) the FISAP packages schools must complete to apply for funds for the 2002-2003 award year. Questions concerning the preparation of the FISAP should be referred to Campus-Based Operations at (202) 708-7741 or by fax (202) 205-1919 or by e-mail at CBFOB@ed.gov. Questions about prior-year data listed on a FISAP should be referred to a FISAP Administrator at (877) 801-7168.

CASH MANAGEMENT

A school must disburse SFA program funds on a payment period basis, with the exception of FWS payments to students. Cash management requirements that apply to all SFA programs are discussed in detail in volume 2. The cash management requirements that apply specifically to each campus-based program are discussed in that program's respective volume.

CAMPUS-BASED PROGRAM RECORDS

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.

Recordkeeping requirements as they apply in general to all SFA programs are discussed in volume 2. In addition to meeting those requirements, a school must meet certain campus-based program recordkeeping requirements.

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 SFA 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;

Records Cites

FISAP Cite

34 CFR 668.24(e)(1)(i)

Perkins Loans

34 CFR 674.19(e)

Records Under Question

34 CFR 668.24(e)(3)

Format of Records

34 CFR 674.19(e)(4)

34 CFR 668.24(d)

- 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.

For each Perkins Loan borrower, a school must maintain a repayment history. See *Volume 5 - Perkins Loans* for more information.

A school must also follow the procedures established in 34 CFR 675.19 for documenting a student's FWS work, earnings, and payroll transactions. These procedures are discussed in *Volume 6 - Federal Work-Study*.

Generally, a school must keep records relating to the school's administration of a campus-based program or the Pell Grant Program for three years after the end of an award year for which the aid was awarded and disbursed under that program, with these exceptions:

- The school must keep the FISAP for the Perkins Loan, FSEOG, and FWS programs 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 repayment records for Perkins Loans, including records relating to cancellation and deferment requests for at least three years from the date a loan is assigned to the Department, canceled, or repaid.
- Records questioned in an audit or program review must be kept until the questions are resolved or until the end of the retention period applicable to the records, whichever is later.

A school must keep its campus-based program records in one of the following formats:

- Original signed promissory notes and signed repayment schedules for Perkins Loans, National Direct Student Loans (NDSLs), or National Defense Student Loans (Defense Loans) must be kept in a locked fireproof container until the loan is repaid or until the school needs the originals in order to enforce collection of the loan. If a loan is assigned to the Department, the school must send the original promissory note or a certified copy of the note, as well as a copy of the original deferment or cancellation form(s). The school may not send computer-generated form(s) or microform(s). (Refer to volume 5.)
- 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 (1) a student's SAR or ISIR used to determine eligibility for SFA program funds must be kept in the format in which the school received it, except that the SAR may be kept in an "imaged media format;" and (2) 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.

ADMINISTRATIVE COST ALLOWANCE

Administrative Cost Allowance Cite

34 CFR 673.7

A school participating in the campus-based programs is entitled to an allowance to help offset administrative costs, such as salaries, furniture, travel, supplies, and equipment. The allowance 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.

A school may use up to 10% of the administrative cost allowance attributable to the school's FWS Program expenditures to offset expenses incurred for its community service program.

Each school's administrative cost allowance is based on its expenditures for all three programs, **excluding** the amount of Perkins Loans assigned to the Department.

When a school calculates its administrative cost allowance for the 2001-2002 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 administrative cost allowance. If the Department has granted a school a waiver of its required institutional share for the FSEOG Program or the FWS Program, that school's administrative cost allowance may be calculated only on the full federal portion of its awards for those programs.

The school takes the administrative cost allowance 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

Administrative Cost Allowance (ACA) Calculation

$$\begin{array}{c}
 5\% \text{ of the first } \$2,750,000 \text{ of a school's expenditures under the campus-based programs} \\
 + \\
 4\% \text{ of expenditures greater than } \$2,750,000 \text{ but less than } \$5,500,000 \text{ under the} \\
 \text{campus-based programs} \\
 + \\
 3\% \text{ of expenditures greater than } \$5,500,000 \text{ under the campus-based programs}
 \end{array}$$

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 administrative cost allowance 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 administrative cost allowance, as calculated above, as attributable to your 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.

CERTIFICATIONS A SCHOOL MUST SUBMIT TO THE DEPARTMENT

Included in the FISAP package the Department distributes to schools annually is the Department Form 80-0013, Certifications Regarding Lobbying; Debarment, Suspension, and Other Responsibility Matters; and Drug-Free Workplace Requirements and Standard Form LLL, Disclosure of Lobbying Activities. To participate in the campus-based programs each award year, a school's chief executive officer must complete, sign, date, and submit to the Department the above certification forms with the school's completed FISAP by the established deadline. A detailed discussion of the certification requirements is in volume 2.

