
Introduction to Volume 4

This volume provides guidance on how to request, disburse, manage, and report on the use of federal student aid funds.

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.

COVID-19 Guidance and Waivers

The Department of Education recognizes that the ongoing COVID-19 pandemic has created many unique challenges for postsecondary institutions. The Department has provided a variety of special guidance and regulatory flexibilities due to the President's declaration of the COVID-19 national emergency on March 13, 2020. In addition, Congress has passed legislation offering relief from certain statutory requirements related to the Title IV, HEA programs.

For COVID-19 related guidance, including waivers and exemptions to Title IV rules, please see the following webpages:

- The Department of Education's COVID-19 Information and Resources for Schools and School Personnel:
<https://www.ed.gov/coronavirus/program-information>
- Office of Postsecondary Education COVID-19 Title IV FAQ:
<https://www2.ed.gov/about/offices/list/ope/covid19faq.html>

We outlined in our [April 3, 2020 electronic announcement \(EA\)](#) that institutions must comply with the cash management regulations (34 C.F.R. Part 668, Subpart K) unless unable to do so due to COVID-19 disruptions. Where an institution is unable to comply, it should document the reason(s) for instances where it is unable to comply and retain the documentation in its records. These include, but are not limited to, the following regulatory requirements:

- Borrower Requests for Loan Cancellation (§ 668.165(a)(4)(ii))
- Excess Cash (§ 668.166)
- Notices/Authorizations (§§ 668.165(a)(3) and 668.165(b)(4)(iii))

In addition, under our [December 11, 2020 Federal Register notice](#), the Secretary waived the requirement that an EFT be a direct deposit transaction allowing institutions and third-party servicers to use any type of EFT under the Treasury Department regulations in 31 CFR 208.2, including person-to-person payment methods such as Zelle and PayPal. Any alternative payment methods used must be disclosed in the institution's annual compliance audit. The Secretary also temporarily modified the cash management requirements to allow institutions under Heightened Cash Management 1 (HCM1) the ability to submit a request for funds without first paying the credit balances due to the students for whom those funds were requested. Institutions must pay the credit balances no later than three calendar days after receiving the funds.

As outlined in the 12/11/20 notice, these waivers expire at the end of the payment period that begins after the date on which the Federally-declared national emergency related to COVID–19 is rescinded.

Updates for 2021–2022

We point out under the “G5 Overview” section in Chapter 1, that financial aid administrators may want to consider obtaining view-only access in the G5 system as part of the reconciliation process.

In Chapter 1, under the “Accessing G5” section, we informed schools that by April 2022, 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.

In Chapter 2, under the “Early Disbursements” section, we clarified the cohort default rate exemptions and the 30-day delay timeframe associated with the 30-day delay for first-year, first-time borrowers, and added the early disbursement timeframes for subscription-based programs.

We clarified within the late disbursement limitation section in Chapter 2 by reminding institutions that they are prohibited from making a late first disbursement of a Direct Loan (i.e., the first disbursement of a Direct Loan in a loan period) if the student has withdrawn and has not begun attendance in enough courses to establish a half-time enrollment status.

In Chapter 2, under the “Special provisions for books and supplies” section, we reminded schools that in all situations where the student opts out of receiving books and supplies by the seventh day of the payment period, the school must still ensure that all Title IV funds are disbursed timely according to all other cash management rules.

In Chapter 2, under the “Holding Title IV Credit Balances” section, we provided additional information outlining steps a school must take if a school wants to explore if a student would like to return any Title IV credit balance funds to reduce any outstanding federal student loan debt.

We provided additional reaffirmation agreement information under the “Satisfactory repayment arrangements” section in Chapter 3 reminding institutions that it is the school where the student is requesting additional FSA funds that is responsible for identifying the loan(s) that resulted in the overborrowing, and that it may be necessary for the school the student is currently attending to contact the other school for additional information needed to determine that the excess borrowing was inadvertent.

