

## **Frequently Asked Questions (FAQs) about Direct Loan Closeout for 2020–21 Program Year Attachment to February 2022 Electronic Announcement**

### **Q1: When should a school confirm close out for the 2020–21 Program Year?**

**A1:** A school should be able to confirm close out within a month or two of submitting its final actual disbursements, but no later than the established data submission (closeout) deadline of July 29, 2022. If your school will need to process actual disbursement data after the established processing closeout deadline, refer to Q7 for more information.

**Note:** As a reminder, cash management, disbursement reporting (including adjustments to disbursements), Subsidized Usage Limit Applies (SULA) updates, and monthly reconciliation requirements supersede the closeout deadline. If a school is meeting these regulatory requirements, a school should be able to reconcile to a zero Ending Cash Balance soon after its final disbursements, and if all processing is completed and all known issues have been resolved, the school should confirm closeout at that time. Schools should **not** wait until the closeout deadline.

### **Q2: When a school successfully completes the school balance confirmation process and closes out a Direct Loan award year in the COD System, are there subsequent actions that occur?**

**A2:** Yes. Based on a school's successful balance confirmation for a Direct Loan Award Year, the following actions will occur:

1. The Department of Education (the Department) will send a Program Year Closeout letter to the school's President and Financial Aid Administrator (FAA).
2. The COD System will reject award or disbursement changes per published edits.
3. The Department will reduce the school's Current Funding Level (CFL) to the greater of Net Drawdowns or Net Accepted & Posted Disbursements.
4. The Department will reduce remaining anticipated disbursements to zero, adjust all award amounts to equal the sum of actual disbursements, adjust loan period dates so that all zero-dollar disbursements are outside the loan period, and recalculate subsidized usage for each borrower.
5. The School Account Statement (SAS) and other reports for this award year and program will no longer be sent.

### **Q3: Can a school delay closeout activity based on the possibility of future processing needs?**

**A3:** Schools should not delay closeout activities based on transactions that may occur later. If a school has completed all known cash and disbursement activity in the award year, the school must complete their reconciliation to a zero Ending Cash Balance and confirm closeout, as indicated in Q1.

Delays should only occur if a school has specifically identified additional transactions needing to be reported or corrected immediately. These may include, but are not limited to the following:

- Eligible late disbursements

- Downward disbursement adjustments due to changes in student enrollment or eligibility
- Unclaimed credit balances needing to be refunded

These changes should be reported in a timely manner, per regulatory requirements, and then final reconciliation and closeout should be completed.

**Q4: What are the benefits to confirming closeout within a month or two of submitting final disbursement data?**

**A4:** The benefits to confirming closeout include:

- Receiving a Program Year Closeout Letter to include with your final reconciliation documentation. This letter confirms the date your school officially closed out the award year.
- Tighter controls over available funds in G5. With the closeout confirmation process, a school's CFL is reduced to the greater of Net Drawdowns or Net Accepted and Posted Disbursements which prevents further funds being requested or received for the closed year. This also prevents funds from being accidentally drawn in the wrong award year when a new award year is added.
- No additional monthly reconciliation to the SAS, unless your school's disbursement or cash balances change (see Q9 for more details).
- Changes to cash and/or disbursement balances after a school has confirmed closeout (i.e. downward disbursement adjustments, refund of cash, or a drawdown adjustment) will trigger a Reopen Change Letter via email which notifies the school that a change in balance has occurred and the balance needs to be researched and resolved. This aids schools in monitoring when changes occur late in the award year so reconciliation efforts can resume, and the school can reconfirm closeout.
- Tighter controls over submitting disbursement or award level changes per published edits. Confirming closeout allows schools the ability to review changes to disbursement and award data more closely prior to requesting to be reopened or placed on extended processing.
- A Reopen Change or Extended Processing Letter will be sent via email to the President and FAA as notification that your school was reopened or placed on extended processing due to a request made by your school or by a change in balance. If one of these emails are received your school is no longer considered confirmed closed out and it indicates your school must resume reconciliation and reconfirm closeout.

**Note:** Any change in balance requires a school to complete an additional reconciliation to fulfill its monthly reconciliation requirements.

- Discontinues year specific reports which reduces clutter in SAIG mailbox and student data from being sent unnecessarily.

**Q5: How does a school close out the Direct Loan Program Year?**

**A5:** Once a school completes a final reconciliation of its internal Financial Aid and Business Office records to its Direct Loan SAS and reflecting a zero Ending Cash Balance, the school must go to the

[COD website](#) and complete the School Balance Confirmation form (found under the “School” link in the blue tool bar along the top of the main page and the “Balance Confirmation” link on the left-hand side under School Information).

**Note:** Prior to program year close out, schools should ensure that fields related to Subsidized Usage Limit Applies (SULA) are updated appropriately. See Q6 for more detail on this issue.

**Q6: What steps should a school complete prior to closeout to ensure subsidized usage limit calculations will be correct?**

**A6:** Ensure that:

- Any pending disbursements have been reduced to zero.
- All loan amounts reflect the gross amount of the total disbursed to students.
- The loan period dates (<FinancialAwardBeginDate> and <FinancialAwardEndDate>) include only those payment periods for which the student received and retained an actual disbursement.
- The academic year dates (<AcademicYearBeginDate> and <AcademicYearEndDate>) reflect the defined length of program’s academic year. Remember, an academic year for a credit-hour or direct assessment program must include at least 30 weeks of instructional time (except in certain cases when Borrower Based Academic Year (BBAY) 1 is used to monitor annual loan limits), and for a clock-hour program, at least 26 weeks of instructional time. (See [Federal Student Aid Handbook, Volume 3, Chapter 1](#) and the information on BBAY 1 in [Volume 3, Chapter 5](#)).
- Records that have been updated in the COD System to ensure the 150% Direct Subsidized Loan Limit calculations are accurate for your students. Refer to following guidance for additional information.
  - [Federal Register Vol. 86, No. 112, Repeal of the William D. Ford Federal Direct Loan Program Subsidized Usage Limit Restriction](#)
  - [June 11, 2021 Electronic Announcement](#), 150% Direct Subsidized Loan Limit: Electronic Announcement #25 – Guidance and Operational Information for the Repeal of 150% Subsidized Usage Limit (EA ID: DL-21-04)

**Q7: What if a school has actual disbursements scheduled past the closeout deadline?**

**A7:** Exceptions to the last processing day of the program year may be made on a case-by-case basis if a school’s processing period extends beyond the closeout deadline. Schools falling within this category should contact the COD School Relations Center at [CODSupport@ed.gov](mailto:CODSupport@ed.gov) for further assistance. Once the closeout deadline has passed, requests for extended processing may be made directly through the COD website (refer to Q11 for more information).

**Q8: What happens if a school confirms closeout before the established data submission (closeout) deadline, but has additional records to report to the COD System?**

**A8:** If a school identifies additional new awards, new disbursements, or upward disbursement adjustments that need to be submitted after completing the balance confirmation process but prior to the closeout deadline, the school can request to be reopened via the Request Reopen/Extended

Processing page on the COD website (refer to Q11 for more information). Once the request is processed, the school can start processing immediately.

If a school identifies downward adjustments to disbursements and non-financial changes that need to be submitted after completing the balance confirmation process but prior to the closeout deadline, you do **not** need to request to be reopened via the Request Reopen/Extended Processing page on the COD website (refer to Q11 for more information). If the downward adjustments records are accepted, the school will be automatically reopened.

**Note:** The school will be considered no longer confirmed closed out and will receive a Reopen Change email. The email will be sent to the FAA and President. Your school must resume reconciliation and reconfirm closeout.

**Q9: What if a school's balance changes after confirming close out?**

**A9:** If a school's balance changes due to downward disbursement adjustments, refunds of cash, or adjustments in G5, the school:

- Will receive a Reopen Change Letter via email.
- Will receive an updated Direct Loan SAS at the end of the month.
- If the balance change occurs before the closeout deadline, the school will be automatically reopened and is considered no longer confirmed closed out.
- If the balance change occurs after the closeout deadline, the school is considered no longer confirmed closed out. The school can request extended processing to submit new awards, new disbursements, or upward adjustments to awards or disbursements **only** to resolve the balance. You do **not** need Extended Processing to process downward adjustments to disbursements or non-financial changes (refer to Q11 for more information).
- Must reconcile to a zero balance and complete the closeout confirmation process again.

**Q10: What happens after the closeout deadline?**

**A10:** The Department:

- Reduces the CFL to the greater of Net Drawdowns or Net Accepted and Posted Disbursements for all remaining open schools.
- Rejects award year-specific Direct Loan awards and disbursements per established edits.
- Discontinues year-specific Direct Loan reports.
- Discontinues year specific Zero Balance and Remaining Balance emails.
- Issues a final Direct Loan SAS to all schools, using existing school SAS options.

**Q11: What if a school needs to submit student award or disbursement data to the COD System after the established data submission (closeout) deadline?**

**A11:** If you have additional new awards, new disbursements, or upward disbursement adjustments to submit after the data submission (closeout) deadline, you will need to request an extension to the established data submission (closeout) deadline via the COD website, Request

Reopen/Extended Processing link under the School menu to continue processing. You do **not** need Extended Processing to process downward adjustments to disbursements or non-financial changes. Extended processing is available on a case-by-case basis.

To request Extended Processing log in to the COD website at <https://cod.ed.gov> and complete the following steps:

Step 1: Go to the School Summary Information screen by clicking the School tab on the top blue bar and entering your school identifier information.

Step 2: Once on the School Summary Information screen, click on “Request Reopen/Extended Processing” link located on the left-hand side under School Information.

Step 3: Complete all required fields—including choosing the reason for the request from the drop-down menu and provide a detailed description of the problem. (Do not include Personally Identifiable Information (PII) data in this field (i.e. SSNs, award identifiers, etc.).

If the request is approved, an Extended Processing letter will be sent via email to the FAA and President.

**Note:**

- An extension to the data submission (closeout) deadline does not negate any other data reporting deadline, student eligibility or disbursement requirements pertaining to the Title IV programs, nor does it imply the Department approves the school’s failure to meet the established data submission (closeout) deadline.
- Prior to seeking relief from the data submission (closeout) deadline the school should have reviewed its records and consulted with the COD School Relations Center, if necessary. Therefore, if Extended Processing is requested and granted the school knows exactly what data needs to be submitted and how to submit it to the COD System, so that the school’s records are accurate at the end of the extension period.
- A school on Heightened Cash Monitoring 2 (HCM2) must coordinate with its Institutional Review Specialist/Payment Analyst if the school finds it still needs to submit data after the established data submission (closeout) deadline. The Institutional Review Specialist's/Payment Analyst/ will contact the appropriate FSA staff on the school's behalf via email with an appropriate extension period for processing.

**Q12: What if a school does not resolve its Ending Cash Balance?**

**A12:** The school will be notified of its remaining balance through the Combined Programs Demand Letter or Combined Programs Negative Balance Letter process conducted three times a year (3 Cycles), for new and existing positive and negative balances. Any remaining positive balance will result in a final liability for the school.

**Q13: What tools are available to assist schools with Direct Loan Reconciliation and closeout?**

**A13:** There are various tools provided by the Department that your school can use to reconcile externally to cash and disbursement data from the COD System. The following tools are available:

- **Direct Loan School Account Statement (SAS)** – The SAS is like a bank statement and provides the Department’s official Ending Cash Balance as of the end of the reported month, as well as detailed cash and loan or disbursement detail transactions for the reported period. The SAS is the school’s primary tool used for reconciliation and program year closeout and should be compared to both financial aid and business office records. **Tip:** Schools can choose to update SAS Options at the end of their processing period to receive year-to-date detail data for final reconciliation activities, even if they routinely receive monthly data as their default.
- **Direct Loan SAS Disbursement Detail on Demand** – ad-hoc report that allows schools to get SAS Disbursement Detail data independent of the school’s monthly SAS file.
- **Direct Loan SAS Disbursement Detail on Demand Report Reader and Instructions** – formats the fixed length SAS Disbursement Detail on Demand Report into an Excel spreadsheet. Found under the “COD Resources” link at the bottom of any COD website page.
- **Pending Disbursement List Report** – contains disbursements not yet funded in the COD System (Disbursement Release Indicator (DRI) = False).
- **Discrepant Loan Data Report** – helps schools identify awards that should be adjusted and/or corrected in their system in accordance with the 150% Direct Subsidized Loan Limit requirements.
- **[COD website](#) pages:**
  - **School Funding Information page** (found under the “School” link in the blue tool bar along the top of the main page and the “Funding Info” link on the left-hand side under School Information)
  - **School Summary Financial Information page** (found under the “School” link in the blue tool bar along the top of the main page and the “Summary Financial Info” link on the left-hand side under School Information)
  - **Cash Activity** (found under the “School” link in the blue tool bar along the top of the main page and the “Cash Activity” link on the left-hand side under School Information) – shows all individual Drawdown, Refund of Cash, and Drawdown Adjustment transactions. This information is sent to the COD System from G5. This information can be used to reconcile to internal bank statements and cash transactions.
  - **Anticipated Disbursement Queue** (found under the “Batch” link in the blue tool bar along the top of the main page and the “Anticip Disb Queue” link on the left-hand side) – lists all anticipated (pending) disbursements. It can be used to determine if anticipated disbursements need to be canceled (reduced to zero) or made into actual disbursements (DRI = True). This information is updated daily.
  - **Action Queue** (found under the “Batch” link in the blue tool bar along the top of the main page and the “Action Queue” link on the left-hand side) – lists records that are

in review by FSA's Payment Analysts for schools on HCM2. Can be used by schools to ensure all records that the school intends to submit in their HCM2 submission have been sent to the COD System.

- **Direct Loan Tools Software** – main function is to compare cash and disbursement data from EDEXpress or a school's custom software/system to the cash and disbursement data from the SAS and produce a discrepancy report. Schools with other software can create an external file to be used with DL Tools as well.

**Q14: Where can schools find additional resources for closeout and reconciliation?**

**A14:** Additional resources for reconciliation can be found on the [FSA Partner Connect - Knowledge Center website](#), which includes:

- [FSA Handbook - Volume 4, Chapter 6 – Reconciliation](#)
- [2021–2022 COD Technical Reference, Volume IV – Direct Loan Tools](#)
- [2021–2022 COD Technical Reference, Volume VI, Section 7 – Reports](#)
- [FSA Partner Connect – Knowledge Center](#)
- COD Reconciliation Coordinators - contact via the main COD Customer Service number at 1-800-848-0978

**Q15: What is FSA Partner Connect?**

**A15:** FSA Partner Connect is a website for individuals involved in the administration of *Title IV* financial aid for postsecondary education. On this site users can explore policy and guidance in the Knowledge Center, access helpful tools, find training announcements, or link to other Federal Student Aid websites to manage *Title IV* program eligibility and complete aid administration tasks.

Below are the different features of the FSA Partner Connect Portal:

- **Knowledge Center:** Repository of articles about the administration of *Title IV* federal student aid
- **Federal Student Aid Handbook:** Web-based, searchable version of the handbook
- **Training:** Information about training and links to important training sites
- **Financial Aid Delivery:** Information about the financial aid delivery process as well as links to sites to complete related tasks
- ***Title IV* Program Eligibility:** Information about how schools can apply and maintain *Title IV* program eligibility as well as links to various sites to complete tasks in the eligibility process
- **Dashboard:** A quick, top-level overview of an organization's current operational status with call outs for the most important information
- **Student, Parent, Borrower Accounts:** Simplified search functionality to access information about a student, parent, or borrower easily
- **Partner Search:** Provides the ability to search and view information about a school

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