

COD System Reporting and Processing for Withdrawn Students Under the CARES Act Beginning Aug. 2, 2020 (Phase One)

Attachment to July 2020 Electronic Announcement (Updated October 2020)

This attachment has been updated to add information about requesting Extended Processing for award years that are closed. New information is noted in red text. As part of the Common Origination and Disbursement (COD) System implementation planned for Aug. 2, 2020, we will make changes to the COD System to support the reporting requirements for withdrawn students who qualify for a Title IV waiver under the CARES Act. This document provides additional information about the August 2020 changes and provides an overview of additional changes planned for fall 2020.

Reporting Requirements for Withdrawn Students who Qualify for Return of Title IV Waiver under the CARES Act

As noted in a [May 15, 2020 Electronic Announcement](#) posted on the Information for Financial Aid Professionals (IFAP) website, the CARES Act waives Return of Title IV Funds (R2T4) requirements for students whose withdrawals were related to the novel coronavirus disease (COVID-19) and provides that, for those students:

1. Direct Loan funds received for the period will be cancelled,
2. The period will not count toward the student's Subsidized Loan usage for purposes of the 150% Direct Subsidized Loan Limit, and
3. Pell Grant funds received for the period will be excluded from the student's Lifetime Eligibility Used (LEU).

The CARES Act requires schools to report to the Department of Education (the Department) information specific to each student for whom it was not required to return Title IV funds under the waiver exception (and for each student for which Title IV funds were previously returned and are now being redrawn). The law also requires schools to report to the Department the total amount of Title IV grant or loan assistance that was not returned as a result of the CARES Act provisions.

We will implement COD System functionality to support reporting requirements for the CARES Act in two phases. This first phase will be implemented on Aug. 2, 2020. The second phase is planned for late September.

COD System Changes

The following changes will impact COD System processing for the Federal Pell Grant (Pell Grant), Iraq and Afghanistan Service Grant, Teacher Education Assistance for College and Higher Education (TEACH) Grant, and William D. Ford Federal Direct Loan (Direct Loan) programs.

Coronavirus Indicator

Beginning Aug. 2, 2020, the COD website will be updated to include a new Coronavirus Indicator (in the form of a checkbox). A school will use the checkbox to indicate that an aid recipient's **actual** disbursement qualifies for Direct Loan cancellation (and the exclusion from the Direct Loan annual limits and Subsidized Loan usage calculations), and the exclusion from Pell Grant LEU calculations and TEACH Grant award limits. A school should select the Coronavirus Indicator when

- An aid recipient began attendance in a payment period or period of enrollment,

- the aid recipient withdrew during that period due to the COVID-19 pandemic,
- the actual disbursement was made for that period (the Disbursement Release Indicator (DRI) is set to “True”), and
- the disbursement’s payment period start date is a date from **July 1, 2019** to Dec. 31, 2020. **As noted in a [Sept. 23, 2020 Electronic Announcement](#), we expanded the payment period start date window from Jan. 1, 2020 to July 1, 2019.**
 - **Note:** The Payment Period Start Date is a required field for all disbursements that are marked with the Coronavirus Indicator (set to “true”).

Once the Coronavirus Indicator is set and accepted by the COD System, a school will not be able to submit any further maintenance on that disbursement record. In addition, once the Coronavirus Indicator is set, it cannot be “unchecked.”

Schools will be able to mark the checkbox on the Update Disbursement Information page. The Coronavirus Indicator will be displayed (as view-only) on the following pages: Award Disbursement Information, Disbursement Information, Disbursement History Information, Batch View Record Information, and Batch View Disbursement Information.

The Coronavirus Indicator will only be available on the COD website. It will not be a new tag on the Common Record and will not be returned to schools in the Common Record or web responses. The Coronavirus Indicator will be used for eligible disbursements for Direct Loan for the 2018–19 Award Year and forward, and TEACH Grant, or Pell Grant and Iraq and Afghanistan Service Grant awards for the 2019–20 Award Year and forward.

If a disbursement is flagged with the Coronavirus Indicator, the COD System will create a new system-generated, non-financial type disbursement sequence number, beginning with number 66. For cases in which a disbursement has a previous system-generated sequence number, the COD System will use the next available sequence number (up to 89).

A disbursement flagged with the Coronavirus Indicator will also trigger the following actions—

- For Pell Grant disbursements, we will adjust the LEU for the percentage represented by the flagged disbursement(s). Once the adjustment is made, it will be viewable on the LEU History page and will be identified by the “Disaster Relief” Adjustment Type.
- For Iraq and Afghanistan Service Grant disbursements, we will adjust the LEU through a manual process as there is no automated restoration of LEU for these grants. In addition, the detailed LEU adjustment will not be viewable on the LEU History page.
- For Direct Loan disbursements, we will remove the flagged disbursement from the annual loan limit and Subsidized Usage calculations (this may include systematically changing the Financial Award period start and end dates), and we will notify the appropriate federal loan servicer that the disbursement(s) has been discharged.
- For TEACH Grant disbursements, we will remove the flagged disbursement from the TEACH Grant award limits, and we will notify the TEACH Grant servicer that the disbursement has been cancelled.

When applicable, deobligations for Potential Overaward Process (POP) situations will not occur for Pell Grant or Iraq and Afghanistan Service Grant awards with a flagged disbursement; however,

schools will still see POP edits and the awards will still appear on POP reports and Multiple Reporting Records (MRRs).

If a disbursement is not flagged with the Coronavirus Indicator, the COD System will process the disbursement under existing business rules. The Coronavirus Indicator is not a required data element and can be blank if it is not applicable.

Note: If the Coronavirus Indicator needs to be added to a disbursement for a program and award year for which a school has completed the Balance Confirmation process, or if the program and award year has passed the data submission (closeout) deadline, the school will need to request to reopen the award year. This request can be made through the COD Website School Menu, Request Reopen/Extended Processing link. The school should select Reason Code “Unusual Circumstances” and include “Updates to Coronavirus Indicator” in the explanation for this request. Requests for the most recent years which have passed the closeout deadline (at the time of these updates, this includes Pell Grant 2019–20, TEACH Grant 2019–20, and Direct Loan 2018–19) will be expedited for approval, and the school will then be able to enter changes through the COD website as described above.

COD System Edits

A new warning edit will be added to the COD System and several existing COD System edits will be modified as a result of the Coronavirus Indicator functionality. **Note:** The validation edits will be returned if the schools receive a Common Record web response (CRWB message class).

Edit	New/Modified	Tag/Block	Condition	Programs
Reject Edit 50	Modified	N/A	Bypassed when a disbursement has been flagged with the Coronavirus Indicator	DL
Warning Edit 99	New	<DisasterApplies> Disbursement Block	Triggered when a school updates an actual disbursement with the Coronavirus Indicator	DL, TEACH Grant, and Pell Grant and IASG
Warning Edit 99	New	<FinancialAwardStartDate> and <FinancialAwardEndDate> Award Block	Triggered when the Coronavirus Indicator is selected; it informs the school that the Financial Award start and end dates will be adjusted to exclude the disbursement(s) from Subsidized Usage calculations	DL

Edit	New/Modified	Tag/Block	Condition	Programs
Reject Edit 205	Modified	N/A	Bypassed when a disbursement has been flagged with the Coronavirus Indicator	DL
Reject Edit 212	Modified	<DisbursementNumber> or <DisbursementSequenceNumber> or <DisbursementAmount> Disbursement Block	Triggered when a school attempts to submit a change to a disbursement with the Coronavirus Indicator selected Note: Only applicable to HCM2 and HCM3 schools.	DL, TEACH Grant, Pell Grant
Reject Edit 994	Modified	<PaymentPeriodStartDate> Disbursement Block	Triggered when the Coronavirus Indicator is selected, but a payment period start date is not submitted	DL, TEACH Grant, Pell Grant
Reject Edit 996	Modified	<PaymentPeriodStartDate> Disbursement Block	Triggered when the Coronavirus Indicator is selected, but the payment period start date is not within the valid date range	DL, TEACH Grant, Pell Grant

COD System Changes Planned for Phase Two – Fall 2020

In fall 2020, we plan to implement additional COD System functionality to support reporting requirements for the CARES Act, including updates to the SULA calculator and a new school report. We will also begin to pass information about disbursements marked with the Coronavirus Indicator to the National Student Loan Data System (NSLDS®).

In addition, to provide schools with a mechanism for reporting the amount of Title IV grant or loan assistance not returned due to the CARES Act provisions, we plan to make changes to the Return of Title IV (R2T4) calculator to allow schools to perform an RT24 calculation specifically for aid recipients who withdrew due to COVID-19-related circumstances. Schools will be required to use the calculator for all aid recipients who withdrew due to COVID-19; however, these calculations will only be used for reporting purposes. We anticipate making the following updates—

- The COD R2T4 calculator will be updated to incorporate a new Coronavirus Indicator checkbox. The checkbox will be available for the 2019–20 Award Year and forward.
- The R2T4 Review Calculation page will be updated to include a Coronavirus Indicator field.
- The R2T4 Reports page will be updated to allow users to search for calculations with disbursements marked with the new Coronavirus Indicator.

We plan to add some training material specifically about the changes to the R2T4 calculator and will provide additional guidance about all of the September 2020 changes in a forthcoming announcement later this summer.