

Common Origination and Disbursement

*An SFA integration and modernization
project for Federal Pell Grant and Direct Loan
processing – moving toward the way
schools do business*

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We Help Put America Through School





Background

Student Financial Assistance (SFA) became a Performance Based Organization (PBO) in 1998. The PBO was created to:

- ☐ Improve service to students and other participants;
- ☐ Improve and integrate the information and delivery systems that support these programs;
- ☐ Develop an open, common, and integrated delivery and information system; and
- ☐ Reduce the costs of administering the Title IV programs.

Goals were set for the new PBO to ***increase customer satisfaction, reduce costs, and increase employee satisfaction***. Program integrity, accuracy, and accountability form the foundation for all SFA efforts.

Modernization

In an effort to achieve these strategic goals, SFA sought an improved process of delivering student financial aid. Focus groups consisting of a cross section of schools representing mainframe, combination, large volume, small volume, Federal Direct Loan, and Federal Family Educational Loan Program (FFEL) institutions, met for several months to discuss how the delivery of student financial aid could be improved. The partnership between SFA and the schools led to the development of a conceptual design and identified key components of the new *Common Origination and Disbursement (COD) Process*.

SFA has embarked on several modernization projects that support the roles of the PBO such as:

- ☐ Improving FAFSA on the Web to enhance the aid application process;
- ☐ Providing for the use of the electronic promissory note to move towards paperless transactions;
- ☐ Transitioning SFA's electronic communication mechanism from a proprietary wide area network (TIVWAN) to a secure internet based communication Student Aid Internet Gateway (SAIG) in early 2002; and
- ☐ Re-platforming the campus-based programs into "e-Campus-Based," to allow schools to complete the FISAP via the Web starting September 2001.

Another capstone modernization project to improve and integrate the student aid delivery systems is called Common Origination and Disbursement (COD). COD will process Pell Grant and Direct Loan records beginning in the 2002-2003 Award Year. COD will integrate and modernize by:

- ☐ Reengineering the current processes and systems for delivering and reporting Pell Grants and Direct Loans from two processes and systems into one ***common origination and disbursement process and system***;
- ☐ Giving schools the option of reporting campus-based student level data;
- ☐ Providing schools with a standard record format that supports student level data exchange with other trading partners, at their option: FFELP partners; state



grant, prepaid tuition, and scholarship agencies; and alternative loan partners, etc. We call this format the **Common Record** because the data definitions are the same across the community. Each partner still assigns unique business rules to support the various types of financial aid. Schools send the record to the specific trading partner just as they send the Pell Grant and Direct Loan records to SFA;

- ☐ Increasing accountability and program integrity by monitoring and informing schools of their progress in reporting records according to the existing 30-day reporting requirements; and
- ☐ Using standard language for e-business and the Internet called XML. See *An Overview of XML and the Common Record* for more information.

Goals and Benefits

Common Origination and Disbursement will promote program integrity and offer schools simplicity, accuracy, and improved access to integrated student-level and program-level data.

Benefits

- ☐ Common Processing
 - One process and record for submitting both origination and disbursement data
 - Common edits across programs, where applicable
 - Consistently defined data tags across programs, and (approaching) a cross-industry standard for data definitions
 - Eliminated reporting of duplicate data for Pell Grants and Direct Loans
- ☐ Streamlined edits to reduce turnaround time for exception processing
- ☐ Expanded on-line capability to make corrections/changes, process “emergency” requests, and check processing status
- ☐ Expanded reporting capabilities to benchmark like school groups
- ☐ Optional student level data reporting for FSEOG, FWS, and Perkins
- ☐ Integrated customer service for Pell and Direct Loans
- ☐ Real time processing/batch or on-line update
- ☐ Fully Web-enabled system available 24/7
- ☐ Easier reconciliation and fund accounting
- ☐ Integrated Statement of Account

COD Features and Improvements

No change in policy

COD provides for changes to **processes** and **systems** that support Title IV programs. The programs remain the same. This reengineering effort does not change eligibility or program rules, rather it implements existing rules. To achieve integration of the two current systems into one, COD’s design requires a new **Common Record**, one that uses



common data elements, definitions, and a single layout format for Pell Grants and Direct Loans.

Pre-populate the FISAP Income Grids (Optional)

For the campus-based programs, schools will have the option to report individual student level data to SFA (at least annually) using the Common Record. These schools will receive, in turn, assistance in completing the FISAP. SFA will be able to pre-populate some sections of the FISAP on the school's behalf, such as the income grid. For schools sending all student enrollment data to the National Student Clearinghouse, SFA will also be able to pre-populate the applicant grid.

Access to Funds

Schools can continue to receive funds the same way they do today. For example, Pell schools participating in the Pell Just-in-Time (JIT) program will participate in COD with the same JIT process. Advance pay schools will continue to have the ability to draw down funds prior to submission of detailed student records. Additionally, in the Direct Loan program, schools will be able to send records within seven days of the disbursement date to trigger a change in funding. SFA will monitor school drawdowns and record reporting. Using the COD system, SFA will inform schools of their progress toward reporting disbursements within the current 30-day reporting requirements. Schools can chart their own progress using the same data SFA uses to check reporting requirements. The following visual depicts the type of information that will be available to schools via the Web to chart their progress toward the 30-day reporting requirement for Pell:

Progress Toward 30-Day Requirement

02-03 PELL

Total Funds Drawn	\$ 5,200,000	<div>Amount Over 30 Days</div> <div>\$ 0</div>
Net Accepted Disbursements	\$ 4,250,900	
Funds Pending Substantiation	\$ 949,100 (18.2%)	

Drawdown Detail

Date	Amount	Substantiating Records	<u>Unsubstantiated Funds</u>		Days Remaining for On Time Reporting
			Amount	%	
08/05/02	2,550,000	2,550,000	0	0	--
08/27/02	2,000,000	1,700,900	299,100	15.0	10 Days
09/01/02	650,000	0	650,000	100.0	15 Days
Total:	\$ 5,200,000	\$ 4,250,900	\$ 949,100	18.2%	



Summary of Features and Improvements

All Schools

- ☐ All rejects (Pell and Direct Loan) stored and viewable via the Web
- ☐ Web-access to:
 - Real-time processing statistics (e.g.: number of records submitted/accepted/ rejected/ corrected, percentage of records rejected by edit type) to help a school target on improving their business process
 - SFA will use the same data to identify patterns to improve training and efficiency
 - Consolidated funding information (e.g.: amount of money drawn by program, via GAPS, progress towards 30-day requirement)
- ☐ Single Web site access to Pell Grant, Direct Loan and campus-based information, 24x7
- ☐ Integrated customer service
- ☐ Reports about student population such as verification correction activity
- ☐ Processing options:
 - How school wants to receive increases in funding based on student records: (1) funds ‘pushed’ via electronic transfer or (2) funds made available for drawdown
 - SFA-managed promissory note and disclosure printing
 - Rejected records: (1) reject outright or (2) correct data and send notification

Full Participants

- ☐ Resolve rejects via the Web
- ☐ Submit new records via the Web
- ☐ “Release” edit-only records (i.e.: submit disbursement records) via the Web
- ☐ Send one record to trigger funding - Schools will not have to submit two complete records (with redundant student and school information) to report a student’s Pell and Direct loan records. Schools can report one record with all of the student’s “origination” and “disbursement” data – if within 7 days.
- ☐ Same process for reporting changes to Pell Grant and Direct Loan
- ☐ Flexible record format: only send data required, send data only once unless change occurs
- ☐ Send single student-centric record for Pell Grant and Direct Loan
- ☐ *Optional* reporting of data elements (required today) that already exist in CPS such as EFC, dependency status
- ☐ *Optional* campus-based reporting to pre-populate portions of the FISAP
- ☐ Additional options:
 - Whether or not to receive batch responses (i.e.: acknowledgements) for activity performed on the Web
 - Whether to receive a ‘full’ response (i.e.: acknowledgement with all the data reported for the student to load into school software) as opposed to the standard response, which includes only identifiers, record status and specific information on failed edits.



Transitioning to COD

The new COD system will process origination and disbursement records for Pell Grants and Direct Loans for all schools in the 2002-03 award year. The current Direct Loan Origination System (DLOS) and the Pell Grant Recipient and Financial Management System (RFMS) will complete the 2001-2002 cycle and will be retired through the transition process.

For the 2002-2003 award year, schools will participate in one of two ways: ***full participation*** or ***phase-in participation***. Full participants in COD will submit the Common Record in the new XML format. A Phase-in participant will submit records using the '02-'03 RFMS and DLOS formats, which will be translated by SFA into the Common Record for processing by COD and retranslated back to the usual formats for transmission to the Phase-in participant. At the school's option, the Full participant may also send campus-based student-level data via the Common Record.

For Phase-in participants, SFA will employ an integration tool or middleware. This tool will convert '03-'04 Pell Grant and Direct Loan records (as would typically be processed) into the COD format, until schools are ready to use the new Common Record to process them directly or 2004-2005, whichever is first.

EDEExpress will support Phase-in participants using the middleware tool for 2002-2003. Because the middleware will permit all school records to be processed by COD, EDEExpress users will have their records processed by COD in 2002-2003. EDEExpress will then be modified to support full participation, probably in 2003-2004.

SFA has communicated with software developers and third party servicers on the basic elements of conversion to the XML Common Record to assist their schools. The following software providers have indicated their intention to process using the Common Record for some of their schools:

- ☐ Sigma Systems, Inc.
- ☐ Datatel
- ☐ Campus Management Corp.

All schools will begin to use the Common Record by the 2004-2005 award year.

Making It Happen

SFA's Modernization Partner has chosen TSYS of Columbus, Georgia, to modify their existing solution to meet the COD requirements, and ASFA Data Corporation to provide customer service for the COD process.



COD - What's Different?

<i>Current Process</i>	<i>Phase-In Participants</i>	<i>Full Participants</i>
Fixed-length record <ul style="list-style-type: none"> - Data elements recognized based on their position in the record layout - All data elements must be populated for each submission 	No change.	✓ XML Record <ul style="list-style-type: none"> - Data elements recognized by tags, do not need to be in a specific location - Submissions only require those elements necessary for the particular business process the school is trying to perform
Origination required in all circumstances	No change.	✓ Option for early reporting to run record through edits, not required. Options include: <ul style="list-style-type: none"> - School can report records early, then release as disbursement date nears (similar to current origination and disbursement); or - School can send one Common Record within 7 days of disbursement date without taking any additional action (similar to current just in time, except only one record and transmission is required, not multiple) Additionally, for those schools whose business process is to do all reporting after disbursing to the student, only one transmission of one record is required, not cycles to both originate and then disburse.
Two-step resolution process: origination change and disbursement change	No change.	✓ One step resolution process via Common Record
Change records require resubmission of all data elements	No change.	✓ Change records require only data elements that have changed.



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<i>Current Process</i>		<i>Phase-In Participants</i>		<i>Full Participants</i>
All data elements required to originate must be sent		No change.	✓	Optional reporting of data elements that already exist in the CPS.
Different process for reporting changes for Pell and Direct Loan		No change	✓	Process for reporting changes consistent across both programs.
Only Direct Loan rejects stored	✓	All rejects stored. Please note, however, phase in schools will <u>not</u> be able to resolve and re-submit rejects on-line.	✓	All rejects stored, with on-line resolution and re-submission available
Separate Web sites to access Pell and Direct Loan information	✓	Information across all programs available via single Web site	✓	Information across all programs available via single Web site
Separate customer service support for Pell and Direct Loan	✓	Single customer support contact for both programs	✓	Single customer support contact for both programs
Only changes to records available via the Web for standard processing (i.e., non post-award year processing)		Phase in schools will not be able to enter new origination records or disbursement records (i.e. 'release' records) via the Web unless specifically authorized for post-award year processing. During regular award year processing, they will only be permitted to make changes to existing records.	✓	Schools will be able to submit new Common Records via the Web. Schools will also be able to 'release' Common Records via the Web.
Limited Web access to funding information; requires log on to two different sites	✓	Consolidated view of funding information by award year and program, including amount drawn to date, amount of accepted records to date, progress towards 30-day reporting requirement.	✓	Consolidated view of funding information by award year and program, including amount drawn to date, amount of accepted records to date, progress towards 30-day reporting requirement.



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<i>Current Process</i>		<i>Phase-In Participants</i>		<i>Full Participants</i>
Limited Web access to processing information	✓	Web access to real-time processing statistics such as day/ time received, batch status, # of records, # of accepted/ corrected/ rejected records, % of rejects by error type.	✓	Web access to real-time processing statistics such as day/ time received, batch status, # of records, # of accepted/ corrected/ rejected records, % of rejects by error type.
No student-level reporting in the campus-based programs		No change.	✓	Optional reporting of campus-based disbursements in order to pre-populate portions of the FISAP.

SFA needs and welcomes your feedback on this major reengineering effort. The *Schools Portal* (sfa4schools.sfa.ed.gov) and *IFAP* (ifap.ed.gov) are updated continually on COD's development.

Questions or comments on COD can be directed to SFA's Customer Service Call Center at (800) 433-7327, or send your question via the *Schools Portal*. Staff is available Monday through Friday, 9-5pm, Eastern Time.

