COD System Processing Function Enhancements and Modifications for 2008-2009

Attachment to March 2008 Electronic Announcement

In Volume I, Section 2 of the 2008-2009 COD Technical Reference, we provide an overview of the enhancements and modifications being made to the Common Origination and Disbursement (COD) System for the 2008-2009 Award Year. We have also provided enhancement and modification information in conference presentations during summer and fall 2007 and in communications posted on the Information for Financial Aid Professionals (IFAP) Web site.

The purpose of this document is to highlight the previously provided information. We cover information in the following order:

- Changes Impacting ACG, National SMART Grant, and Pell Grant Programs
- Changes Impacting Direct Loan Program
- Changes Impacting All Programs

If you have any questions about this document, contact the COD School Relations Center at 800/474-7268 for Grants or 800/848-0978 for Direct Loans. You may also e-mail CODSupport@acs-inc.com.

Changes Impacting the ACG, National SMART Grant, and Pell Grant Programs

The following changes will impact COD System processing of Academic Competitiveness Grant (ACG), National Science and Mathematics Access to Retain Talent Grant (National SMART Grant), and Federal Pell Grant (Pell Grant) awards.

Pell Grant Low Tuition and Fees Field

Dear Colleague Letter P-08-01 provided the Payment and Disbursement Schedules for determining Pell Grant awards for the 2008-2009 Award Year. As explained in Dear Colleague Letter P-07-02, the College Cost Reduction and Access Act (the CCRAA), Pub. L. 110-84, repealed the "tuition sensitivity" award rule. As a result, the "Alternate" Payment and Disbursement Schedules have been eliminated and all 2008-2009 Pell Grant awards will be based on the one set of Payment and Disbursement schedules attached to Dear Colleague Letter P-08-01.

Accordingly, the COD System will not edit on the Low Tuition and Fees field if it is submitted in the Common Record. Instead, data submitted in this field will be ignored. Additionally, the Low Tuition and Fees field will no longer display on the following COD Web site screens for Pell Grant:

- Update Award Information
- Response Information
- Award Detail Information
- Create Award
- Response Information

Note for EDExpress Users: For information about how the repeal of the "tuition sensitivity" award rule will be handled in the Pell Module of the 2008-2009 EDExpress for Windows, Release 2.0 (scheduled to be available on March 31, 2008), refer to the forthcoming release documentation. We will announce the availability of Release 2.0 and its documentation in an Electronic Announcement on the IFAP Web site.

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Pell Grant Verification "W" Deadline Date

A new Verification "W" deadline date will be applied to 2008-2009 Pell Grant records that contain a verification status code of "W". For the 2008-2009 Award Year, this deadline date will be September 30, 2009. After September 30, 2009, the COD System will reject all 2008-2009 Pell Grant award originations, award increases, disbursements, or disbursement increases for awards with a verification status code of "W". Additionally, after September 30, 2009, the COD System will reject maintenance records that change the verification status code of a Pell Grant award to "W".

Note: For complete information about verification status codes, refer to the September 28, 2007 Electronic Announcement posted on the IFAP Web site, which provides updated operational guidance on the codes to use when reporting verification status to us in Pell Grant awards.

New COD reject edits will be implemented for the 2008-2009 Award Year and forward to ensure that records with a verification status code of "W" are not accepted by the COD System after the Verification "W" deadline date. These new edits are as follows:

- COD Reject Edit 145 (New Pell Origination or Award Increase with Verification Status of W or Invalid Change to Verification Status Submitted After Cut Off Date) will be returned when a Pell Grant origination is submitted with the verification status code of "W" after the Verification "W" deadline date.

- COD Reject Edit 146 (New disbursement or disbursement increase submitted after Verification W cut-off date) will be returned when a Pell Grant disbursement or disbursement increase is submitted with the verification status code of "W" after the Verification "W" deadline date.

Additionally, for the 2008-2009 Award Year and forward, the COD System will allow the increase of a disbursement that previously was reduced to a zero dollar amount ($0.00) through a global reduction of disbursements for awards with a "W" status, provided that the increase occurs before the Verification "W" deadline date. In this case, no reject edit will be returned to the school.

Note: For award years prior to 2008-2009, COD Reject Edit 114 (Disbursement or Disbursement Adjustment received after Verification Status W Deadline Date) will continue to be returned to the school.

ACG and National SMART Grant Scheduled Award Amount, Eligibility Used, and Total Eligibility Used

The COD System will calculate Scheduled Award Amount, Percent Eligibility Used by Scheduled Award (EU), and Total Percent Eligibility Used by Academic Year Level (TEU) for all award years. After the calculation is performed by the COD System, the data will be passed to the National Student Loan Data System (NSLDS) and then on to the Central Processing System (CPS), which in turn will provide the data on the Institutional Student Information Record (ISIR). Information for up to three ACG and National SMART Grant awards is displayed on the 2008-2009 ISIR.

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As explained in a February 4, 2008 Electronic Announcement posted on the IFAP Web site, 2008-2009 ISIRs are currently being sent with zeroes in the new fields. The specific schedule for when this data will display on the ISIR is as follows:

- *For 2006-2007 and 2007-2008 ACG and National SMART Grant awards,* the new data will display on the ISIR shortly after the March 16, 2008 COD System implementation. When this occurs, the new data will also be available on the COD and NSLDS Web sites.

- *For 2008-2009 ACG and National SMART Grant awards,* the new data will display on the ISIR after the first actual disbursement for a 2008-2009 award has been accepted by the COD System. When this occurs, the new data will also be available on the COD and NSLDS Web sites.

Note: For information about the location of the new fields in the NSLDS section[0] of the 2008-2009 ISIR, refer to the February 4th Electronic Announcement.

The COD Web site will be updated as follows to reflect the new data:

- A new column, Percent Eligibility Used, will be added to the Person ACG Information and Person National SMART Information screens.

- A new column, Scheduled Award Amount, will be added to the Person ACG Information and Person National SMART Information screens.

- Two new fields, Percent Eligibility Used and Scheduled Award Amount, will display on the Award Detail screen for ACG and National SMART Grant awards.

- A new field, Total Eligibility Used, will display on the Person ACG Information and Person National SMART Information screens. This field will display total figures for each grade level regardless of award year.

The record layout for the following ACG and National SMART Grant reports for the 2008-2009 Award Year and forward will be updated to reflect the new data:

- Multiple Reporting Record (MRR)
- Year-to-Date (YTD) Record

Note: Other updates will be made to the Pell Grant MRR and YTD Record as well.

The COD System will return two new Common Record Response tags for the 2008-2009 Award Year and forward, TEU % and Year-to-Date Disbursement (YTD) Amount.

- TEU % will be returned in the tag <TotalEligibilityUsed> in the Common Record Response in the Response Section of the Award Block.

- YTD Amount will be returned in the tag <YTDDisbursementAmount> in the Common Record Response in the Response Section of the Award Block. This value will be the sum of all actual disbursements [Disbursement Release Indicator (DRI) equals "True"] for the specific ACG or National SMART Grant award.

ACG, National SMART Grant, and Pell Grant Collection Status Indicator Field

The COD Web site's Award Detail Information screen will be modified to display one of the following four values in the Collection Status Indicator field:

- Referral – This value will continue to indicate that a collection referral has been received and processed by the Debt Management Collection System (DMCS).

- Closed – This value will continue to indicate that the remaining principal balance is zero.

- Satisfactory – This is a new value that will indicate the student has communicated with DMCS regarding a payment plan, made sufficient payments, or is under extenuating circumstances.

- Unsatisfactory – This is a new value that will indicate the student's ability to receive future Title IV funds may be affected.

Changes Impacting Direct Loan Program

The following changes will impact COD System processing of Direct Subsidized Loan, Direct Unsubsidized Loan, and Direct PLUS Loan awards.

Direct Subsidized Loan and Direct Unsubsidized Loan Origination Fee Reduction

As part of the changes to the student loan programs made by the Higher Education Reconciliation Act of 2005 (the HERA), Pub. L. 109-171, the origination fee for Direct Subsidized Loans and Direct Unsubsidized Loans will again be reduced for 2008-2009.

- For *all* Direct Subsidized Loans and Direct Unsubsidized Loans that are first disbursed on or after July 1, 2008 and before July 1, 2009, the origination fee is changing from 2.5 percent to 2.0 percent.

- The Direct PLUS Loan origination fee is not changing and will remain at 4 percent for Direct PLUS Loans made to both parent and graduate/professional student borrowers.

- The up-front interest rebate amount is not changing and will remain at 1.5 percent for Direct Subsidized Loans, Direct Unsubsidized Loans, and Direct PLUS Loans.

Beginning March 16, 2008, the COD System will process Direct Subsidized Loan and Direct Unsubsidized Loan awards with the 2.0 percent origination fee. The COD System will continue to accept awards with a 2.5 percent or 3.0 percent origination fee, as appropriate, based on the earliest disbursement date.

For operational guidance on implementing the latest reduction in the origination fee, refer to Direct Loan Bulletin 08-05 on the IFAP Web site.

MPN Required Before Actual Disbursement Acceptance

Beginning March 16, 2008, we will change the "Disbursements Funded Without Accepted Pnote" option flag in the COD System to "N" for *all* schools for all award years. This option change means that all schools must have a valid Master Promissory Note (MPN) accepted and on file in the COD System before actual disbursements will be accepted.

- This processing change will *not* impact an Advanced Funded school's ability to receive funds from G5 (formerly GAPS) or disburse funds to its borrowers (assuming a signed MPN, or record of a signed MPN, is in the school's possession). This processing change only means that actual disbursements (DRI equals "True") will not be accepted until the MPN is accepted in the COD System.

- This processing change will not impact Pushed Cash schools because MPNs are already required to be on file before actual disbursements are accepted.

For operational guidance on preparing for this processing change, refer to Direct Loan Bulletin 08-03 on the IFAP Web site.

Changes to Certain MPN-Related Documents

Beginning March 16, 2008, the COD System will update certain paper MPN correspondence packages and the Direct Loan Electronic MPN Web site with revised documents. The affected documents that will be revised are the Direct Subsidized Loan and Direct Unsubsidized Loan MPN Addendum, the Direct Subsidized Loan and Direct Unsubsidized Loan Plain Language Disclosure, and the Direct PLUS Loan Plain Language Disclosure. Operational guidance for school implementation of these revised documents will be available in forthcoming Direct Loan Bulletins on the IFAP Web site.

As a reminder, any school using paper MPNs should have converted to the revised Direct PLUS Loan MPN (expiration date 08/31/2010) as of March 1, 2008. For complete information about this transition, refer to DLB-07-20 on the IFAP Web site.

Dependency Status Code and Additional Unsubsidized Indicator

For 2008-2009 and forward, Dependency Status Code and Additional Unsubsidized Indicator will be required fields on Direct Loan origination records.

- The Dependency Status Code must be included and populated on all Direct Loan origination records. The valid values for this field will be "D" and "I". If the field is populated with a value other than "D" or "I", or is blank, COD Reject Edit 996 (Invalid Value) will be returned to the school.

- The Additional Unsubsidized Indicator must be included and populated on all Direct Unsubsidized Loan origination records. The valid values for this field will be "True" and "False". If the field is populated with a value other than "True" or "False", or is blank, COD Reject Edit 998 (Invalid Format) will be returned to the school.

Notes:

1. Neither of the fields will be required on change records.

2. If the tag for either field is not included as specified, COD Reject Edit 994 (Missing Value) will be returned to the school.

We will also implement new edits to evaluate conflicting information related to the awarding of additional unsubsidized loan funds. These new edits are as follows:

- COD Reject Edit 154 (Dependency Status set to D and Grade Level greater than or equal to 6) will be returned when a Direct Subsidized Loan or Direct Unsubsidized Loan origination record or change record is submitted causing the Dependency Status Code to equal "D" and the Student Grade Level to be greater than or equal to "6".

- COD Reject Edit 156 (Dependency Status set to I and Additional Unsubsidized Indicator set to true) will be returned when a Direct Unsubsidized Loan origination record or change record is submitted causing the Additional Unsubsidized Indicator to equal "True" and the Dependency Status Code to equal "I".

- COD Reject Edit 157 (Sum of Award Amounts exceeds Base Annual Loan Limit) will be returned when a Direct Subsidized Loan or Direct Unsubsidized Loan award is submitted for a dependent undergraduate student causing the sum of award amounts for unsubsidized loans and subsidized loans to exceed the Base Annual Loan Limit and an additional unsubsidized loan situation is not indicated.

- COD Reject Edit 158 (HPPA Indicator set to true and Grade Level less than 6) will be returned when a Direct Unsubsidized Loan award is submitted causing the HPPA indicator to equal "True" and Student Grade Level to be less than "6".

Incorrect Grade Level for Parent Direct PLUS Loan

New COD Reject Edit 159 (Incorrect Student Grade Level on a Direct Loan PLUS Award for Parent of a Dependent Undergraduate Student) will be returned when an origination or change record for a Direct PLUS Loan award for a parent borrower is submitted with a Grade Level > 5. This edit will apply to records for 2008-2009 and forward.

MPN Expiration Date Updated After Loan Discharge

When a Direct Loan award is discharged due to Death (D), Unauthorized Signature/Unauthorized Payment (G), or Identity Theft (I), the COD System will update the MPN expiration date on the COD Web site's Award Promissory Notes screen to reflect the date the loan was discharged.

The COD System will also send an unsolicited system-generated MPN Response with the updated MPN expiration date to all schools associated with the MPN. A school is associated with an MPN when it has a loan linked to that MPN and/or it is the school specified on the MPN.

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<u>**Changes Impacting All Programs**</u>

The following changes will impact COD System processing of ACG, National SMART Grant, Pell Grant, Direct Subsidized Loan, Direct Unsubsidized Loan, and Direct PLUS Loan awards.

Identifier Edit Logic for Direct PLUS Loan and Other Awards

The COD System will apply more rigorous edit logic when processing origination and change records for Direct PLUS Loan awards for the 2008-2009 Award Year and forward. The improved edit logic is intended 1) to assist in properly categorizing Direct PLUS Loans as being borrowed by a parent (student and borrower SSNs are different) or graduate/professional student (student and borrower SSNs are the same) and 2) to ensure that updates to Person information in the COD System are applied consistently. As explained below, two of the new edits will be applied only to Direct PLUS Loan records, and one of the new edits will be applied to records for all programs.

The new edits that will be applied only to Direct PLUS Loan records are as follows:

- COD Reject Edit 147 (Identifier inconsistency for PLUS Award for Graduate/Professional Student) will be returned when a Direct PLUS Loan origination or change record for a graduate/professional student is submitted and one of the following student fields does not match the corresponding field for the borrower:

    o Last Name (origination only)
    o Date of Birth (origination only)
    o Last Name change
    o Date of Birth change
    o SSN change

- COD Warning Edit 148 (First Name inconsistency on PLUS Award for Graduate/Professional Student) will be returned when a Direct PLUS Loan origination or change record for a graduate/professional student is submitted and the complete first name for the student does not match the complete first name for the borrower.

The new edit that will be applied to ACG, National SMART Grant, Pell Grant, Direct Subsidized Loan, Direct Unsubsidized Loan, and Direct PLUS Loan records is as follows:

- COD Reject Edit 149 (Identifier inconsistency for PLUS Award for Parent of a Dependent Undergraduate Student) will be returned when an origination or change record is submitted that would result in the Date of Birth for the student and borrower being the same on a Direct PLUS Loan for a parent.

Replacement of COD Reject Edit 16 for Direct PLUS Loan and Other Awards

Instead of returning COD Reject Edit 16 when processing origination and change records for Direct PLUS Loan awards for the 2008-2009 Award Year and forward, the COD System will return four new edits. The new edits are intended to provide schools with more specific and accurate information about the reason for the rejection of a record by the COD System. As explained below, two of the new edits will be applied only to Direct PLUS Loan records, and two of the new edits will be applied to records for all programs.

Note: For award years prior to 2008-2009, COD Reject Edit 16 (If award year is prior to 2005-2006 OR the Student Level Code is less than or equal to 5, PLUS Borrower and Student CANNOT be the same person. If award year is 2005-2006 or later AND the Student Level Code is 6 or greater, the PLUS Borrower and Student MUST be the same person.) will continue to be returned to schools.

The new edits that will be applied only to Direct PLUS Loan records are as follows:

- COD Reject Edit 150 (Incorrect Student Grade Level on a Direct Loan PLUS Award for Graduate/Professional Student) will be returned when an origination or change record for a Direct PLUS Loan award for a graduate/professional student is submitted with a Grade Level less than 6.

- COD Reject Edit 151 (Invalid Student/Borrower SSN combination on a Direct Loan PLUS Award for Graduate/Professional Student) will be returned when an origination or change record for a Direct PLUS Loan award for a graduate/professional student is submitted and an SSN change is submitted in the Student Block without a corresponding change in the Borrower Block.

The new edits that will be applied to ACG, National SMART Grant, Pell Grant, Direct Subsidized Loan, Direct Unsubsidized Loan, and Direct PLUS Loan records are as follows:

- COD Reject Edit 152 (Invalid Student SSN change on a Direct Loan PLUS award for Parent of a Dependent Undergraduate Student) will be returned when an origination or change record is submitted with a change to a student SSN that would result in the SSN for the student and the borrower being the same on a Direct PLUS Loan award for a parent.

- COD Reject Edit 153 (Invalid Borrower SSN change on a Direct Loan PLUS Award for Parent of a Dependent Undergraduate Student) will be returned when an origination or change record is submitted with an SSN change that would result in the SSN for the borrower and the student being the same on a Direct PLUS Loan award for a parent.