Common Origination and Disbursement and Direct Loan Processing Update

NASFAA 2004

July 18-21, 2004

Minneapolis, MN

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Operations Update

Direct Loan Processing Statistics
YTD Totals – as of July 9, 2004

Totals	2003-2004	2004-2005
Originations (#)	3.4 million	733,889
Originations ($)	$12.6 billion	$3.5 billion
Actual Disbursements (#)	5.9 million	49,937
Actual Disbursements ($)	$11.7 billion	$115.2 million
% Substantiated	100%	99.8%

Operations Update
Direct Loan Closeout

- Closeout deadline for the 2002-2003 award year is **8pm EST July 30, 2004.**

- To successfully close out, Schools must have an Ending Cash Balance of $0 and Total Net Unbooked Disbursements of $0 as reflected on their School Account Statement (SAS) Report.

- FSA will review all schools with known processing/systems issues and will notify them by email between August 15-31 if they are granted extended processing.

Operations Update
Direct Loan Closeout

- Schools should:
  - Ensure that all drawdowns and refunds are accounted for and applied to the correct award year;
  - Ensure that all disbursements and adjustments are accurate, reported, and accepted by the COD System;
  - Ensure that all batches have been sent to and accepted by the COD System;
  - Ensure that all unbooked loans are resolved;
  - Resolve all outstanding rejected records; AND
  - Return all refunds of cash.

- Additional information can be found on the IFAP web site in Direct Loan Bulletin DLB-04-15, DLB-04-18 and DLB-04-19.

Operations Update
Pending Bankruptcy

- FSA changed its operational procedures to ignore a borrower's pending bankruptcy status when processing an award.

- The COD System no longer:
  - Inactivates a borrower's MPN that was received before the borrower filed for bankruptcy;
  - Requires a new MPN for loans that were made after the borrower filed for bankruptcy unless the MPN has been inactivated;
  - Rejects disbursements dated after the borrower filed for bankruptcy.

Operations Update
Pending Bankruptcy

- Schools can now resubmit disbursements that were previously rejected due to the borrower's pending bankruptcy.

- Additional information can be found on the IFAP web site in Direct Loan Bulletins DLB-04-14 and DLB-04-17.

July 2004 Release

July 2004 Release
SSN/Name/DOB Change Report

- The report will list all identifier changes for a student on the COD system. The report will be generated when a student identifier change is accepted by COD.

- The report will be sent to Reporting Schools that have an origination for a student listed on the report.

- The report will be sent to Reporting Schools via their:
  - SAIG mailbox in the following formats:
    - Pre-formatted (Message class SBDCCDOP) for Pell
  - COD web site Newsbox in the following formats:
    - Comma Delimited (CSV)
    - PDF

July 2004 Release
Modified Promissory Note Linking

- An award is linked to an MPN using the following data elements:
  - SSN
  - Date of Birth
  - First two characters of the borrower's first name OR first two characters of the last name if the first name is blank

- Errors have occurred when identifier information on MPN does not match the identifier information on the award.
  - Aliases (e.g. Bill vs William)
  - Transposed First and Last Names
  - Transposed character in SSN
  - Typo in DOB
  - First initial provided for First Name
  - Inconsistent punctuation characters in First and/or Last Name (e.g O'Riley vs ORiley)

- Modified MPN linking criteria will be applied to the promissory note linking process to allow MPNs to link when these types of errors occur.

2005-2006 Processing Changes

COD Focus Group
April 15-16, 2004

- Over the course of two days, 24 schools and 4 vendors generated ideas on the following topics:
  - Reports
  - Direct Loan Processing
  - COD Web Site
  - Pell Processing
  - Edits
  - Customer Service

- We have incorporated some of these ideas into changes for the 2005-2006 award year.

- Thank you for participating in the 2005-2006 Requirements gathering process.

- If you would like to participate in future focus groups, please give a COD team member your business card.

2005-2006 Processing Changes
Full Participant Status for 2005-2006

- All schools must be Full Participants using the XML Common Record in 2005-2006.
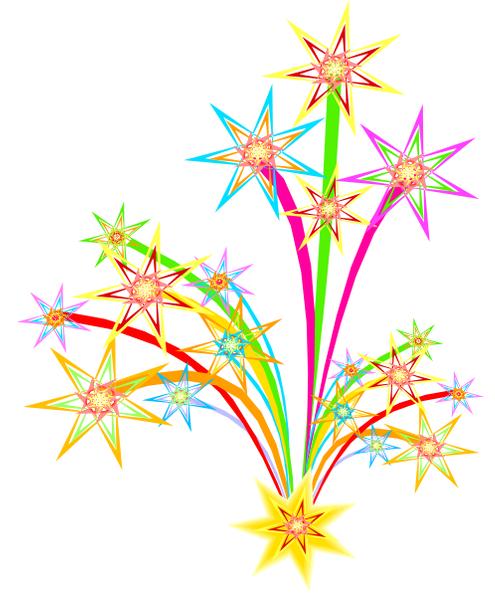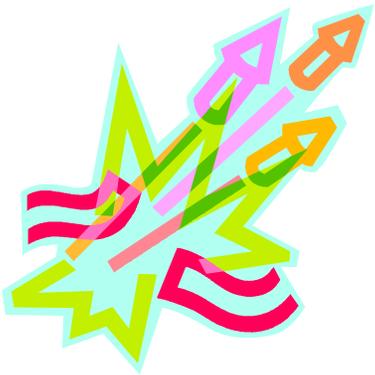
2005-2006 Processing Changes
Complete Address Edits

- The COD System will return an edit when a complete student and/or borrower address does not exist on the incoming record, the COD database, or the CPS Abbreviated Applicant File (AAF).

- A complete address is defined as:
  - If Foreign Indicator = False, at least one occurrence of each of the following must be present:
    - Addressline
    - AddressCity
    - AddressStateProvinceCode
    - AddressPostalCode
  - If Foreign Indicator = True, at least one occurrence of each of the following must be present:
    - Addressline
    - AddressCity
    - AddressCountryCode
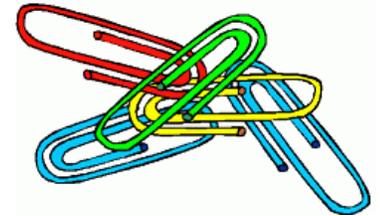
2005-2006 Processing Changes
Complete Address Edits

- For Direct Loan Subsidized or Unsubsidized awards, the COD System will return a *reject* edit when a complete student address is not found.

- For Direct Loan PLUS awards, a *warning* edit will be returned when a complete student address is not found, and a *reject* edit will be returned when a complete borrower address is not found.

- Edits will apply to all award years.

2005-2006 Processing Changes
MPN Inactivity/Expiration Reports

- COD will generate three reports notifying schools when an MPN has become inactive or is about to expire:

  - **MPN Discharge Report**
    - Notifies schools of MPNs that have become inactive within the last 30 days due to discharges for Death and Unauthorized Signature.

  - **MPNs Due to Expire in 60 Days Report**
    - Notify schools of MPNs that are about to expire or become inactive within the next 60 days.

  - **MPN Disbursement Inactivity Report**
    - Notifies schools of inactive MPNs within the last 30 days due to normal disbursement inactivity.

2005-2006 Processing Changes
MPN Inactivity/Expiration Reports

- The reports will be sent to all of the Reporting Schools with loans linked to the MPNs, as well as the Reporting Schools that created the MPNs listed in the report.
- Schools can select the format in which they would like to receive the reports from the School Report Selection web page.
  - Fixed-length
  - Pipe-deliminated
  - Comma-deliminated
- The reports will be sent to Reporting Schools' SAIG mailbox, and Newsbox on the COD web site.
- The reports will be sent in non-year specific message classes.

2005-2006 Processing Changes
Applicant Detail

- The Dependency Override Indicator (Professional Judgment) field will be added to the Applicant Detail web page on the COD web site.

2005-2006 Processing Changes
eMPN Instructions

- The eMPN web site will instruct students to use the same identifier data that they used on their FAFSA when filling out an eMPN application.

2005-2006 Processing Changes
COD Timeline

- **2005 – 2006 Development Schedule**:

  - Requirements Complete   June 2004
  - Design Complete   September 2004
  - Development Complete   December 2004
  - Testing Complete   March 2005
  - System Start Up   March 2005

2005-2006 Processing Changes
XML Schema Processing

- The XML Schema version is reflected in the value of the "Namespace" attribute of the Common Record document.

- Example:<CommonRecord xmlns=http://www.ed.gov/FSA/COD/2004/v2.0d>

- The COD System will return in Common Record response documents the value that was submitted to COD in the "Namespace" attribute, essentially "echo-ing" back the "Namespace."

- For system-generated responses, the COD System will return in the "Namespace" the latest version of the XML Schema released for each award year.

  - Example: 2003-2004 2.0c

    2004-2005 2.0d

Customer Service

Production Customer Service Information
COD School Relations Top 5 Call Reasons

% of calls	PASSWORD RESET/COD SET UP	REPORT REQUEST/ISSUE	PELL DISBURSEMENT	POP	PELL REJECTED RECORDS
	6.70%	6.40%	6.00%	6.00%	4.90%
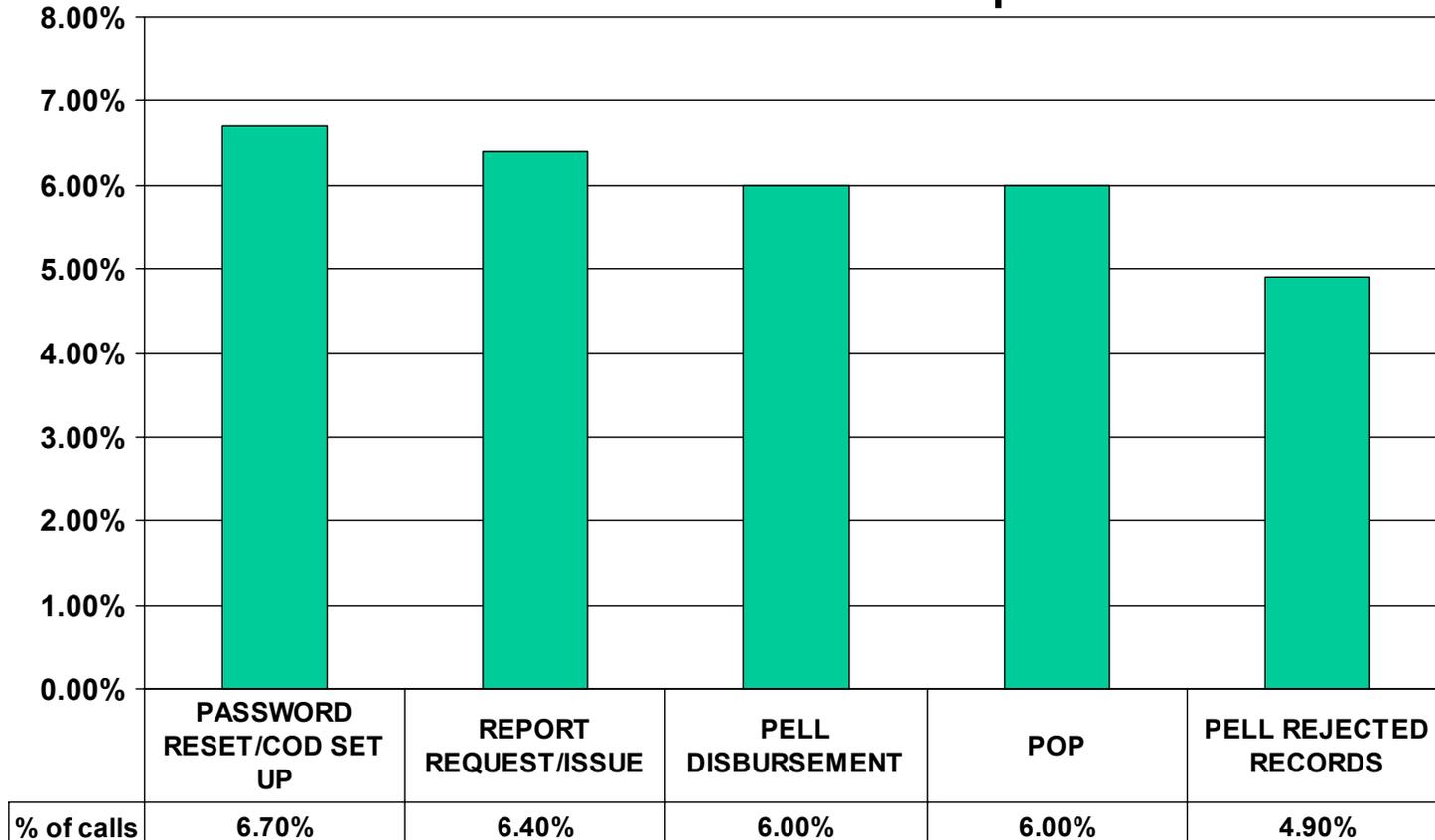
May 2004

COD Customer Service
Outreach

- The COD School Relations Center performs outreach via phone and e-mail to schools:
  - *Automated* e-mail is sent to Financial Aid Administrators.
  - COD encourages schools to review their contact information in COD to ensure it is current.
- COD Customer Service has increased their outreach efforts by creating an automated "School Monitoring Outreach" e-mail. A single e-mail that covers:
  - Direct Loan Unsubstantiated Cash
  - Unbooked Direct Loans

COD Customer Service
Outreach

- Each morning COD reviews the previous day's batch processing to determine in what areas outreach is necessary. Based on our findings, some common outreach concerns are:

  - Schools with processing abnormalities or with unusually high reject numbers
  - Invalid fixed-length or XML format batches that fail to process in COD
  - Status updates to schools that have been identified in COD cleanup projects and/or have resolved COD system issues.

COD Customer Service
Outreach

- Direct Loan specific outreach includes:
  - Schools with Direct Loan PLUS records that have a pended credit check in COD are contacted to obtain additional information in order to proceed with the credit check
  - Direct Loan Award Year Closeout
  - Direct Loan Bulletin distribution

COD Customer Service
Experts Available

- COD Customer Service Representatives are your connection to the experts:

  - Reconciliation

    - Available to assist or determine funding issues. Ask your CSR to conference you in with a Reconciliation Specialist. They are able to help with monthly and annual reconciliation.

  - Issue concerns

    - Ask your CSR to conference in a Subject Matter Expert if you feel you need further clarification regarding a current issue or recent clean-up.

  - Escalation

    - Request to speak to a Supervisor or Manager if your issue needs escalation, or holding up funding.

Issues

Current Issues
Promissory Note Linking

Description:
- COD has experienced instances where promissory notes were not correctly linking to Direct Loans.

Status:
- COD continues to make this a top priority. Numerous root causes have been identified over the past year and the majority of these issues have been fixed, cleaned up, or both (if required).
- Additionally, COD has continued to work to improve the Promissory Note linking process. As a result of this effort, COD is implementing a Standard Student Identification Method which will increase the likelihood that a Promissory Note will link to a Direct Loan within COD.

Current Issues
Missing Acknowledgements

Description:

- A subset of schools did not receive acknowledgements from June 6th through June 15th, 2004.
- The root cause of this issue was a software and hardware upgrade which caused issues delivering COD produced acknowledgements to schools' SAIG mailboxes.

Status:

- COD Operations is manually sending out acknowledgements as schools are reporting them as missing. The Operations team has sent out an average of 75 acknowledgements a day since the problem was first identified.
- Additionally, COD Operations is working on proactively identifying all acknowledgements that were affected by this issue in order to confirm that all acknowledgements are correctly delivered to schools' mailboxes.

Current Issues
Warning Edit 116 Not Working Correctly

- **Description:**
  - Warning Edit Code 116 (SSN, DOB and/or Last Name have not been updated in the COD System) is not working correctly.

- **Status:**
  - COD is working to complete design for this issue and anticipates resolution by August 2004.

Current Issues
Award and Disbursement Reductions

Description:
- Schools are attempting to reduce/zero out Direct Loan disbursement award amounts, anticipated and actual disbursements; however, the disbursements continue to have a dollar amount and the anticipated disbursements are still appearing on the pended disbursement list.
- This results in future records rejecting for edit 041 (Changed Award Amount is Less than Total Disbursements) or edit 067 (Incorrect Disbursement Amount).

Status:
- COD is researching a cleanup plan for the affected records.

Current Issues

Loans with Pending First Disbursement (but Actual Disbursements after First Disbursement) Failing to Book

Description:

– COD identified issue where awards were not booked due to the fact that schools had a pending first disbursement and an actual 2nd, 3rd, 4th, or 5th disbursement. The root cause was tied to an edit that was failing to trigger when a school tried to change their first Disbursement Release Indicator from a "Y" to a "N". Edit has been fixed in production, which should prevent this issue from occurring in the future.

Status:

– Clean up of affected disbursements will be executed during the month of July 2004.

Current Issues
Pending Bankruptcies/Edit 89 Issues

Description:
- When a school originated a loan for a student who had previously filed for bankruptcy, schools were incorrectly receiving Edit 089 when trying to disburse on the new loan.
- Schools were incorrectly receiving Edit 089 when attempting to zero out an existing award for a borrower who had filed for bankruptcy.

Status:
- FSA changed its operational procedures to ignore a borrower's pending bankruptcy status when processing an award.
- The COD system has cleaned up the majority of MPNs, loans and disbursements affected by pending bankruptcies.
- If the Promissory Note is not prior to 2002-2003, schools can now resubmit disbursements that were previously rejected for Edit 089. If the Promissory Note is prior to 2002-2003, please contact Customer Service prior to submitting so that COD can reactivate the Promissory Note.

Current Issues
Disbursement Sequence Number Issue (Edit 56)

Description:

- Occasionally, disbursements/adjustments are not being fully processed in COD and are thus not appearing on the Disbursement List web page.
- In some cases, disbursement sequence numbers are not appearing on the History screen for the same reason.

Status:

- Disbursement/adjustment data was not populating correctly in the COD database after processing, which resulted in the display issue on the COD web site.
- COD has implemented a code fix for this issue and continues to monitor the system for any new instances of this issue.
- While COD is cleaning up the affected records, schools should not resubmit disbursements/adjustments for processing as these transactions have already been processed by COD.

Current Issues

Duplicate Disbursement Numbers and Duplicate Sequence Numbers Appearing on the SAS

Description:

– In some cases, the SAS is reflecting a duplicate disbursement number or a duplicate sequence number for certain loans. This information sometimes appears incorrectly on the COD web, as well.

Status:

– The code that was causing this issue was fixed in early 2004. Certain awards still need to be cleaned up prior to the issue being resolved. This clean up should be complete by the middle of August 2004.

Current Issues

Users Experiencing Slow Response Time on Web

Description:

- Web searches (specifically, Batch and P Note Searches) have been experiencing performance issues.
- Mainly occurs during the time period of 11am through 2pm Eastern Standard Time.

Status:

- COD plans to implement a performance enhancement solution during the month of August 2004.

You're Invited!

- **2004 Software Developers Conference**
  - Aug 19-20 Arlington, VA
- **2004 Electronic Access Conference (EAC)**
  - Nov 1-4 Orlando, FL
  - Nov 30 – Dec 3 Las Vegas, NV