

Common Origination and Disbursement (COD)

Presented by:

Mary B. Haldane

U.S. Department of Education, SFA

&

Susan O'Flaherty

Western Michigan University



COD Background

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
- Reduce the costs of administering the Title IV programs



COD Background

The PBO's Goals:

- Increase customer satisfaction
- Reduce costs
- Increase employee satisfaction



How it Started

Focus Groups of School (Nov-Dec 1999)

- Conceptual Design
- Key Components



SFA Modernization

Examples of projects supporting PBO goals:

- Electronic Promissory Note (e-MPN)
- Electronic Communication from TIVWAN to the Internet
- e-Campus-Based
- Common Origination and Disbursement (COD)

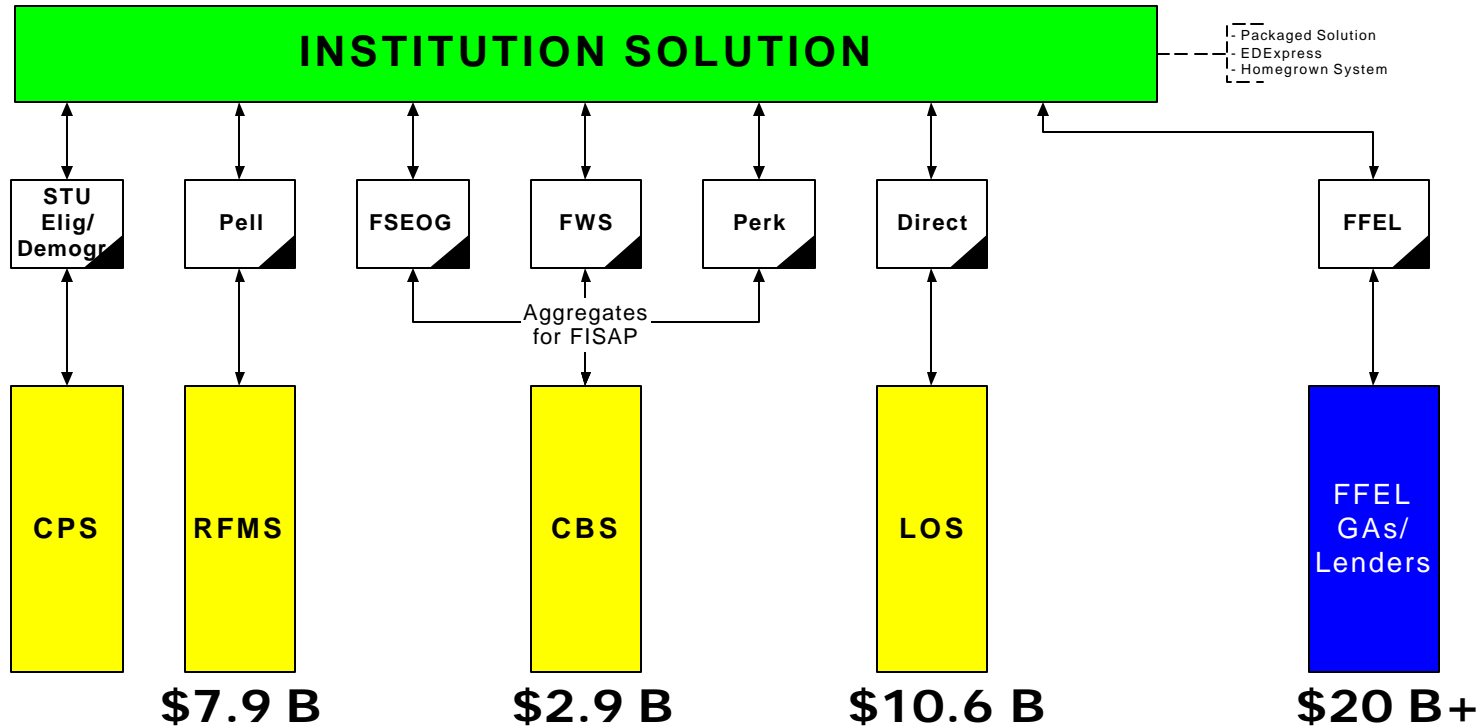


COD Is the Process for Integrating Systems

- 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
- Increasing accountability and program integrity



Where We Are: Current Environment



State Grants, Alternative Loans and Other...



Current Processes

- Program centric
- Separate processes, systems, customer service, technical reference
- Different record layouts, data definitions and general eligibility edits
- Duplicate and inaccurate data
- Separate origination and disbursement processes
 - Two-Step process
 - Four distinct record layouts
- Change records
 - Requires re-submission of all data elements
 - Two distinct record layouts
 - Different process for Pell and DL (“Netting” Vs Replacement Values)
- Cost SFA \$50+million for origination and disbursement



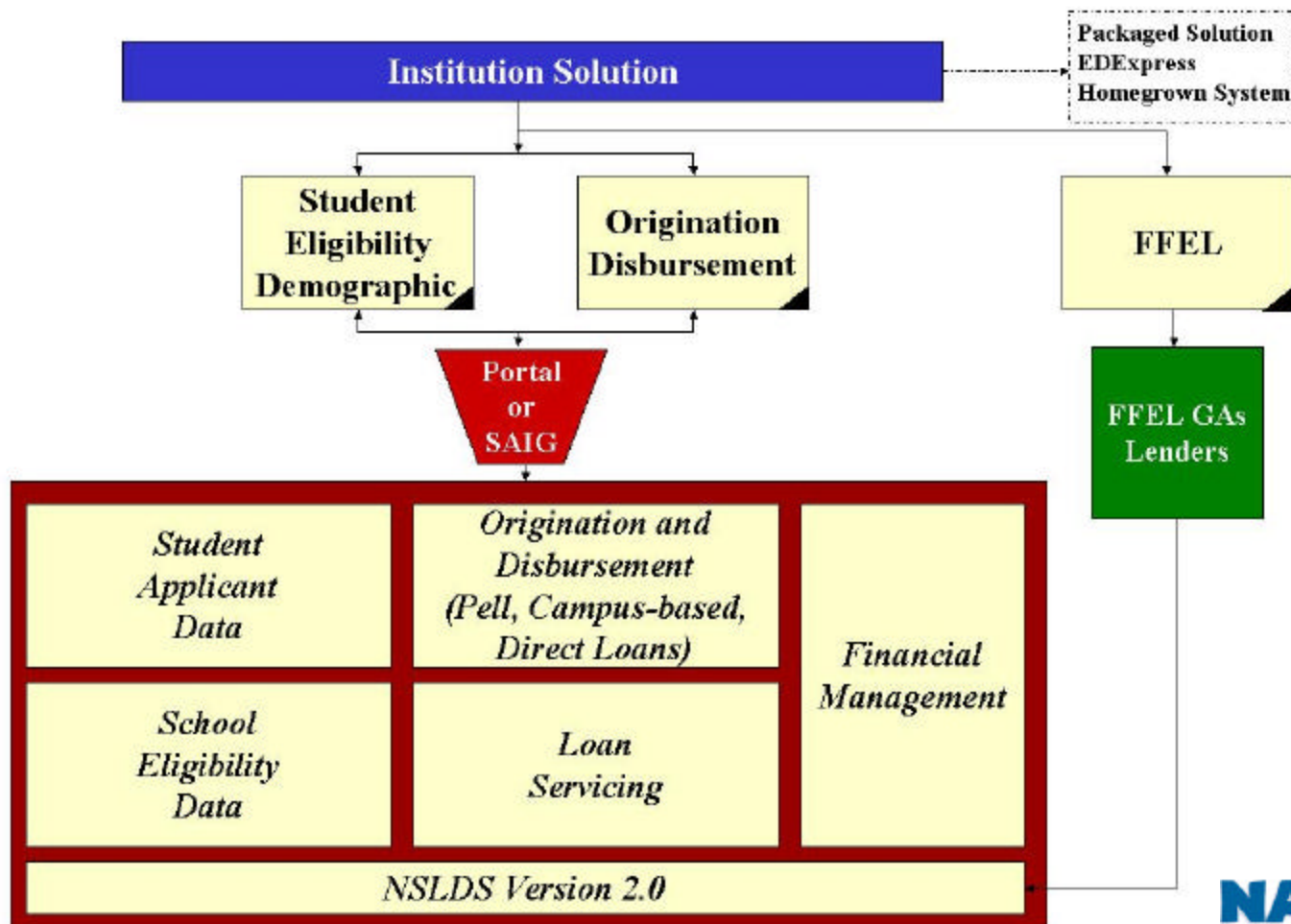
Goals and Benefits

Goal:

to promote program integrity and offer schools simplicity, accuracy and improved access to data



Where We Will Be: Future Environment



COD Features

- Process change only, **no change to programs**
- Student centric
- Single COD system
- Single Step Process
 - Common Record for origination, disbursement and changes
 - One customer service point of contact
- Optional reporting for campus-based programs
- Opportunity for use by FFEL, state grants, alternative loans, etc.



Goals and Benefits

Benefits:

- Common Processing
- 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
- 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 Common Record

■ “Common” because

- It serves many different financial aid programs
- It replaces the separate record layouts for origination, disbursement and change records
- It has common data elements and definitions, where applicable, across program

■ “Record” because

- All messages or modules combined are a “record” of the student’s financial aid



COD Common Record and XML

COD Common Record uses **XML**

- XML: **E**xensible **M**arkup **L**anguage
- Data files are machine and human readable
- The entire document or portions of the common record can be transmitted
- The common record is *extensible*--additional information can be added easily



Characteristics of Change

| | <u>Current</u> | <u>Future</u> |
|---------------------------------|----------------|---------------|
| Processing → | periodic | in seconds |
| Communication with schools → | TIVWAN | Internet |
| Data organization → | By program | By student |



Current Process By Program

| Pell Grant | Direct Loan | Alternative Loan | Perkins Loan | FFELP Loan |
|----------------------------------------------------|--------------------------------------|-------------------------|---------------------|-------------------|
| Bill Boyce Jane Jones Sue Smith Sam Spade | Jane Jones Sue Smith Sam Spade | Sue Smith Carl Dean | Jane Jones | Bill Boyce |



Proposed Process Structured by Student

Bill Boyce

Pell Grant
FFELP Loan

Carl Dean

Alternative Loan

Jane Jones

Pell Grant
Direct Loan
Perkins Loan

Sue Smith

Pell Grant
Direct Loan
Alternative Loan

Sam Spade

Pell Grant
Direct Loan



As Transmitted

Sent to SFA

Bill Boyce
Pell Grant
FFELP Loan
Carl Dean
Alternative Loan
Jane Jones
Pell Grant
Direct Loan
Perkins Loan
Sue Smith
Pell Grant
Direct Loan
Alternative Loan
Sam Spade
Pell Grant
Direct Loan

Bill Boyce
Pell Grant
Jane Jones
Pell Grant
Direct Loan
Perkins Loan
Sue Smith
Pell Grant
Direct Loan
Sam Spade
Pell Grant
Direct Loan

Sent to Lenders

Bill Boyce
FFELP Loan
Carl Dean
Alternative Loan
Sue Smith
Alternative Loan



Comparison of records

Traditional record:

SUE SMITH 44723292219820921 Y

XML record:

```
<Individual>  
  <GivenName>  
    <FirstName>Sue</FirstName>  
    <MiddleInitial> </MiddleInitial>  
    <LastName>Smith</LastName>  
  </GivenName>  
  <SSN>447232922</SSN>  
  <DateOfBirth>19820921</DateOfBirth>  
  <ContactInfo></ContactInfo>  
  <OptOut>Yes</OptOut>  
</Individual>
```



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.: # submitted, # accepted/ rejected/ corrected, % rejected by edit type) to help a school target improvements to its business process
 - Consolidated funding information (e.g.: \$ drawn by program, 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



Summary of Features and Improvements

All Schools-cont'd

■ 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
- Rejected records: (1) reject outright or (2) correct data and send notification
- Ability to specify a date range



Summary of Features and Improvements

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 obtain funds
- 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



Summary of Features and Improvements

Full Participants-cont'd

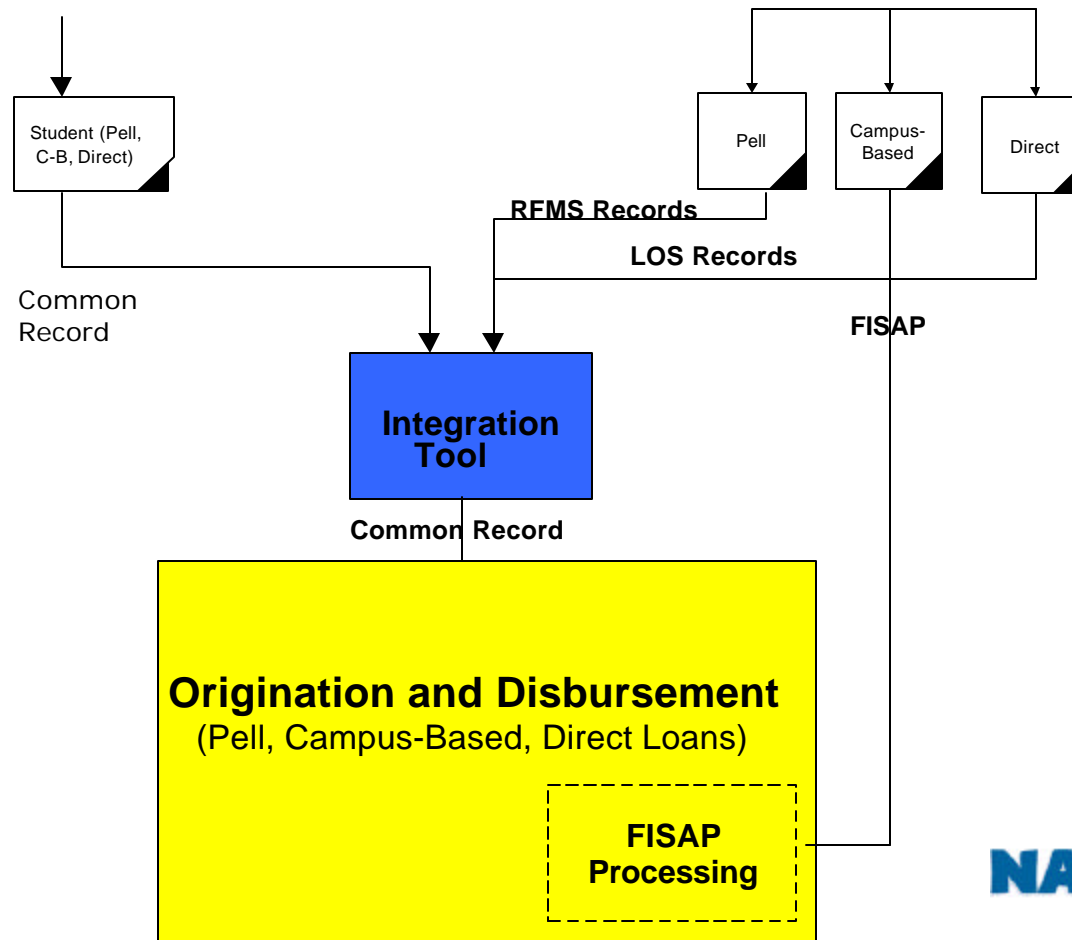
- Send single student-centric record for Pell Grant and Direct Loan
- *Optional* reporting of data elements (required today) that already exist in CPS
- *Optional* campus-based reporting to pre-populate portions of the FISAP
- Maintain additional options:
 - Whether or not to receive responses (i.e.: 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.



Transition

Full Participant

Phase-In Participant



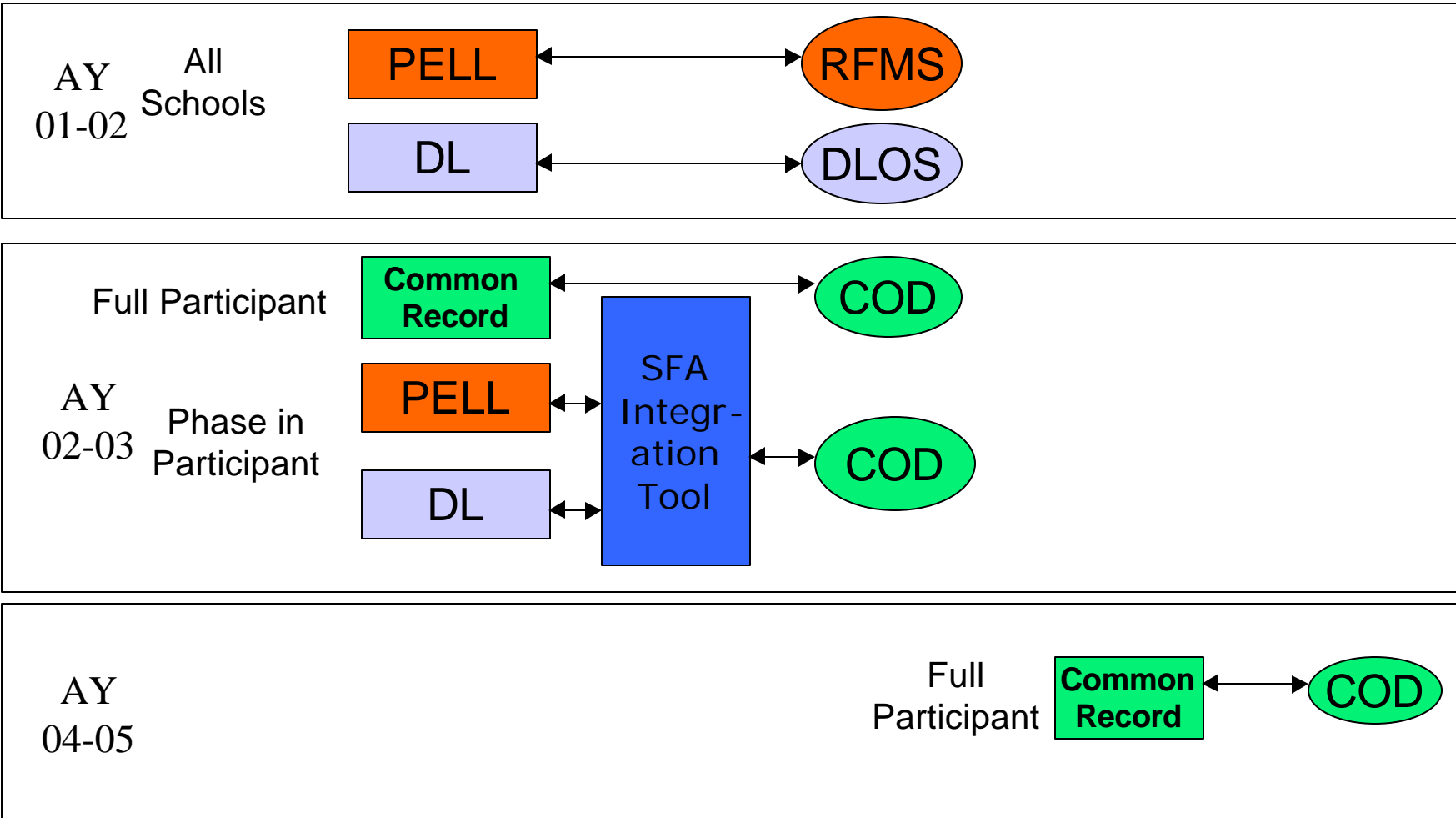
Transition

July 2001

Feb 2002

June 2002

2004-05



Future Implementation Steps

- Internal Complete Requirements → July '01
- Internal Detailed System Design → Sept '01
- Test Environment for Schools, 3rd Party Servicers and Software Developers → Fall '01-Wi '02
- System begins to process 02-03 transactions → February '02



COD Schools Partners

- User Steering Committee
- Conferences, Meetings, etc.,
- Software Developers and 3rd Party Servicers
- FFEL Community and State Grant Agencies



COD's Progress

For frequent updates on COD's development, check:

- *The Schools Portal: sfa4schools.sfa.ed.gov*
- *Information for Financial Aid Professionals (IFAP): ifap.ed.gov*



And Finally...

We appreciate your feedback and comments.

Customer Service Call Center

800-433-7327 M-F 9-5 ET

or

COD Contact Mary Haldane

202-260-6675

Mary.Haldane@ed.gov

