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NASFAA CONFERENCE 2002

The NASFAA Conference 2002 ♪ July 21-24 ♪ New Orleans, LA

FSA
FEDERAL STUDENT AID

We Help Put America Through School

COD and Direct Loan Processing

Overview of COD

- Redefines aid origination and disbursement processes for Pell Grants and Direct Loans, and provides optional common reporting opportunities for campus-based programs

- Integrates a common process with a system designed to support origination, disbursement, and reporting

- Increases accountability and program integrity

Overview of COD

- COD replaces the Recipient Financial Management System (RFMS) and the Direct Loan Origination System (DLOS) starting in 2002-2003

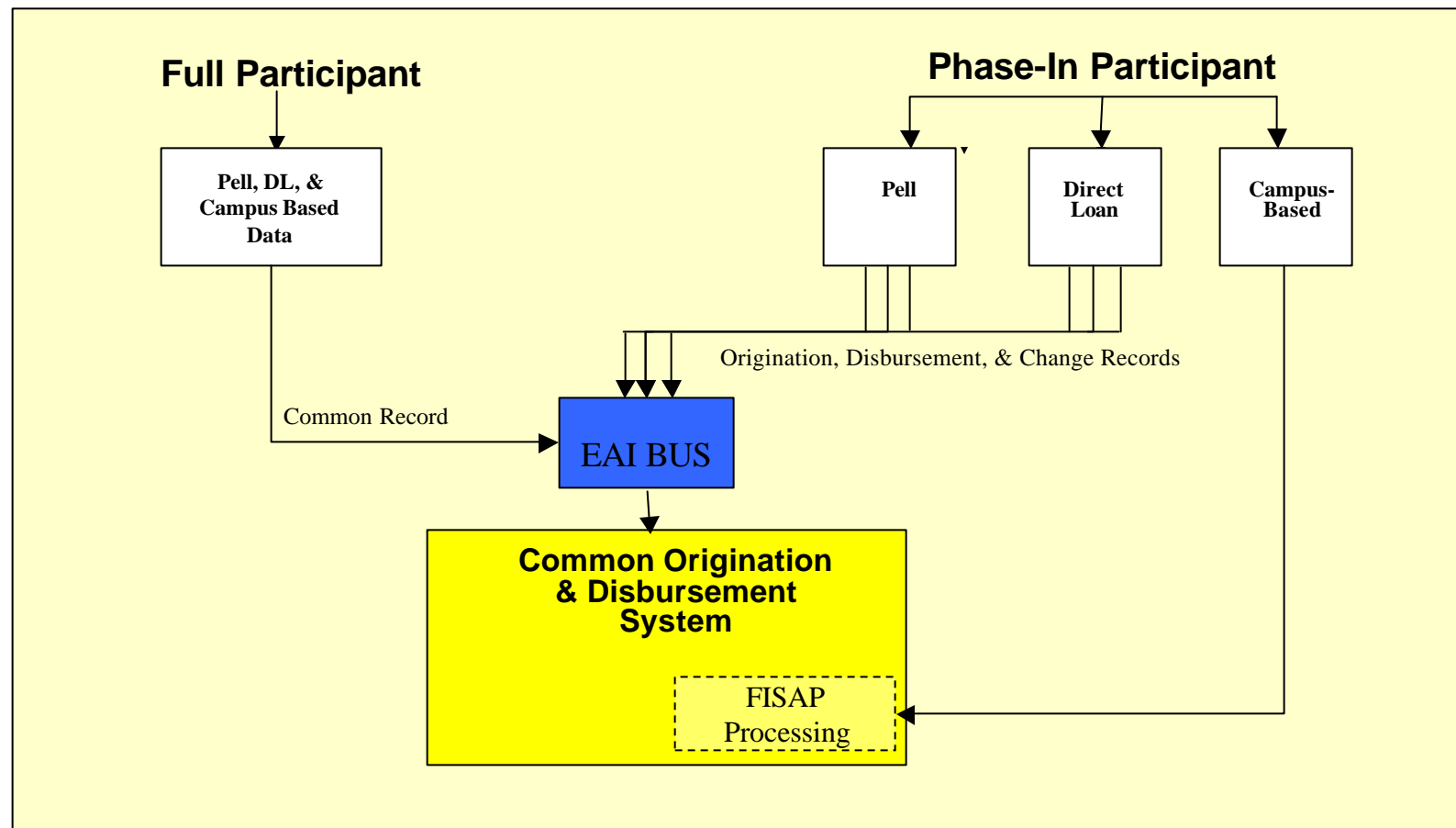- ALL SCHOOLS data is processed by COD beginning in award year 2002-2003

COD Participation

■ Your school's "participant" status is determined by the method you use to transmit your data to COD:

➢ Full Participants
  ● Schools that submit data using the COD Common Record Layout in XML format

➢ Phase-In Participants
  ● Schools that submit data using Pell Grant/Direct Loan Record Layouts in fixed-length, flat file format

COD Participation

Full Participant

Phase-In Participant

| Pell, DL, & Campus Based Data | Pell | Direct Loan | Campus-Based |

Origination, Disbursement, & Change Records

Common Record

EAI BUS

Common Origination & Disbursement System

FISAP Processing

What is the Common Record?

- **"Common" because:**
  - It replaces the separate record layouts for origination, disbursement, and change records
  - Stream-lined edits across programs (where appropriate)
  - Data element definitions across programs

- **"Record" because:**
  - Student-centric format allows transmission of multiple financial aid program data in one "record" of the student's financial aid

What is XML?

- XML: e**X**tensible **M**arkup **L**anguage

- XML is the standard language of e-business and the internet

- XML is technology-neutral allowing trading partners to use different technologies in their own applications

- XML data files are machine and human readable

- XML is extensible – additional student financial resource data (FFEL, State Grant, etc.) can be added easily

Benefits of COD – Full Participants

- Student-centric Common Record provides potential for fewer transmissions and scheduling problems

- Flexible record format allows you to only send required data

- Same process for reporting changes for Pell Grants and Direct Loans

- *Optional* reporting of data elements (required today) that already exist in CPS

- *Optional* campus-based reporting to pre-populate portions of the FISAP

Benefits of COD – All Schools

- Integrated Customer Service

- Fully Web-enabled system available 24/7

- Faster processing whether submitted via batch or on-line update

- Reduced turnaround time for exception processing, due to stream-lined edits & fewer rejects

- Enhanced reconciliation and cash management tools

- Integrated funding information for Pell Grants and Direct Loans

- Schools/FSA Staff and CSRs view the same information via the COD website

Cash Management Tools For All Schools

- COD provides schools tools for cash management:

  ➢ Current Funding Level (CFL)

  ➢ Substantiating Drawdowns

  ➢ Unsubstantiated Cash Balance

  ➢ Available Balance

  ➢ Aging of Drawdowns

Current Funding Level (CFL)

- The CFL is set at a level sufficient to make funds available to cover the initial disbursement needs for each school receiving funds under advance payment method

- The CFL is akin to the the Cash Control Amount for Direct Loans

- The CFL increases throughout the year as schools submit and COD accepts actual (not anticipated) disbursement records which substantiate funds that have been drawn

Substantiating Drawdowns

- To substantiate a draw means to submit and have COD accept actual disbursement records that equal the amount of cash drawn or pushed to the school

- All draws must be substantiated timely in order to comply with the 30 day reporting requirement

- COD will match actual disbursements to drawdowns on a first-in/first-out basis

- Each drawdown will be aged to see how long it takes a school to "substantiate" the draw

Unsubstantiated Cash Balance

- The difference between cash at school and substantiated draws

- Lets a school know at any point how much funds have not been substantiated

- If a school does not substantiate cash drawn in a timely manner:

  - Call from Customer Service and warning messages

  - Freeze cash request (further funds will be temporarily stopped until draws have been substantiated)

  - Call for cash (school will be required to return unsubstantiated amounts)

Available Balance

- The difference between the CFL and drawdowns (cash at school)

- The available balance is the amount a school can request at any point prior to substantiating more draws

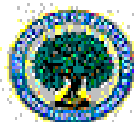# *Aging of Drawdowns*

- Schools, Customer Service, and FSA can use the COD Website to view:

  - Each drawdown

  - Unsubstantiated Cash Balance

  - Available Balance

  - The number of days since the drawdown

Funding View

U.S. DEPARTMENT OF EDUCATION
COMMON ORIGINATION & DISBURSEMENT

FSA FEDERAL STUDENT AID

| Person | School | Batch | Award | Reports | User |

School Summary Financial Information

?HELP

STATE UNIVERSITY OF NEW YORK AT BUFFALO ⓘ

School Search

School Information
- School Summary
- Financial Aid Contact
- Eligibility
- General
- Options
- Funding Info
- Summary Financial Info
- Returned Funds
- Drawdowns
- Events
- Memos
- Yearly Totals
- Relationships

Summary Financial Information

Program [DIRECT ▾]   Award Year ['02-'03 ▾]

Entity Id	89543224
Beginning Cash Balance	$0.00
Cash Receipts	$1,959,828.00
Disbursement Amount	$2,431,683.00
Disbursement Adjustments Amount	($27,892.00)
Returned Funds	$0.00
Ending Cash Balance	($471,855.00)
Disbursement Amount for Disbursements with Missing PNote Status	$73,107.00
Number of Disbursements with Missing PNote Status	37

Jul 17 2002 14:24 EDT   Home | Privacy Act | FAQs | Links | Contact Us | Help | Glossary | Log Off

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Funding View

Release 1.0
April 29, 2002

- Process origination, change, and disbursement records for Direct Loan subsidized and unsubsidized awards

- Send receipt and response records to Full Participants, and acknowledgements to Phase-In Participants

- Generate pending Promissory Note responses (acknowledgements) for Direct Loan subsidized and unsubsidized awards

Release 1.0
April 29, 2002

■ Generate Direct Loan disclosure statements

■ Print and mail Promissory Notes for Direct Loan subsidized and unsubsidized awards

■ View details about batches, students, awards, disbursements, schools on new COD Website: **http://cod.ed.gov**

Release 1.1
June 3, 2002

- Process requests for credit checks on the COD Website

- Process PLUS Loans

- Generate pending Promissory Note responses (acknowledgements) for PLUS loans

- Five levels of COD Website security for school/3rd Party Users

Processing Statistics
As of July 15, 2002

- Since implementation, COD has processed nearly 1.3 million records from over 1500 schools

  ➤ Approximately 1.2 million of those records have been accepted
    - ~ 364,000 Pell Grant records accepted
    - ~   20,000 Pell Grant records accepted with corrections
    - ~ 808,000 Direct Loan Stafford records accepted
    - ~   6,000 Direct Loan PLUS records accepted

  ➤ Approximately 83,000 of those records have been rejected
    - ~ 40,000 Pell Grant records rejected
    - ~ 38,000 Direct Loan Stafford records rejected
    - ~   5,000 Direct Loan PLUS records rejected

Startup Issues

Batch Acknowledgement Records

Issue

- Timely Delivery of Acknowledgement Files

Resolution

- All system issues have been corrected
- Acknowledgements have been resent and the schools have been contacted regarding the outstanding acknowledgements
- Reconciliation procedures are being developed to track acknowledgement records

Startup Issues

■ Timing of Disbursements

Issue

➢ When an origination and a disbursement are sent to COD on the same batch or within a short period of each other, COD rejects the disbursement

Resolution

➢ COD rejects the disbursement because it processes the disbursement before the origination. The workaround is for schools to send disbursement records after the origination records are acknowledged

➢ COD is currently analyzing a long term solution to prevent this from happening

Startup Issues

■ Direct Loan Promissory Notes

Issue	Resolution
➤ #A batch was created for each individual prom note acknowledged	➤ Problem was corrected and multiple acknowledgements will appear in a batch
➤ Some #A records generated with an incorrect MPN status of 'No-Note'	➤ Schools have been contacted and advised of the problem and corrected #A records have been sent when appropriate
➤ Some #D origination acknowledgements returned with status of no-note status	➤ Schools have been contacted and new #D or #A records have been generated as necessary

Startup Issues

■ Direct Loan PLUS Loan Processing

Issue	Resolution
➢ Pending Credit Decisions	➢ Modifications made to credit check match
➢ Mailing PLUS Credit Denial Letters	➢ All PLUS Credit Denial Letters have been mailed
➢ Acknowledgement of Credit Decision Overrides	➢ A workaround has been put in place to process credit appeals and overrides

COD Customer Service Statistics
As of July 12, 2002

- The COD School Relations Center opened on April 29, 2002. What has happened since?

  - Total Inbound Calls   9,621

  - Average Speed of Answer   15 seconds

  - Total Outreach Calls   14,862

  - Total Number of COD Website Users   1,542

COD Customer Service

- What are you calling about?
    1. Promissory Note Acknowledgements
    2. Batch Rejects/Missing Batch
    3. Pending Credit Checks
    4. Plus Loans questions

- What are you emailing about?
    1. How to get access to COD
    2. Credit Checks –pending status
    3. Requesting passwords reset
    4. Promissory Note Issues

- Total of 86 staff at the call center to support Customer Service efforts

What's Planned for 2003-2004?

- EDExpress users will become Full Participants in 2003-2004

  - EDExpress Software will be modified to import and export XML to the COD System

  - For combo systems, external import and exports will continue to be in current fixed length formats

  - All reports will continue to be produced and imported in current formats not XML

What's Planned for 2003-2004?

- Entrance Counseling will be moved to the Direct Loan Servicing Website

  - ➤ By moving entrance counseling to DL Servicing, student borrowers will be introduced to the DL Servicing website earlier in the process

  - ➤ Bilingual Entrance Counseling will be available on DL Servicing website

- Direct Loan will process pennies

  - Full Participants will have the option to report pennies for Direct Loans for 2003-2004

  - COD will assume schools are NOT using pennies

  - Full Participants will need to go to the COD website to set up the option to report pennies

  - All reports will be modified to display two positions beyond the decimal point regardless of the school decision to report pennies

■ Common Record changes

➤ Modified Tag Names
- Eliminating abbreviations from tag names [suggestion from the Post Secondary Education Standards Council (PESC)]

➤ New Tag/Field: Endorser Amount
- Amount above which a loan cannot be increased once an endorser is accepted
- Returned to schools on the Credit Decision Override Response
- MPN Status will be returned on the Credit Decision Override Response

➤ New Tag/Field: OPEID

Note for Phase-In schools: PLUS MPN Status and Endorser Amount will be added to Credit Decision Override Acknowledgement

What's Planned for 2003-2004?

- There will be a Master Promissory Note for PLUS Loans

  - ➢ Parents borrowers for more than one student must complete a separate MPN for each student

  - ➢ Student signature is NOT required for a PLUS MPN

  - ➢ Disclosure statements will be required for PLUS loans

  - ➢ If a borrower requires an endorser, the PLUS MPN becomes a "single-loan" MPN and cannot be linked to other loans

What's Planned for 2003-2004?

■ There will be an Electronic Master Promissory Note for PLUS Loan

➢ The parent borrower will need a PIN to complete an eMPN

➢ Credit decision does not have to be made before a PLUS eMPN is completed

What's Planned for 2003-2004?

- **New Rules will be set up for MPN Expiration Dates**

  - New rules will be based on the earliest of the date the borrower signed MPN or the date COD received and processed MPN instead of first anticipated disbursement date

  - These new business rules will apply to MPNs where the first loan linked to the note occurs on or after implementation of 2.0 release

  - Current business rules using first anticipated disbursement date will apply to MPNs where the first loan linked using pre-2.0 release

- **Responsibility for printing Disclosure Statements**

  - ➤ A valid value will be added to the Disclosure Statement Indicator to indicate that a school printed and provided a disclosure statement to the borrower

  - ➤ The school will be responsible for printing disclosure statement if anticipated disbursement data is not sent at least 5 days in advance of the first disbursement

  - ➤ If disbursement data is sent by school within five days of, or after, the disbursement date and the school does not indicate the disclosure has been printed, COD will print the disclosure and send a warning to the school

What's Planned for 2003-2004?

- **New MPN for Sub and Unsub**

  - ➢ Current MPN being used for 2002-03 is expiring August 2002 and will be extended through the entire program year

  - ➢ Upon implementation of release 2.0, COD will print the new MPN for all Sub and Unsub

  - ➢ The new MPN is to be used for all 2003-04 awards

  - ➢ COD will continue to accept and process both the old and new notes

- With the implementation of PLUS MPN, the Award Amount Requested tag/Loan Amount Requested field is eliminated

  - For Full Participants, Award Amount Requested tag will no longer be returned on MPN responses

  - For Phase-In Participants, the Loan Amount Requested field is modified to filler for the loan origination record, the loan origination acknowledgment and MPN acknowledgment

- Program Years 1997/1998 & 1998/1999

  - Positive Ending Cash Balance - The Department's Case Management and Oversight (CMO) Division is currently reviewing positive Ending Cash Balances for these years. All schools with a positive ending cash balance have or will receive a Final Program Review Determination (FPRD) letter

- **Program Years 1997/1998 & 1998/1999**

  - Negative Ending Cash Balances – A call project has been completed by the Loan Origination Center requesting that schools review their ending cash balance

    - If they agree with the Department's ending cash balance, the school should forward an email to Direct Loan Operations requesting their negative ending cash balance

    - If they disagree, the school must provide the necessary documentation to resolve the outstanding balance. Schools that do not resolve their negative cash balance will be referred to CMO for their review

  - Approximately 89% of schools have closed out for these two years

DL Monthly Reconciliation and Program Year Close Out

- **Program Year 1999/2000**
  - ➢ This year is currently being reviewed by CMO using the same process as described for 1997/1998 and 1998/1999
  - ➢ Approximately 84% of schools have closed out for this year

- **Program Year 2000/2001 closeout deadline is July 31, 2002**
  - ➢ 55% of schools have closed out for this year
  - ➢ Please see DLB 02-25 for more information
  - ➢ The same FPRD process will take place

- 2001/2002 closeout deadline is December 31, 2002 with accommodation for BBAY schools

  - 22% of schools have closed out for this year

  - All schools were recently mailed a status letter providing a summary of what is recorded at the Loan Origination Center. Schools are requested to review this data and report any discrepancies to the Loan Origination Center

  - The same FPRD process will take place

- Refunded Cash Bulletin (DLB 02-24) provides information to easily return cash to the Department

- All schools are encouraged to use the tools and customer assistance available to them to close out on time. We want to help!

COD Timeline

■ 2003 – 2004 Development Schedule:

➢ Requirements Complete   July 2002

➢ Design Complete   September 2002

➢ Development Complete   November 2002

➢ School/Vendor Testing: February 2003

➢ System Start Up: March 2003

COD Communication Methods

- COD Website Postings

- Direct Loan Bulletins

- Full Participant Conference Calls

- IFAP Postings

- Customer Service Outreach Campaigns, when necessary

How do I Obtain Access to the COD Website?

- COD is a web based application that can be accessed using Microsoft Internet Explorer 4.01 or Netscape Navigator 4.73

- The URL for COD is **http://cod.ed.gov**

- A username and password are required to access school data

How do I Obtain Access to the COD Website?

- **Identify a Security Administrator for your school**
  - Responsible for establishing other users within your school
  - Reporting/Funding school relationships will automatically allow access to other school codes

- **Submit Security Administrator Request Letter on university or corporate letterhead**

- **Refer to the COD Website Access Announcement on IFAP for detailed instructions**
  - Updated: COD Website Access for Schools – June 3, 2002
  - COD Website Access for Vendors/3rd Party Servicers – June 3, 2002

How do I Obtain Access to the COD Website

- Where do I send my Security Administrator Account Information?

  U.S. Department of Education

  COD School Relations Center

  P.O. Box 9003

  Niagara Falls, NY 14302

How do I become a 2003-2004 Full Participant?

- Schools must inform FSA of the decision of becoming full participant by contacting COD Schools Relations Center at 1-800-848-0978

- FSA will determine whether full participation is possible for that particular school

- If the school qualifies to become full participant, the school will be put in contact with the COD technical team

How do I contact COD Customer Service?

■ Customer Service Telephone Numbers have NOT changed:

➢ 1-800-848-0978 for Direct Loan Assistance

■ Enter the award year for your question

➢ Award year 2002-2003 questions answered by new COD School Relations Center

➢ Prior Award Year questions routed to Pell and LOC call centers

➢ Three-way calling for cross year issue resolution

■ Email questions to CODSupport@AFSA.com

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How do I get more information on COD?

- **IFAP Website (www.IFAP.ed.gov)**
  - ➢ Common Origination and Disbursement page
    - Announcements and Frequently Asked Questions
  - ➢ Pell Grant and Direct Loan Technical References
  - ➢ COD Full Participant Technical Reference:
    - Full Participant Implementation Guide
    - COD Testing Guide

- **FSA Spring Training: Tools for Ensuring Program Integrity**
  - ➢ 75 locations; schedule available on IFAP
  - ➢ Day 2 Focuses on COD

Other COD Sessions:

- Session #100: COD and Pell Grant Processing
- Session #82 & 82R: Direct Loan Web Options