

FAS Compass

October 2019

President's Corner



Dear
Colleagues,

Hope your fall term is going well! It's hard to believe students are already completing

financial aid applications for the 2020-2021 Academic Year. FAS understands you have to juggle many priorities and keep up with so many changes. We strive for FAS Compass to provide useful information and resources for you and your staff.

We all know compliance is an institutional responsibility and concerted efforts can give you peace of mind during audits and program reviews. Dr. Janet Hunter, Vice President of Student Business Services, shares valuable, and often overlooked, information about handling credit balances and recovering unclaimed funds—a frequent audit finding. Dr. Hunter spoke about this and other areas for collaboration between business offices and financial aid offices in a [presentation](#) entitled “What Bursars Wished Directors of Financial Aid Knew”. The article and her presentation are most timely as the U.S. Department of Education has informed external auditors of an increase in audit volume. They are to pull larger samples and must examine more information in each file selected for review.

Be sure to check out Compliance Corner for additional updates to help your campus stay current on regulatory changes. Please reach out to our [Client Relations Team](#) if you

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FAS Sets Financial Aid Team Up for Success at UTPB

Challenge



The only university named after a geological formation, the University of Texas Permian Basin (UTPB) in Odessa, TX, is surrounded by one of the largest oilfields in the country. UTPB is home to 6,000 students and 250 teaching faculty in the center of a region whose economic growth and technological advantages have global significance. After losing its financial aid director in 2017, UTPB turned to FAS for help.

Solution

“We have a history of turnover in the financial aid office at the director level,” said Interim Vice President of Enrollment Management Mj Huebner. “The decision was made to hire a talented interim director while we searched for a new one.” When FAS Senior Consultant Gary Byers arrived on campus in September 2017, he began training staff, increasing morale and team cohesiveness. He updated policies and procedures and suggested ways to streamline operations. “Gary used his 30 years of experience to move our people, procedures and policies forward,” said Huebner.

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are interested in an Assessment or Operational Review of your financial aid or business office.

Thanks to everyone who participated in our Perkins Loan wind-down webinar. College and university staff are still weighing their options for this program. After the webinar, we continue to receive questions from business officers, financial aid administrators, CFOs and even presidents. Our experts are available to help you make the right decisions for your campus.

This edition of FAS Compass includes a Case History on the University of Texas Permian Basin (UTPB), along with a profile of Senior Consultant Gary Byers. Gary served as UTPB's interim director of financial aid for nearly

two years. I appreciate Interim Vice President of Enrollment Management Mj Huebners' thoughtful words about FAS and specifically her comments on Gary's contribution to the University.

FAS is excited to announce the consultants who have recently joined us. We are also delighted to feature Lissa Perrone, one of our Student Business Services Consultants. Lissa is an industry veteran of many years. She is an active member of the National Association of College and University Business Officers (NACUBO) and has served as a presenter for NACUBO's Bursar Fundamentals Workshop.

It is a pleasure to welcome our newest clients to the FAS family. Our team

looks forward to partnering with them to fulfill their missions and achieve their goals.

Please enjoy this edition of FAS Compass. If there are topics you would like addressed in an upcoming edition, feel free to [contact us](#).

Sincerely,



David Gray
President

University of Texas Permian Basin (continued from page 1)

Results

Huebner noted that Gary has a smart, calm, solutions-oriented manner. "He knows so much about what's going on under the hood of financial aid that he could quickly find solutions to problems," she said. As a result of Gary's efforts, processing and wait times have gone down and the office is receiving high marks for customer service and student focus. After a permanent director was hired, the university asked FAS for a one-month overlap to ensure the momentum gained under Gary's leadership would continue. "The FAS consultants I've worked with over the years at other institutions have been highly experienced, learned systems easily and integrated regularly with the campus community, which makes their work invaluable," said Huebner.

Compliance Corner

The U.S. Department of Education (ED) has released its Summary of Changes for the Application Processing System for AY2020-2021.

This resource covers changes to the AY 2020-2021 FAFSA, enhancements to the fafsa.gov website and updates from the Central Processing System (CPS).

[View Summary of Changes](#)

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The Timing of Issuing a Federal Credit Balance & Recovering Unclaimed Federal Funds

By Dr. Janet Hunter

Issuing a Federal Credit Balance

After the start of a term when student aid (including federal aid) has been disbursed to student accounts, most business offices issue credit balances to students within 14 days. That is, 14 calendar days, not business days. Why 14 days? A federal regulation requires a school to pay directly to the student a federal aid credit balance within 14 days. Rather than determine whether any portion of a credit balance is a federal credit balance, most schools have incorporated the 14 day rule in their procedures without consideration of the source of funds.

Note: If the federal credit balance is attributable to a PLUS loan, the funds are returned to the parent, unless the parent authorized that the student receive the refund.

So what is a federal credit balance? Simply put, subtract all federal grant and loan student aid from allowable charges, e.g., tuition, fees, room/board (provided by the institution), other educationally related charges (with student authorization), and, if any, up to \$200 of carried forward, prior-year charges. If student aid remains, there is a federal credit balance. Be careful! The calculation is based solely on allowable charges and federal student aid credits for a term. Allowable charges are strictly defined by federal regulation.

Some institutions may hold a credit balance beyond 14 days, if the credit balance includes non-federal funds. The institution may have a policy or procedure that allows it to hold a

credit balance on a student's account for a specified period, e.g., after a certain point in the term or until the end of term or academic year. This may be offered as an option for students who find it helpful for budgeting to cover future charges, or for those receiving nonfederal aid intended to cover more than one term.

To hold a federal credit balance the institution must have a signed authorization (that complies with federal rules) from the student (or parent, if applicable). The student (or parent) cannot be required or coerced to authorize the hold of a federal credit balance. In any case, even if an institution has an authorization to hold funds, it must release any federal funds to the student (or parent, if applicable):

- by the end of the loan period, if the federal credit balance is federal loan monies, or
- by the end of the last term of the award year in which the student was enrolled, if the federal credit balance is other federal aid (than loan).

Note: If the federal credit balance includes both grant and loan, these two timeframes will not necessarily coincide.

Institutions that promptly issue credit balances are doing the right thing, but must keep a watchful eye for student aid adjustments to student accounts. Federal aid adjustments can occur within the term; after a student's withdrawal; and/or after the end of a term, an award year, or loan period. It can be maddening to manage. If there is a negative aid adjustment, a

balance may be created on a student account that must be collected. If there is a positive aid adjustment, there may be a credit balance to process.

Note: A federal credit balance occurs whenever the total amount of federal aid credited to a student's account for the term exceeds the amount of allowable charges (as federally defined) for the term.

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Compliance Corner

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Perkins Loans in Default Two Years or Longer

The U.S. Department of Education (ED) issued an Electronic Announcement regarding the required assignment of Perkins Loans in default for two or more years. ED states that loans in default for two years or longer may indicate a lack of compliance with the Perkins Loan due diligence rules.

Therefore, ED will require assignment of those loans, unless an institution can demonstrate that its documented collection efforts meet the Department's compliance criteria for acceptability. Institutions who are obligated to provide collections documentation will be notified after the Fiscal Operations and Application to Participate (FISAP) is submitted October 1, 2019.

Read the [Electronic Announcement](#).

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SBS Consultant Profile - Lissa Perrone

Lissa Perrone has over 16 years of higher education experience, at the managerial level, in student business services with a public four-year institution. As a FAS independent consultant for Student Business Services (SBS), she may be engaged to offer consulting services to bursar/student account offices to assess and improve business processes, address compliance issues and enhance customer service, among other concerns.

Her experience includes serving as director of business affairs at Oregon State University (OSU). Prior to this, she was the assistant director/bursar at OSU for 12 years.

Lissa is experienced with software systems, including Ellucian Banner ERP, TouchNet's U.Commerce suite, the Heartland/ECSI loan serving system, and the U.S. Department of Education's suite of applications for administering federal student aid.

Lissa has made presentations at the National Association of College and University Business Officers (NACUBO) Student Financial Services (SFS) conferences over the years. In addition, she has served on the conference planning committee and is a presenter for NACUBO's Bursar Fundamentals workshop.

Lissa received her Bachelor of Arts from San Jose State University (CA);



a certificate in project management from University of Phoenix (AZ); and her Master in Business Administration from Golden Gate University (CA).

FA Consultant Profile - Gary Byers



Gary Byers has nearly 30 years of experience in financial aid. Prior to joining Financial Aid Services (FAS), he held leadership positions in financial aid at a number of large public and private institutions, including National-Louis University, University of Illinois and DeVry University. Industry colleagues, throughout the country, have looked to Gary as an expert in designing and managing large-scale financial aid operations that combine efficiency and rigorous compliance controls.

He has administered financial aid in a variety of institutional settings. His work with graduate schools and the online education environment has given Gary a keen understanding of financial aid regulations for alternative academic calendar structures, such as non-term and non-standard term and the Borrower-based Academic Year (BBAY) models.

Some of Gary's recent projects have included interim director and interim executive director of financial aid engagements with University of Baltimore, University of Texas Permian Basin and Wayne State University.

Throughout his tenure at FAS Gary has been an integral part of several teams. He has overseen professional staff, coordinated efforts in training and quality assurance. Gary has assisted our clients with functional and technical innovations in aid delivery. Gary spearheaded several client engagements focusing on

process improvement initiatives. He is adept to applying complex regulatory requirements to delivery processes and procedures.

He has strong user knowledge of Ellucian's Banner, Campus Management's CampusVue, The College Board's PowerFAIDS and Oracle PeopleSoft systems. He is also most proficient with the U.S. Department of Education's suite of technology applications and systems for administering Title IV federal student aid.

Over the years, Gary has been active in financial aid professional associations in California, Florida, Georgia and Illinois as well as regional and national associations. Gary holds an undergraduate degree in Business Administration from Emory University and a Masters of Educational Administration from the University of Illinois, Chicago.

The Timing of Issuing a Federal Credit Balance & Recovering Unclaimed Federal Funds (continued from page 3)

Recovering Unclaimed Federal Funds

As maddening as adjustments can be, monitoring a failed transaction of a credit balance refund is equally frustrating and requires action, i.e., a rejected electronic fund transfer (EFT), a non-deposited or non-deliverable check, or an unprocessed credit balance on a student account. This is particularly troublesome if the credit balance includes federal student aid funds, because there are federal rules for the recovery of unclaimed federal funds.

If a failed transaction includes federal student aid funds, the institution can either attempt to issue the transaction again or must return the federal aid to the appropriate federal program(s) within 45 days. Yes, 45 calendar days, not business days.

There is a federal provision that allows an institution to make more attempts to disburse the aid, but each attempt must be made within 45 days of a failed attempt. When the institution stops trying to return funds to the student (or parent, if applicable), it must return the unclaimed federal student aid funds to the appropriate federal program within 45 days of the last failed attempt. There is a limit to the total number of days in which attempts can be made. The institution must cease all attempts to disburse the funds and return the funds to the respective federal aid program(s) no later than 240 days after the initial date it issued the first check or EFT.

Of course, the business office has to determine what portion of the credit balance is federal aid. If the federal

credit balance includes more than one type of federal aid, the institution has to determine to which program(s) and in what order, it will return funds.

Note: Federal regulations are silent on the order in which federal funds must be returned. However, the U.S. Department of Education strongly suggests that an institution act in the best interest of the student. That is, return loan funds before grant monies.

A best practice for recovery of unclaimed federal funds is to review at least monthly:

- EFT transactions,
- non-deposited and non-delivered checks, and
- student accounts for unprocessed credit balances.

The business office will need a customized program or report to calculate by term the allowable charges, federal aid disbursed (excluding Federal Work-Study earnings), and the resulting balance of federal aid, if any.

If there are unclaimed funds to process, take the following steps:

- **Business Office:** Notify the Financial Aid Office that federal unclaimed funds must be returned to the respective federal program(s).
- **Financial Aid:** Authorize the downward adjustment amount to disbursed fund(s) on the student account.
- **Business Office:** Process the negative disbursement. Check that the federal credit balance is reversed on the student account.
- **Financial Aid:** Ensure the downward adjustment in disbursed amount

has been submitted and accepted by the Common Origination and Disbursement (COD) system, if appropriate.

- **Business Office and Financial Aid:** Reconcile the federal aid account(s).
- **Business Office:** Transmit the unclaimed funds to the federal payment system (G-5), if appropriate.

The business office must always be alert to ensure that federal student aid credit balances are released on a timely basis (14 days) and, if those funds go unclaimed, to ensure that they are never escheated to the State, or revert back to the institution or any other third party. They must be returned to the appropriate federal program(s).

Failure to properly, accurately, and timely administer federal credit balances and/or repay unclaimed federal student aid funds could result in audit or program review findings citing an institution for lack of administrative capability and/or fiscal responsibility, and for having inadequate internal controls. Sanctions also may include fines or other types of enhanced oversight.

Federal Regulations: Title 34 – Education, CFR – Code of Federal Regulation, 668 – Student Assistance General Provisions, 668.164 – Disbursing Funds and 668.165 – Notices and Authorizations, specifically: 34 CFR 668.164(c) -- Crediting a student's ledger account, includes definition of Allowable Charge 34 CFR 668.164(h)(1) – Federal Student Aid credit balances defined 34 CFR 668.164(h)(2) – Timeframe to pay 34 CFR 668.164(l) -- Returning funds 34 CFR 668.165(b) -- Student or parent authorizations

Or go to: Federal Student Aid Handbook 2018-2019, U.S. Department of Education, Volume 4 – Processing Aid and Managing FSA Funds, Chapter 2 – Disbursing FSA Funds, pages 4-43 through 4-47 (Allowable Charges and Federal Credit Balances), page 4-51 (Authorization to Hold Federal Funds), and pages 4-49 and 4-50. (Recovery of Unclaimed Federal Funds)

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Welcome New Clients

Our entire staff looks forward to working with them and being part of their successes.



Butler County
Community College



College of Coastal
Georgia



Holy Family
University



Houston Baptist
University



St. Charles
Community College



SUNY Oneonta

Welcome To Consultants

We are proud to welcome the newest additions to our Financial Aid Consulting Team.

Kerstin Alston

LeChelle Hunt-Davenport

Sonia Slomba

Robert (Bob) Covey-Robbins

Kent McGowan

Arnold Trejo

Shondra Dickson-Mitchell

Victoria Saraceno

Amy Welty

The FAS Verification Compliance Checklist

Our 2019-2020 Verification Compliance Checklist is now available. [Request your free copy](#) today.

The 2020-2021 Verification Checklist will be released shortly. Look for a special announcement to request one.