Planning When to Draw Down Cash

The amount requested must be enough to meet:

- Federal Pell Grant disbursements to students,
- the federal share of Federal Supplemental Educational Opportunity Grant (FSEOG) disbursements to students,
- the federal share of Federal Work-Study (FWS) payroll disbursements,
- the federal share of Federal Perkins Loan disbursements, and
- Federal Direct Loan disbursements. *

* Direct Loan funding requests may not be combined with cash requests for other Title IV programs funds.

To Calculate Projected Cash Need

	Anticipated Disbursements
-	Balance of Cash on Hand
-	Anticipated Recoveries
-	ACH/EFT Cash in Transit
=	Projected Cash Needs

See *The Blue Book*, Section 4.8.1.1, for excess cash tolerances.

Immediate Need

The amount of Title IV program funds a school needs to make disbursements **within three business days** following the date that the school receives the funds.

Drawing Down Cash

- ➔ ED/PMS acts as the central repository for payment transactions of schools that receive funds from ED—it is a funds-management system.
- ➔ Financial Services (FS) is the office within ED that administers ED/PMS.

Become Enrolled in ACH/EFT

Request Direct-Deposit Payments

☎ 1-800-654-8341

Weekday Hours 9 a.m. - 7 p.m. (ET)

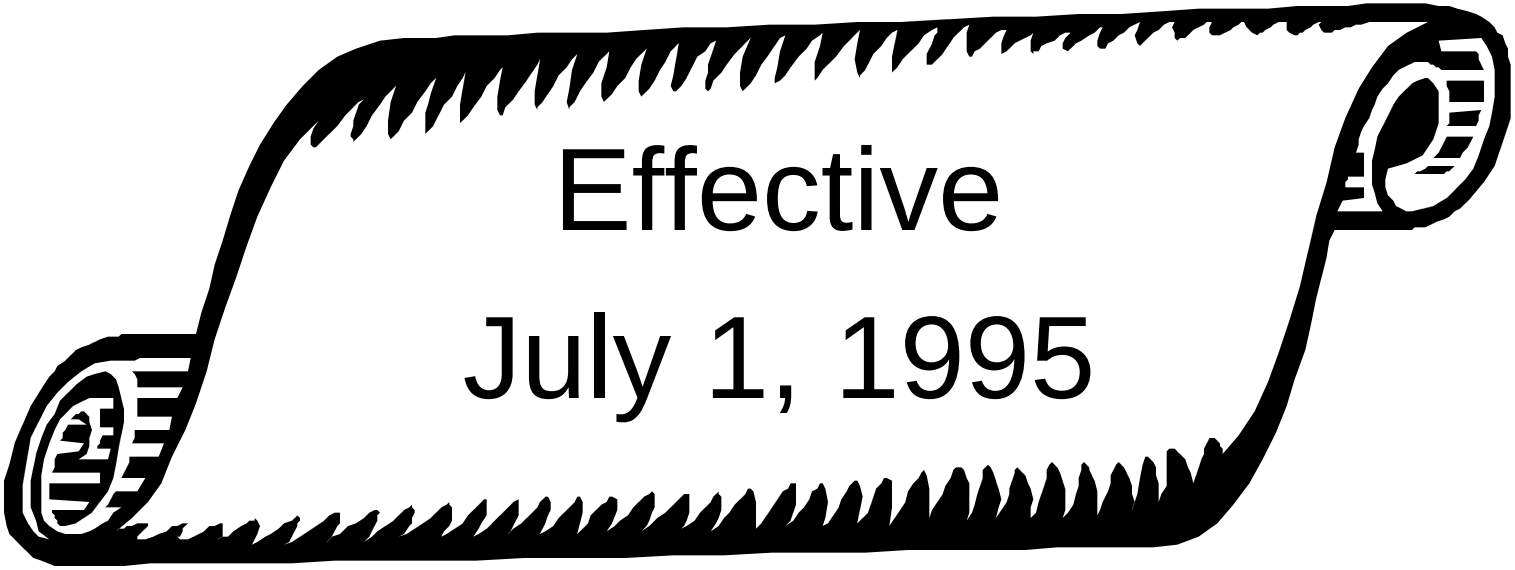
Requests made after 2 p.m. (ET) are processed the following business day

Reimbursement Payment Requests

Under the reimbursement payment request method, a school must:

- identify the students for whom the school is seeking reimbursement and who will be included in the request for cash;
- document that students included in the request for cash satisfy all applicable Title IV program requirements and that these students' disbursements will be correct; and
- credit appropriately the accounts of the students included in the request for cash.

New Title IV Cash Management Regulations



Bank Accounts for Title IV Funds

Must be kept in an account that is:

- federally insured **or**
- secured by sufficient collateral to cover the amount of Title IV program funds in the account.

Interest Earnings

- All revenue earned on Federal Perkins Loan Program funds may be used for authorized purposes of the program.
- Revenue earned on all other Title IV funds must be returned at least annually to ED, minus $250, which the school may retain for administrative expenses.

Federal Pell Grant Program

Federal Pell Grant payments are based on a valid Institutional Student Information Record (ISIR) **or** Student Aid Report (SAR).

Campus-Based Programs

A combination of both federal and nonfederal funds is awarded to students from the campus-based programs:

- Federal Supplemental Educational Opportunity Grant (FSEOG),
- Federal Work-Study (FWS), and
- Federal Perkins Loan.

A school may draw down cash **only for the federal share** of funds for these programs.

FSEOG Program

- A school must time its drawdowns to coincide with the dates it expects to disburse FSEOG funds to students.
- Disbursement dates must be determined in accordance with 34 CFR 668.165(c).

Refer to *The Blue Book*, Section 4.7.3.

FWS Program

- A school must time its drawdowns to coincide with its payroll dates.
- The school estimates the amount it needs to meet student payroll for a given pay period and draws down **only the appropriate federal share** of wages to be paid.
- Students must be paid within three business days following the date funds were received.

Federal Perkins Loan Program

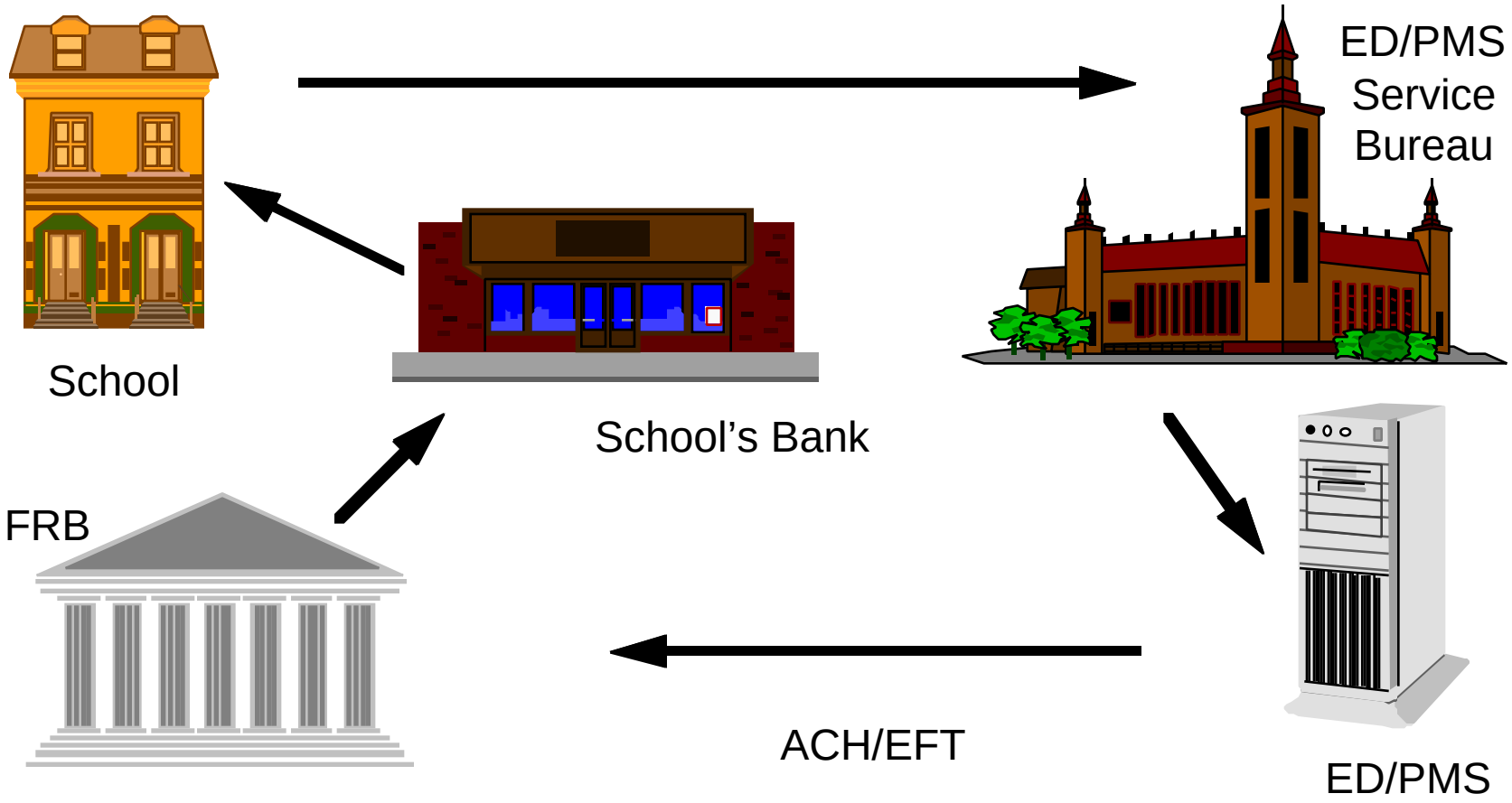
- A school must determine whether the cash available in its Federal Perkins Loan fund is sufficient to make loan advances to students. If it is not, a school may request to draw down the federal capital contribution (FCC).
- Disbursement dates must be determined in accordance with 34 CFR 668.165(c).

Refer to *The Blue Book*, Section 4.7.3.

William D. Ford Federal Direct Loan Program (Direct Loan Program)

Requests for Direct Loan funds may not be combined with requests for other Title IV funds.

School Origination — (Level 1)
2-to-3-Day Process

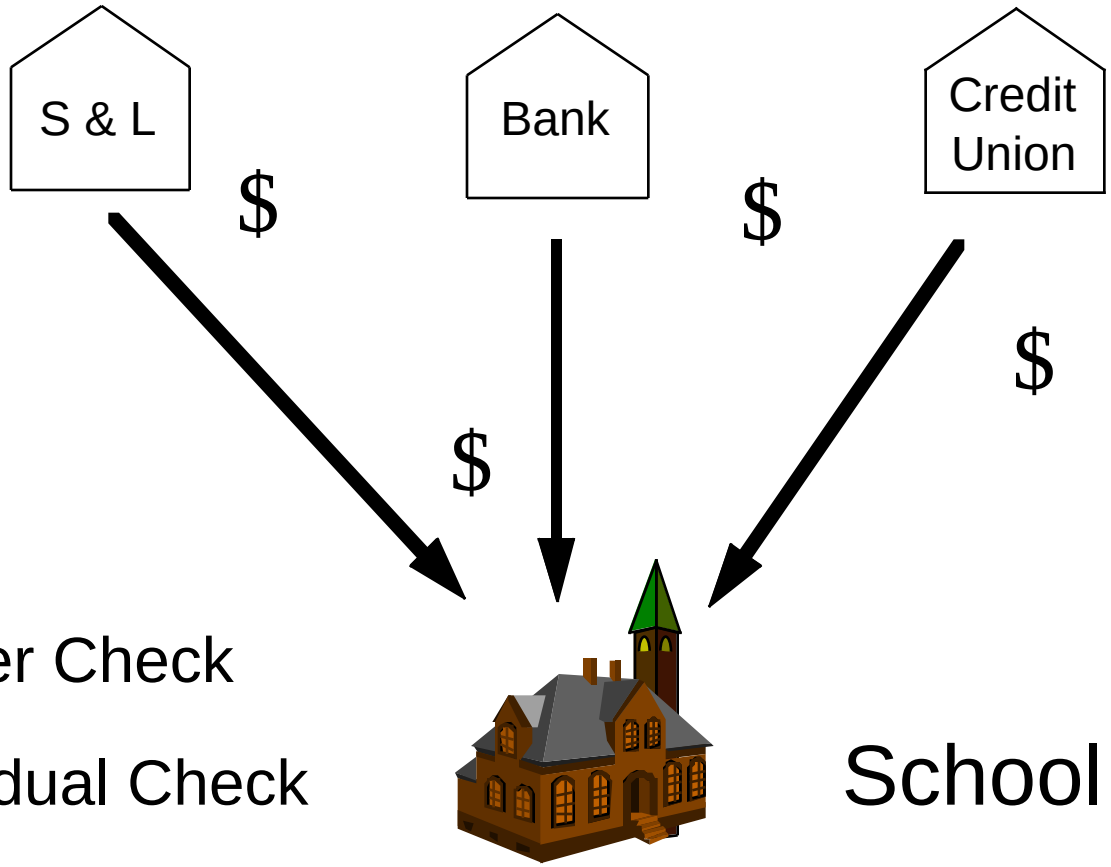


Alternative Origination (Level 3) and School Origination (Level 2)

Schools that participate in the Direct Loan Program under these options don’t initiate funding requests.

The Direct Loan Servicing Center handles requests for funds.

Federal Family Education Loan (FFEL) Program Funds



- EFT
- Master Check
- Individual Check

Returning Funds

A school must return funds to ED when:

- the school has excess cash in its account from federal funds drawn down and not disbursed within three business days;
- the school has excess cash as a result of a reduction to reported expenditures on a closed award;
- the school has unused funds and expects no more funding from ED;
- the school owes ED for a disallowed expenditure found during an audit or program review; **or**
- the school earned interest or investment income on federal funds in excess of the amount it is allowed to retain.

Excess Cash

This is any amount of Title IV program funds (other than FFEL Program or Federal Perkins Loan Program funds) that a school does not disburse to students by the end of the third business day following the date the school received the funds.

Returning Excess Funds

FPG will send the school a letter asking the school to:

- return the excess funds;
- certify that current disbursements have reduced the excess funds; **or**
- contact an ED account representative if the school finds that the excess funds resulted from errors the school made when reporting disbursements.

Returning Funds on a Closed Award

- Reducing expenditures on a closed award increases the school's cash on hand by the amount of the reduction.
- If this reduction results in excess cash on hand, the school must return the excess funds to ED's FPG.

For more information, refer to *The Blue Book*, Section 6.5.2.

Returning Unused Funds

If a school has unused funds that should be returned, FPG sends a letter to the school listing:

- the total dollar amount initially advanced to the school,
- the school's total reported expenditures,
- the final amount due ED, and
- the ACH/EFT numbers to use on the return.

Returning Interest Earned

If a school receives funds through advance payment and retains those funds in an interest-bearing or investment account, the school is required to return to ED, at least annually, the amount of interest or investment earnings in excess of the $250 it may retain yearly for administrative costs.

Deobligating Campus-Based Funds

- If a school doesn’t use its total allocation, the school is required to return the unexpended amounts.

- This release of unexpended allocated funds is called “deobligation.”

Returning Federal Family Education Loan (FFEL) Program Funds

FFEL Program funds must be returned to the lender if:

- a student fails to enroll for the period for which the loan is intended;
- a student fails to meet satisfactory academic progress or other eligibility requirements at the time the loan is to be disbursed;
- a student withdraws or drops out during an enrollment period for which the loan is intended;
- a refund is due to a lender as a result of a refund calculation; **or**
- a student or parent requests a school to return FFEL Program funds to reduce the borrower's principal loan balance.