

Session 4 - School Responsibilities

By the end of this session, you will be able to:

- *describe ED's "bottom line" for Title IV funds management,*
- *identify major student aid management systems that schools must maintain, and*
- *locate federal regulations on financial and administrative requirements that schools must meet.*

RESOURCES

- *The 1997-98 Federal Student Financial Aid Handbook, Chapter 3*
- *34 CFR 668*
- Appendix E — Financial Aid Calendar

SESSION CONTENTS

1. Need to Know
 - ◆ Lecture notes
 - ◆ Chart — Title IV Financial Responsibility Standards
 - ◆ Chart — Title IV Administrative Capability Standards
2. Practice
 - ◆ Worksheet — Major Systems of Student Financial Aid Management
 - ◆ Case Studies

SESSION CONTENTS (cont'd)

3. Back at the Office

4. Answer Key

NEED TO KNOW

ED's BOTTOM LINE

Educational value

- Accreditation
- Approved state and accreditor policies
- Consumer information
- Student academic qualifications and progress

Compliance with federal rules

- Program Participation Agreement
- Initial and periodic certification of eligibility
- Audits and other reviews
- Financial responsibility - Section 668.15
- Administrative capability - Section 668.16
- Evaluation and supervision of third-party servicers - Section 668.25
- Payment of refunds - Section 668.22
- Other compliance requirements - Section 668.14

NEED TO KNOW (cont'd)

Correct awards to eligible students

- Data matches with ED's central application system
- Law and rules on award amounts, student eligibility, payment procedures
- Training and customer support

CONTROL OF FEDERAL FUNDS BY ED (OCFO PRESENTATION)

How does the school get the funds?

- Award Notification Letter
- Set up account with ED
- Request Funds - ACH and FEDWIRE

How does the school maintain the funds?

- Set up bank account
- Disburse within three days or return funds

How does the school return funds?

- Methods (check, ACH, FEDWIRE)
- Allowable interest

NEED TO KNOW (cont'd)

SCHOOL STRUCTURES FOR MANAGING STUDENT AID FUNDS

Staff Assignments

- Selecting person(s) taking the lead for each task
- Assigning quality-control responsibilities
- Determining number of personnel needed
- Determining skills of personnel needed

Policies

- Determining SFA packaging guidelines for students in each academic program
- Creating satisfactory academic progress (SAP) standards
- Establishing an appeal process for students subject to loss of student aid eligibility
- Designing a school refund policy

Schedules (School Calendar)

- Processing admissions, SFA applications, award letters
- Requesting funds from ED
- Disbursing financial aid to students
- Returning unearned funds to ED's Title IV accounts or FFEL lenders
- Preparing required reports and audits in time to meet deadlines

- Insert chart

- Insert chart

PRACTICE

MAJOR SYSTEMS OF STUDENT FINANCIAL AID MANAGEMENT

As the instructor names each system, you are to determine which of the three major officials at your school (CEO/President, Financial Aid Administrator, or Fiscal Officer) is primarily responsible for—or will be—designing and maintaining it. You will also want to fill in the initials CEO/P, FAA, FO, or more than one (if appropriate) on the line provided next to the listed responsibility.

Who in your school is—or will be—responsible for:

1. Handling internal communications and coordination among all school offices? _____
2. Providing external communications with organizations outside the school? _____
3. Collecting and publishing student consumer information? _____
4. Counseling student financial aid recipients? _____
5. Developing and updating student budgets? _____
6. Processing student financial aid applications and confirming student eligibility? _____
7. “Packaging” student financial aid and issuing award letters? _____
8. Disbursing student aid funds, receiving student aid payments, and issuing refunds? _____
9. Tracking student academic records and checking academic progress? _____
10. Maintaining records on student eligibility and payment (known as maintaining a “clear audit trail”)? _____
11. Reporting on expenditures? _____
12. Providing quality control—internal oversight that checks to be sure that all functions are being handled correctly? _____

PRACTICE (cont'd)

Case Studies

Instructions

For this exercise, look at these case studies that show examples of the sort of decisions that schools regularly have to make, then write what you think should be done in each case. References to the Compilation of Student Aid Regulations are given with each case study.

Case Study 1: Gemma Stark

Dave Sutton, the business manager of Winsom Beauty Academy, won the top prize from Publisher's Clearinghouse and cleared out his desk at Winsom giving two hours notice. George Bright, Winsom's CEO since 1995, was surprised, but he wasn't too concerned about disbursing student aid payments to the new class of 20 students that had just enrolled. The reason: The school's financial aid officer, Gemma Stark, was known to be thoroughly familiar with all of the student aid procedures at the school (she had been there for 10 years longer than George). He called Gemma to his office and said that he would have to ask her to take on the task of writing student checks, along with working up students' award packages, until Dave could be replaced. George assured Gemma that she would receive a nice bonus for this extra work, and said how glad he was to have someone on the staff who could be trusted to handle all of the important Title IV requirements.

References: 34 CFR 668.16(c)

What should Gemma reply? Why?

PRACTICE (cont'd)

Case Study 2: Minna Lake

Minna Lake has agreed to try something new after many years of successful cello teaching and assumed the job of student aid director at Sterling School of Music. Learning of an ED-sponsored Title IV Update Training workshop in the nearest ED regional-office city (about 300 miles away), she asks Strobe Leight, the school's director, to approve her travel to the workshop. Strobe says, "Minna, I just don't see how we can spare you for four days with the backlog of work that's piled up since Sergio left for the Met. You can go to some training later this year."

Reference: 34 CFR 668.16(b)

Is this a wise decision by Strobe? Why or why not?

Case Study 3: Callie Fahey

"How disappointing that nice young man turned out to be a crook," thought Callie Fahey, Frasker Junior College's financial aid director. Her reaction came after Frank Linn, her counterpart at Sanger Tech, gave her evidence that freshman Jed Hart had used a false name and Social Security number to get Pell Grants at both Frasker and Sanger at the same time. "Oh, well, he's apparently left town, so it's not my problem anymore," she shrugged.

References: 34 CFR 668.16(g)

Whose problem is it? Why?

BACK AT THE OFFICE

Back at the office, you should:

- Carefully read federal regulations on Title IV administrative capability and financial responsibility.
- Evaluate your student aid staff resources.
- Review your school's mechanisms for requesting, maintaining, and returning Title IV funds.

- _____
- _____
- _____

ANSWER KEY

Case Study 1: Gemma Stark

What should Gemma reply? Why?

Gemma must remind George of one of the most important standards of administrative capability for schools using Title IV funds: "separation of functions." This means that the person or office that authorizes payments to students and the person or office that disburses or delivers funds must be organizationally independent of each other.

Case Study 2: Minna Lake

Is this a wise decision by Strobe? Why or why not?

Strobe should work with Minna to find a way for her to attend a major training series sponsored by ED. Regulations cite professional financial aid training as a key factor in evaluating the qualifications of school personnel responsible for administering Title IV programs. This is especially important for staff that are new to the profession. Although office workload must be taken into account, timely training of staff helps to ensure that their work is based on current and correct information.

Case Study 3: Callie Fahey

Whose problem is it? Why?

School personnel must report to authorities any known cases of fraud involving Title IV funds. This responsibility is shared by all persons who have the information.