

ADMINISTERING DISBURSEMENTS



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Training Officer
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AGENDA

1. Disbursement Overview
2. Disbursement Types
3. Scenarios
4. Resources

DISBURSEMENT OVERVIEW

DISBURSEMENT DEFINITION

A disbursement is the date an institution credits a student's account or pays the student or parent directly with:

- ✓ *Title IV* funds received from the Department (ED), or
- ✓ Institutional funds labeled as *Title IV* funds ahead of drawdown

Student Account Ledger					
Date	Transaction	Reference	Charge/Debit	Payment/Credit	Balance
9/5/2023	Fall 2023 Tuition		\$ 15,677.00		\$ 15,677.00
9/18/2023	Pell Disb. 1	2023-24 Pell		\$ 3,698.00	\$ 11,979.00



DISBURSEMENT NOTIFICATION (1 OF 2)

[34 CFR 668.165\(a\)\(1\) Notices.](#)

GENERAL NOTIFICATION

- Amount of funds from each FSA program
- How and when funds disbursed
- Sent before making disbursements

DIRECT LOAN AND TEACH GRANT NOTIFICATION

- Anticipated disbursement date and amount
- Right to cancel all or portion of loan or TEACH Grant
- Procedures and deadline to cancel loan or TEACH Grant
- Timing depends on whether school uses affirmative confirmation process

DISBURSEMENT NOTIFICATION (2 OF 2)

[34 CFR 668.165\(a\)\(6\) Affirmative confirmation](#)

AFFIRMATIVE CONFIRMATION AND NOTIFICATIONS

- Affirmative confirmation:
 - Send notification no earlier than 30 days before and no later than 30 days after crediting student's account with Direct Loan or TEACH Grant funds
- No affirmative confirmation:
 - Send notification no earlier than 30 days before and no later than seven days after crediting student's account with Direct Loan or TEACH Grant funds

RESPONSE TO DISBURSEMENT NOTIFICATION

Student wishes to cancel all or portion of Direct Loan or TEACH Grant disbursement

INSTITUTION MUST COMPLY TO CANCELLATION REQUEST WHEN...

- Affirmative confirmation:
 - Receive cancellation request by the later of first day of payment period or 14 days after date school sent “right to cancel” notification
- No affirmative confirmation:
 - Receive cancellation request within 30 days of date school sent “right to cancel” notification

CHECKING ELIGIBILITY AT TIME OF DISBURSEMENT

A student must be eligible to receive disbursement

- ✓ Has valid ISIR/SAR
- ✓ Enrolled as regular student (at least half time for Direct Loans)
- ✓ Making satisfactory academic progress
- ✓ Is otherwise eligible
 - ✓ Has not exceeded Pell LEU
 - ✓ Within annual/aggregate loan limits
 - ✓ Completed previous period, if applicable
 - ✓ Completed 30-day delay, if applicable

DISBURSEMENT DATES



The disbursement dates in COD must match the disbursement dates on the student ledger.

U.S. DEPARTMENT OF EDUCATION
COMMON ORIGINATION & DISBURSEMENT

Person School Batch **Award** Services Tools User

Return to: [Batch List](#) -> [Batch Detail](#) -> [Pell Awards](#) -> [Award Detail](#)

Award Disbursements Information [? HELP](#)

Please click on the Disbursement number to view Disbursement Detail.

MARY B JONES CENTRAL COMMERCIAL COLLEGE
999999999 PELL
02/21/1983 '22-'23

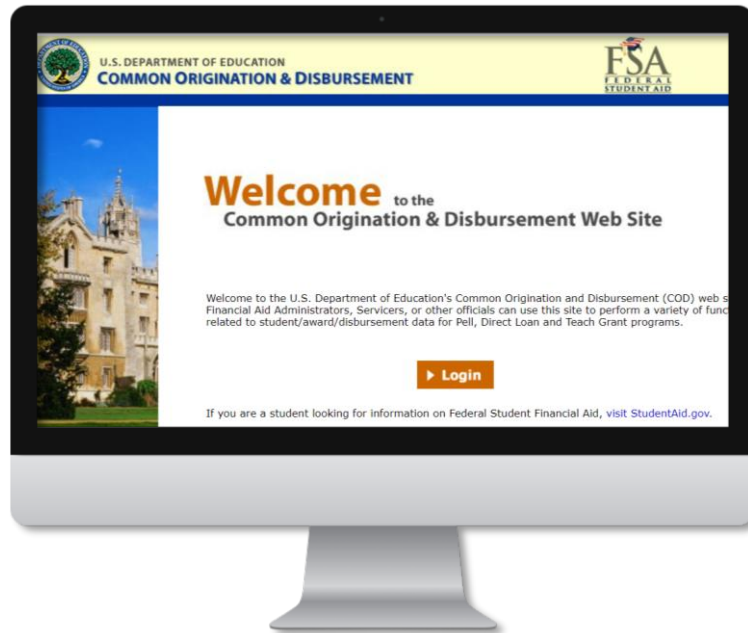
Total Accepted for Actual Disbursements \$2,165.00
Total Accepted for Pending Disbursements \$0.00

No.	School Enrollment Code	Accepted Amount	Date Disbursed	Date Processed	Sequence Number	Enrollment Status	CIP Code	Program CIP Code Year	Special Program
1	09999900	\$2,165.00	10/18/2022	10/21/2022	1	Full Time	24.0199	2020	

Mar 29 2022 13:51 EDT Home | Privacy Act | Links | Contact Us | Campus-Based Resources | COD Resources | Help | Glossary | Log Off

Student Account Ledger					
Date	Transaction	Reference	Charge/Debit	Payment/Credit	Balance
10/1/2022	Fall 2022 Tuition		\$ 10,352.00		\$ 10,352.00
10/18/2022	Pell Disb. 1	2022-23 Pell		\$ 2,165.00	\$ 8,187.00

ED SYSTEMS



COD

- Common Origination and Disbursement system
- Report disbursement amounts for each Title IV program (except Campus-Based)



G6

- ED's grants management system
- Request drawdowns of cash for each Title IV program

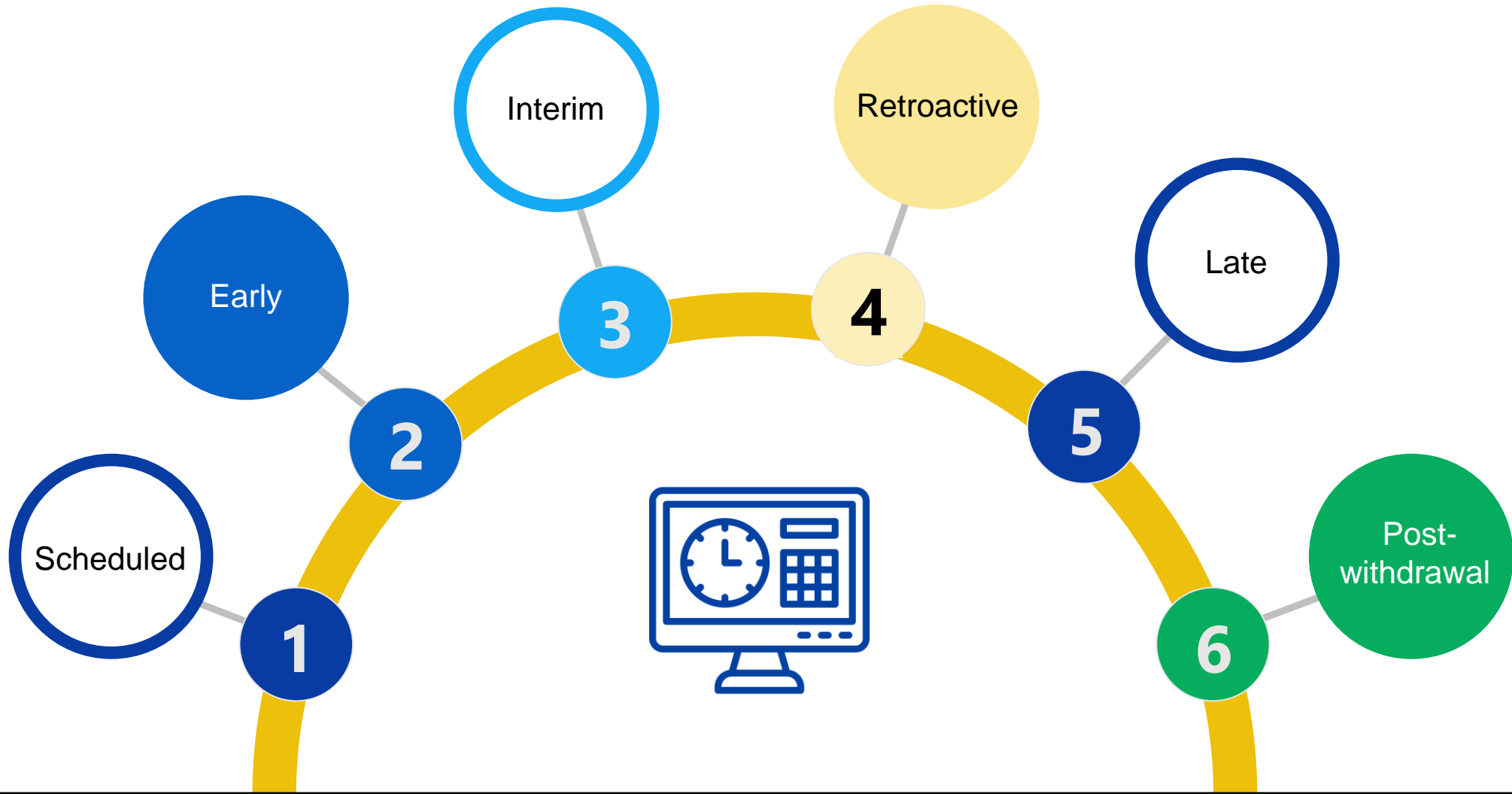
DISBURSEMENT REPORTING AND FUNDING PROCESS

Pell Grants, Direct Loans, and TEACH Grants

- 1** Institution reports disbursement records to COD no earlier than seven days prior to and no later than 15 days after disbursement
- 2** COD reports “Accepted Records” to G6/funding authorization changes in G6
- 3** Institution draws down funds through G6

DISBURSEMENT TYPES

TYPES OF DISBURSEMENTS



SCHEDULED DISBURSEMENTS

SCHEDULED DISBURSEMENTS

Made *during* payment period for which funds are intended

Example:

- Student attends term-based semester program
- Student accepts \$4,500 in Direct Subsidized Loans
- Institution disburses \$2250 at start of Fall term and \$2250 at start of Spring term



EARLY DISBURSEMENTS

EARLY DISBURSEMENTS

Made to eligible student *before* scheduled to begin attendance in payment period (PP)



10 days before first day of class of PP *or* before student begins module



The later of-
10 days before first day of class of PP *or* date student completed previous payment period

EARLY DISBURSEMENT RESTRICTION



30-Day Delay

First-year, first-time undergraduate borrowers must wait 30 days after the payment period start date for their first Direct Loan disbursement, unless institution meets Cohort Default Rate (CDR) exemption.

Cohort Default Rate Exemptions

- Institution's CDR less than 15% for each of three most recent fiscal years; or
- Study abroad program home institution's CDR less than 5% for single most recent fiscal year

EARLY DISBURSEMENTS AND NON-ATTENDANCE

Student does not begin attendance in ANY classes

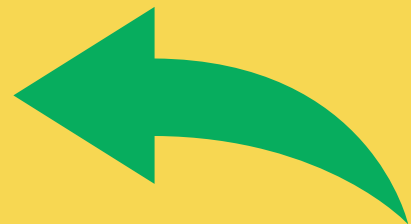
INSTITUTION'S RESPONSIBILITIES

- Return all Pell, FSEOG, IASG, and TEACH Grant funds
- Return Direct Loan funds credited to student account
- Return Direct Loan funds disbursed directly to student, or
- Notify loan servicer to send 30-day demand letter to student

EARLY DISBURSEMENTS AND PARTIAL ATTENDANCE

Institution early disburses Pell, IASG,
and/or TEACH and student **begins some
but not all classes:**

Institution must
recalculate aid
based on
courses the
student attended



Student
responsible for
returning funds
disbursed
(overpayment)



Institution can adjust
future disbursements
or require student to
return overpayment

EARLY DISBURSEMENTS AND DIRECT LOANS

Student *scheduled* to attend at least half-time, but begins payment period at less-than-half-time (LTHT)



1ST LOAN DISBURSEMENT

Student eligible for 1st
loan disbursement



SUBSEQUENT LOAN DISBURSEMENT(S)

Student *not* eligible for
subsequent loan
disbursement(s) until
student re-establishes
at least half-time
enrollment status



REPAYMENT TERMS

Student repays loan
according to Master
Promissory Note (MPN)

INTERIM DISBURSEMENTS

INTERIM DISBURSEMENTS

Made *before* completing verification, or *after* completing verification but before receiving the corrected SAR/ISIR

Institution may:

- Make one disbursement of Pell and FSEOG funds for student's first payment period
- Permit FWS employment for first 60 consecutive days after student enrolls for award year
- Originate but not disburse Direct Subsidized Loan



The school is liable for ineligible disbursements!

RETROACTIVE DISBURSEMENTS

RETROACTIVE DISBURSEMENTS

Made to an enrolled student for a completed payment period, typically due to delays in the aid delivery process

Examples include:



ISIR not available



ISIR reject resolution



Institutional administrative delay



Verification completed late



Conflicting Information resolution

MAKING RETROACTIVE DISBURSEMENTS

Pell or TEACH Grant funds

- Payments calculated based on hours completed for prior payment period(s)
- Include earned “F” grades and incompletes
- Do not include dropped courses

Direct Loan funds only

- Student must have completed at least half-time coursework in retroactive payment period
 - Include earned “F” grades and incompletes
- Loan period must include completed payment period

LATE DISBURSEMENTS

LATE DISBURSEMENTS

Made after student becomes ineligible to receive Title IV aid, under certain conditions

Student becomes ineligible on date no longer enrolled:

- At least half-time for period loan was intended (Direct Loans); or
- For award year (other Title IV aid)



LATE DISBURSEMENT CONDITIONS AND LIMITATIONS

Must be met *before* student became ineligible:



All Title IV programs: ED-processed SAR/ISIR with official Expected Family Contribution (EFC)



FSEOG: Student awarded grant



Direct Loans: Loan record originated record within school's financial aid system



TEACH Grants: Grant record originated in COD System

LATE DISBURSEMENT CONSIDERATIONS



Must offer disbursement if student qualifies and completed or withdrew from period



May make Direct Loan disbursement if student dropped below half-time but did not withdraw



Must make disbursement no later than 180 days after student loses eligibility



May not make second or subsequent loan disbursement unless student completed loan period

RETROACTIVE vs. LATE DISBURSEMENTS

RETROACTIVE

- Student still enrolled in loan period for Direct Loan or in award year for all other aid
- Pell and TEACH Grants calculated on completed credits
- Loan period must include completed payment period and student completed at least half-time credits for Direct Loan
- Include earned “F” grades and incompletes to determine completed credits and half-time enrollment

LATE

- Student no longer enrolled or enrolled less than half time in loan period for Direct Loan
- Student no longer enrolled in award year for other Title IV aid
- Student may have withdrawn or completed payment period
- Conditions and limitations met before student became ineligible for aid

POST-WITHDRAWAL DISBURSEMENTS

POST-WITHDRAWAL DISBURSEMENT (PWD)

PWD are determined during Return of Title IV calculation and made after the student withdrew from period.

If student received less *Title IV* aid than the amount earned, the institution must offer a disbursement of the remaining earned aid if late disbursement conditions and limitations are met.

STEP 4: Title IV Aid to be Disbursed or Returned

- ▶ If the amount in Box I is greater than the amount in Box E, go to Item J (post-withdrawal disbursement).
- ▶ If the amount in Box I is less than the amount in Box E, go to Title IV aid to be returned (Item K).
- ▶ If the amounts in Box I and Box E are equal, **STOP**. No further action is necessary.

J. Post-withdrawal disbursement
From the Amount of Title IV aid earned by the student (Box I) subtract the Total Title IV aid disbursed for the period (Box E). This is the amount of the post-withdrawal disbursement.

5,823	-	3,992	=	J. \$ 1,831.00
Box I		Box E		

STOP here, and enter the amount in "J" in Box 1 on Page 3 (Post-withdrawal disbursement tracking sheet).

Step 4 continued ▶

SCENARIOS

SCENARIO 1: RETROACTIVE, LATE, OR NO DISBURSEMENT?

Student enrolled for Fall 2023 (9/5/2023 to 12/1/2023). The student's ED-processed ISIR and official EFC shows a 7/18/2023 "Processed Date".

There was a delay, and the institution did not review the student's record until 11/29/2023. The institution packaged the student with Pell Grant and Direct Loans but did not originate the loans in its system.

Today is 12/13/2023. The student completed the Fall term but will not attend Spring.

Can the institution disburse the student's Title IV funds?

SCENARIO 1 ANSWER

- Can the institution disburse the student's Title IV funds?

Yes and no.

- Is this a retroactive or late disbursement?

Late, because the student is no longer enrolled.

- Did the institution receive a processed SAR/ISIR with an official EFC before student stopped attending?

Yes

- Can the institution make the student's Pell disbursement?

Yes

- Can institution disburse the student's Direct Loans?

No. The school did not originate the loans before the student lost eligibility.

SCENARIO 2: INTERIM DISBURSEMENT

Student enrolled for Fall semester 2023, which began on 9/5/2023.

The institution received a Pell-eligible, valid ISIR on 8/22/2023. The student was selected for verification and the institution sent its verification notice to the student on 8/24/2023.

The institution disbursed Pell on the first day of classes.

The student submitted the required verification documents on 9/15/2023.

The institution completed verification on 9/20/2023 and submitted changes to the CPS. The institution received the updated ISIR on 9/26/22 with an increased EFC.

Must the institution make any adjustments to the student's Pell award?



SCENARIO 2 ANSWER

- Must the institution make any adjustments to the student's Pell award?

It depends!

- Did the student's Pell Scheduled Award change because the EFC increased?

If yes, the institution is liable for the overpayment and must eliminate it.

If no, the institution should document that the EFC did not change, and no further action is required.

SCENARIO 3: NO AFFIRMATIVE CONFIRMATION

Institution does not obtain affirmative confirmation for loan disbursements.

The institution emails a student on 12/20/2023, to notify her of upcoming Pell and DL disbursements for Spring 2024, which begins on 1/29/2024. The notification includes the anticipated date and amount of disbursement, right to cancel, and procedures/deadline for canceling loans.

The institution early disburses Title IV funds to the student's account on 1/19/2024. The student contacts the institution on 1/31/2024 to cancel her Direct Unsubsidized Loan. The institution decides not to return the loan disbursement.

Was the institution required to comply with the student's request?

SCENARIO 3 ANSWER

- Was the institution required to comply with the student's request and return the loan funds?

No.

- Did the student timely request to have her loan cancelled?

No. The student contacted the school on January 31, 2024, which is 43 days after the institution sent the disbursement notification to the student.

- What are the institution's and student's next steps?

The institution must document its decision, notify the student in writing, and direct the student to contact her loan servicer.

SCENARIO 4: PWD

Second-year student enrolls for Fall semester. The institution disburses the student's Pell Grant and Direct Subsidized Loan on the first day of classes. The loan period is Fall-Spring.

Two weeks after the term begins, the student requests to borrow the additional \$2,000 Direct Unsubsidized Loan that the student had previously declined. The institution immediately revises the student's aid package and originates the unsubsidized loan for the loan period.

At the end of Fall term, the institution determines that the student unofficially withdrew three weeks before the term ended. The institution begins the R2T4 calculation and realizes it had not disbursed the \$1,000 unsubsidized loan for Fall. The institution entered the \$1,000 as aid that could have been disbursed in Step 1 of the R2T4 calculation.

The student completed more than 60.0% of the payment period. The institution did not offer a post-withdrawal disbursement to the student.

Did the institution make the correct decision?

SCENARIO 4 ANSWER

- Did the school make the correct decision?

No.

- Were late disbursement conditions and limitations met before the student became ineligible?

Yes.

- The school had a valid ISIR with official EFC
 - The \$2,000 unsubsidized loan was originated prior to the student's withdrawal
 - The student had already signed the promissory note
- Did the student earn enough Title IV aid to warrant a post-withdrawal disbursement?

Yes. The student completed more than 60% of the payment period and earned 100% Title IV aid.

SCENARIO 5: RETROACTIVE DISBURSEMENT

Student is enrolled full time (12 credits) for Fall term, 8/28/2023 through 12/15/2023. He submitted the FAFSA® form on 11/20/2023. The school received his ISIR on 11/22/2023 and the student was selected for verification. The school does not follow interim disbursement rules and it did not disburse Pell or originate loans.

The student completed the term and earned 9 credits. The student began full-time enrollment in Spring term on 1/22/2024.

The student submitted the required verification documentation on 2/1/2024 and the school completed verification on 2/7/2024.

The school disbursed full-time Pell and Direct Loans on 2/16/2024 for the Fall and Spring terms.

Did the student meet the criteria for a retroactive disbursement?



SCENARIO 5 ANSWER

- Did the student meet the criteria for a retroactive disbursement?

Yes. The student was still enrolled in school.

- Did the school disburse the correct Pell Grant amount for Fall term?

No. Retroactive disbursements must be paid on completed hours, and the student completed 9 hours in the Fall. The student must be paid three-quarter-time Pell for Fall term.

- Was the student eligible for his Direct Loans disbursements?

Yes. The student was enrolled for the loan period (Fall-Spring) when the school completed verification, and then originated and disbursed the loans. The student was enrolled at least half time for Fall and Spring.

RESOURCES

FSA HANDBOOK RESOURCES

Volume 3

- Chapter 1: Academic Years, Academic Calendars, Payment Periods, and Disbursements

Volume 4

- Chapter 1: Requesting and Managing FSA Funds
- Chapter 2: Disbursing FSA Funds

Volume 5

- Chapter 2 – Part 2 (Title IV aid that could have been disbursed)
- Chapter 2 – Part 2 (Post-withdrawal disbursements)

REGULATORY RESOURCES

Title 34 – Education (34 CFR)

Part 668–Student Assistance General Provisions

- § 668.162 Requesting funds.
- § 668.164 Disbursing funds.
- § 668.165 Notices and authorizations.

Part 685–William D. Ford Federal Direct Loan Program

- § 685.303 Processing loan proceeds.

Part 690–Federal Pell Grant Program

- § 690.76 Frequency of payment.

OTHER RESOURCES

1

Knowledge Center

[Knowledge Center Homepage](#)

Subscribe for daily or weekly email updates.

2

FSA Training Center

FSAttraining.ed.gov

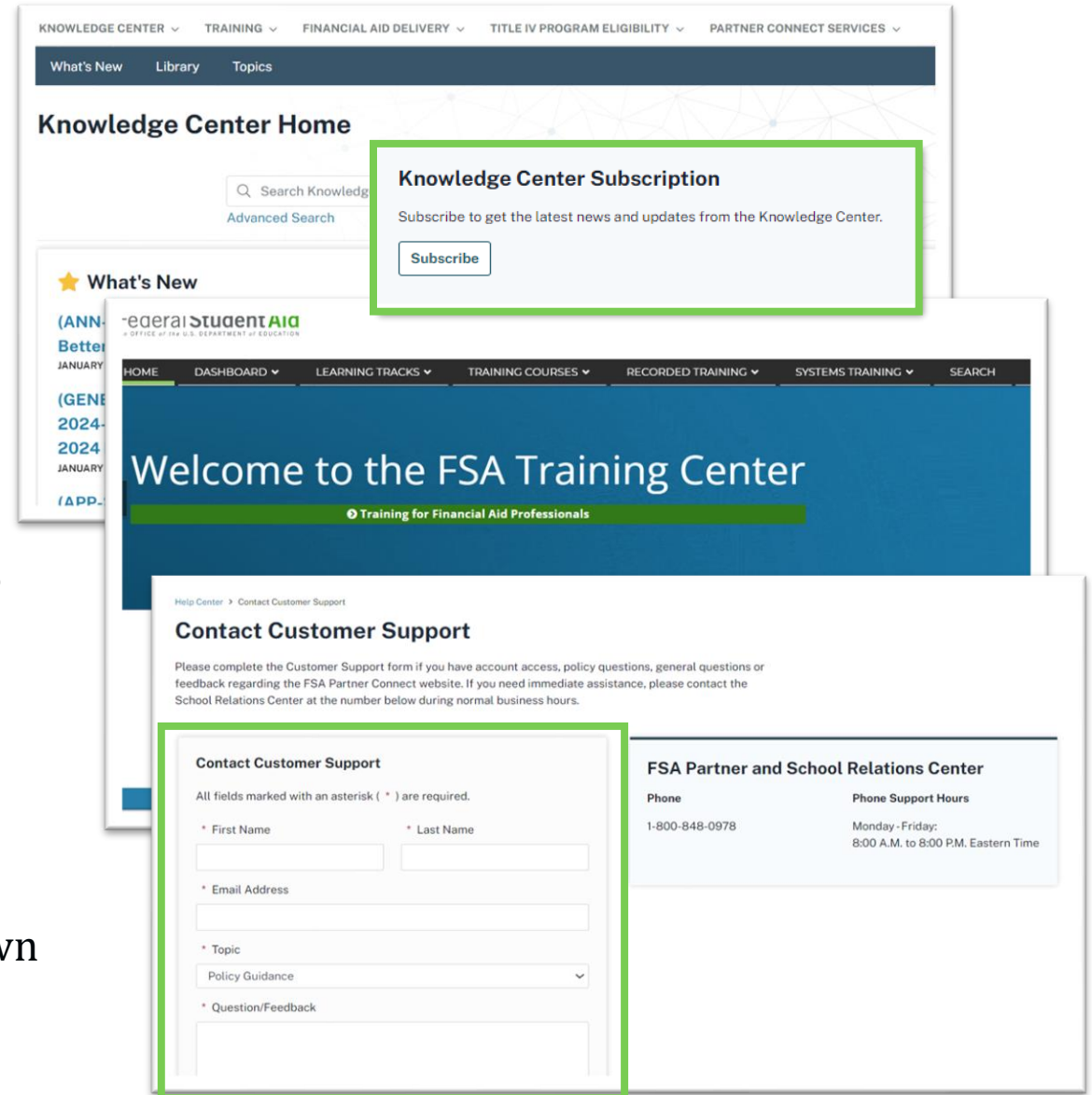
View learning tracks, training courses, videos, and software training.

3

FSA Partner Connect Help Center

[Contact Customer Support](#)

Choose “Policy Guidance” from Topic dropdown list to ask policy questions.



FEEDBACK SURVEY



<https://www.surveymonkey.com/r/PacFAAAdminDisbApril2024>

Survey open until May 9, 2024

QUESTIONS?



Mahalo!

Federal Student Aid

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