Session 12

Common Origination and Disbursement (COD) System Update

Wood Mason| Dec. 2015

U.S. Department of Education

2015 FSA Training Conference for Financial Aid Professionals

Agenda

- Spring 2015…
  - New Award Year Setup (NAYS) for Award Year 2015–16
  - New XML Schema 4.0b
  - Modifications for Direct PLUS Loan Program requirement
  - COD Web
- Summer 2015
  - Direct Loan Rebuild File
  - Direct Loan Tools Software
  - Other changes

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Agenda

- Autumn 2015
  - COD Web
- Winter 2015
  - StudentLoans.gov
- Coming in 2016
  - COD Release 15.0
  - COD Release 15.1

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New Award Year Setup (NAYS) Award Year 2015-16

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NAYS 2015-2016

- Implemented on March 29, 2015, and included the "normal" changes that occur from one award year to the next…
  - The award year designator changed from "15" to "16"
    - ✓ System-generated files
    - ✓ Master Promissory Note IDs
    - ✓ Agreement To Serve IDs
    - ✓ Direct Loan award IDs
  - COD "award year specific" options were incremented one year

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XML Schema Version 4.0b

- NAYS 2015-2015 brought XML Schema Version 4.0b
  - XML Schema Version 4.0b employs two (2) new and significant tags
    - ✓ <AbilityToBenefit> re-named <StudentEligibilityCode> and brings new valid codes
    - ✓ <CreditRequirementsMet> indicates a Direct PLUS applicant has met all CREDIT RELATED requirements
  - 100% XML Schema validation remains in effect

Credit Requirements Met

- The new <CreditRequirementsMet> tag indicates that a Direct PLUS Loan applicant has met all CREDIT Related requirements
  - An original credit decision of "A"

    Or

  - An approved endorser/successful appeal of the original credit decision of "Denied"

    And

  - A Completed session of PLUS Counseling

Credit Requirements Met

- The new <CreditRequirementsMet> tag SHOULD BE YOUR FOCUS

  - You cannot disburse the PLUS loan until ALL credit requirements are met

  - The <CreditRequirementsMet> tag is returned in…
    - ✓ A Common Record Response
    - ✓ A PLUS Request Response
    - ✓ The new Credit Status (CRCS) Response

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Credit Status Response

- A new system-generated response was implemented with XML Schema version 4.0b
  - Sent with the intent to keep the school "in the loop" on a borrower that *may* be in the process of "resolving" his or her original credit decision of "Denied"
    - ✓ Sent on approval or denial of an endorser/appeal
    - ✓ Sent when PLUS Counseling is completed
    - ✓ *Includes the new <CreditRequirementsMet> tag*
    - ✓ Message Class is CRCSxxOP
  - Credit Override Response (CRCO) has been retired

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Changes to the Direct PLUS Loan Adverse Credit History Criteria and new PLUS Counseling Requirement

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In the words of that great American philosopher, Bob Dylan…

"The Times They Are a Changin'"

Direct PLUS Loan Program – Credit

- A Direct PLUS Loan applicant is considered to have an adverse credit history if, as of the date of the credit report, he or she...

  - Has a default determination, bankruptcy discharge, foreclosure, repossession, tax lien, wage garnishment, or write-off of a Title IV debt during the preceding five (5) years

    OR

  - Has one or more debts with a combined outstanding balance greater than $2,085, and that are 90 days or more delinquent, or charged off/in collection status within the preceding two (2) years

- The credit check "window of validity" is now 180 days

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Direct PLUS Loan Program – Credit

- A Direct PLUS Loan applicant whose original credit decision is "Denied" can gain eligibility for that PLUS loan by...
  - Securing an approved endorser

    Or

  - Successfully appealing the adverse credit decision

- In either case the applicant will be REQUIRED to complete a session of PLUS Counseling
  - PLUS Counseling MUST be completed before disbursement
  - Reconsideration Eligible applicants are exempt

PLUS Counseling

- PLUS Counseling is a distinct and unique counseling module
  - PLUS Counseling is NOT ENTRANCE COUNSELING
    - ✓ A first-time Graduate/Professional Student with an original credit decision of "Denied," and who secures an approved endorser or successfully appeals the adverse credit decision, MUST complete both PLUS Counseling and Entrance Counseling modules
    - ✓ A session of PLUS Counseling will be required for each original credit decision of "Denied" for a borrower who desires to remedy the adverse credit decision and gain eligibility for the PLUS award
  - PLUS Counseling is ONLY provided on the StudentLoans.gov website

Other COD Changes

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Other COD Changes

- COD created a new "Weekly Credit Status Report"
  - Identifies borrowers whose most recent original credit decision is "Denied" and is NOT expired
  - A borrower drops off the report 30 days after
    - ✓ Credit Requirements Met = Y
    - ✓ The Direct PLUS Loan award is reduced to $0
    - ✓ The credit decision expiration date has been reached

Other COD Changes

- COD created a new "Weekly Credit Status Report"
  - The new "Weekly Credit Status Report" is posted weekly to the COD Website
    - ✓ Your School NewsBox
    - ✓ CSV (Comma Separated Value) format
    - ✓ Saturday to Friday reporting window
  - The "Credit Check Reconsideration Eligibility Report" has been retired

Other COD Changes

- COD modified/added the screens below
  - Batch Response screens
    - ✓ Updated to include the Credit Status Response
  - Response information screens
    - ✓ Updated to include the "Credit Requirements Met" flag
  - The Award Information screen
    - ✓ Updated to display the "Credit Requirements Met" field
  - Credit Status Request screen
    - ✓ Allows a request for the latest Credit Status Response on the system
  - Direct Subsidized Loan Usage
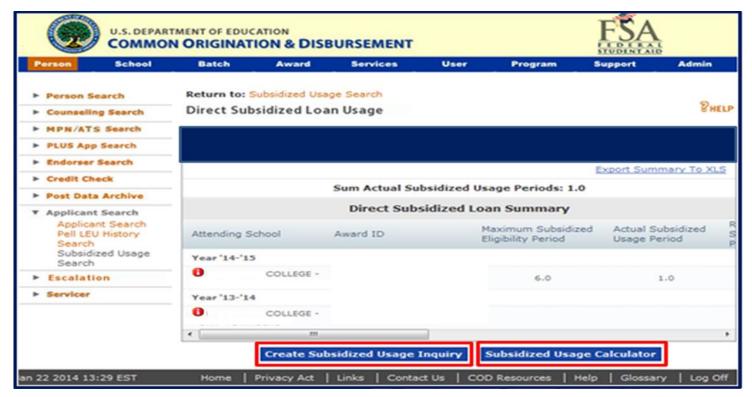   - ✓ Added Inquiry and Calculator options

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SULA Inquiry/SULA Calculator Screen

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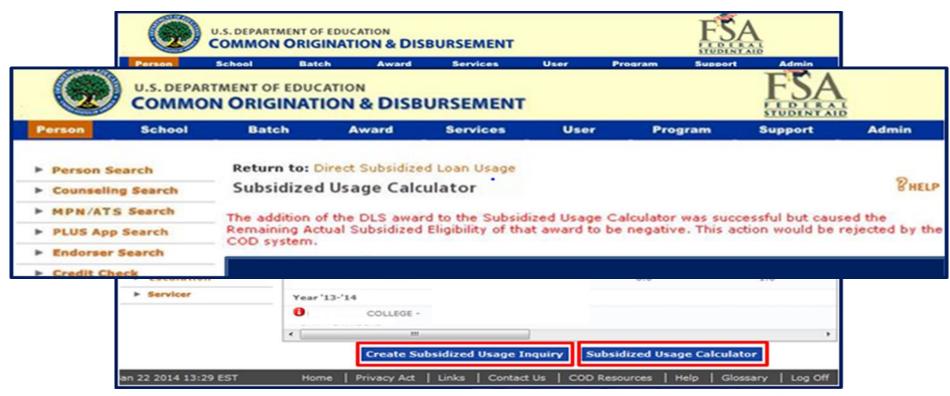
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SULA Inquiry/Calculator Screen

SULA Inquiry/Calculator Screen

FY 2016 Sequester Required Changes

FY 2016 Sequester Changes

- COD modified code on April 27, 2015 to comply with Sequester mandated changes to Direct Loan Program origination fees
  - For Direct Loans with an earliest disbursement date (EDD) on or after October 1, 2015, and before October 1, 2016
    - ✓ The Subsidized/Unsubsidized Loan origination fee is **1.068%**
    - ✓ The Direct PLUS Loan origination fee is **4.272%**
- COD will validate the EDD against the loan origination fee on incoming Loan Origination Records (LORs)
    - ✓ COD will reject incoming LORs with an invalid EDD/loan origination fee

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FY 2016 Sequester Changes

- TEACH Grant and Iraq & Afghanistan Service Grant sequester changes…
  - Awards with an EDD on or after October 1, 2015, and before October 1, 2016
    - ✓ A TEACH Grant requires a reduction of **6.8%** from the award amount for which the student would otherwise be eligible for
    - ✓ An Iraq and Afghanistan Service Grant requires a reduction of **6.8%** from the award amount for which the student would otherwise be eligible for

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StudentLoans.gov Enhancements

- COD modified the "Options" screen under the StudentLoans.gov group to allow a school to re-label what are now the Award Range Request date fields

  - Award Range Request Dates are reflected on a Direct PLUS Loan Request as "Loan Period Requested"

  - Change will allow the school to re-label that term, i.e., "Spring" or perhaps "Fall"

    - ✓ A changed label requires dates as well

    - ✓ The CRSP Response to a Direct PLUS Loan Request will NOT reflect the changed labels

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StudentLoans.gov Enhancements

- Confirmation of a user's permanent and mailing address is required upon completion of certain processes on StudentLoans.gov
  - A checkbox confirms on the following screens
    - ✓ MPN (also TEACH Agreement To Serve on the TEACH Grant website)
    - ✓ Direct PLUS Loan Request
    - ✓ Direct Consolidation Loan App/P-note
    - ✓ Income Driven Repayment Plan
    - ✓ Endorser Addendum
    - ✓ Exit Counseling

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StudentLoans.gov Enhancements

- A PLUS Request applicant that provides a foreign permanent AND mailing address is required to indicate if he or she has a U.S. address
  - A "yes" response will display new address fields for the U.S. address
    - ✓ The U.S. address will be used to complete the credit check but will not change the permanent or mailing address of record
  - "No" will allow the borrower to complete the process but the foreign address will be used to complete the credit check
    - ✓ The "Pended" credit result will need to be resolved

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StudentLoans.gov Enhancements

- COD updated the Direct Loan Rebuild File
  - Anticipated disbursements were moved from the Origination Detail Record to the Disbursement Record
    - ✓ The current disbursement Release Indicator (DRI) field will indicate actual or anticipated disbursement data
  - Subsidized Usage Limit Applies (SULA) data was added to the Disbursement Detail Record including…
    - ✓ Payment Period Start Date
    - ✓ Program CIP Code
    - ✓ Enrollment Status

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StudentLoans.gov Enhancements

- COD updated the Direct Loan Rebuild File
  - More fields supporting the Subsidized Usage Period (SUP) calculation process were added
  - Key data fields supporting the PLUS Counseling requirement are returned

Direct Loan Tools Software

- Direct Loan Tools software was released on June 25th, 2015

  - Supports award years 2013-14, 2014-15, 2015-16

    ✓ SULA support for award years 2014-15*

    ✓ PLUS Credit requirements support for award years 2015-16*

  *Previous versions of EdExpress for these award years did not contain SULA or PLUS Counseling data elements

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Speaking of SULA...

- FSA has received a number of SULA escalations because of schools NOT adjusting SULA awards as necessary
  - Make sure any pending disbursement is reduced to $0
  - Make sure the loan amount reflects the actual amount disbursed to the student
  - Make sure the loan period includes **ONLY** those payment periods for which the student received an actual disbursement
  - Make sure the academic year start/end dates reflect the defined length of the Program's academic year
    - ✓ Minimum 30 weeks for a Program measured in credit-hours
    - ✓ Minimum 26 weeks for a Program measured in clock-hours

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Student Eligibility Code Changes

- COD Release 14.2 provided new and altered SEC values to accommodate students enrolled in an eligible career pathway program. The changes are applicable for 2015-16 and forward.
  - Values with title changes in Rel. 14.2:
    - ✓ 01 – ATB-Test Completed – First Enrolled before 7/1/12
    - ✓ 02 – ATB-College Credits – First Enrolled before 7/1/12
    - ✓ 07– GED or State Authorized H.S. Equivalent Certificate
  - Values removed in Rel. 14.2:
    - ✓ 08 – State Authorized High School Equivalent Certificate

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Student Eligibility Code Changes

- SEC Added values in Rel. 14.0 or Rel. 14.2:
  - 09 – Academic Transcript of 2-yr Program Acceptable for Full Credit Transfer to BA Program
  - 10 – Program leads to Associates Degree, Excelled in High School, and meets Admissions Requirements
  - 11 –ATB-Test Completed – First Enrolled 7/1/12 to 6/30/15
  - 12 –ATB-Test Completed – First Enrolled 7/1/15 or After
  - 13 –ATB-College Credits – First Enrolled 7/1/12 to 6/30/15
  - 14 –ATB-College Credits – First Enrolled 7/1/15 or After

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Student Eligibility Code Changes

A clarification was recently added that may affect some SEC submissions:

- "02" -- *ATB-College Credits – First Enrolled before 7/1/12*
  - ✓ This SEC value should only be used for students qualifying under the alternate ATB provisions and not for any student meeting the standard eligibility provision
  - ✓ It should not be used for graduate students

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Student Eligibility Code Changes

A clarification was recently added that may affect some SEC submissions:

- "09" -- *Academic Transcript of 2-yr Program Acceptable for Full Credit Transfer to BA Program*
  - ✓This SEC value may be used for graduate or professional programs where a H.S. diploma or its equivalent is not necessary for admission to the program, and the student has a bachelor's degree

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Student Eligibility Code Changes

- 2015-16 initial or maintenance records with a SEC value of "08" are now rejected with Edit 198.
  - If you currently have 2015-16 records with SEC value of "08", reassign them value "07"
  - SEC value "07" has been updated to incorporate the "State Authorized High School Equivalent Certificate" that the "08" value previously represented

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Ability to Benefit Test Changes

- There have been changes to the Ability to Benefit (ATB) tests. Many of them have recently expired, and COD edits the ATB Completion date submitted against the expiration of the test
  - New Ability to Benefit test value "12" added Rel. 14.2
  - Expiration dates changed for values "01", "02", "04", "07", "09", and "11"
- Edit 196 will trigger if the ATB Completion Date submitted is after the expiration date of the ATB Test submitted

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Recent Resources on SEC and ATB

- Resources on eligible career pathway programs and resulting changes to the Student Eligibility Code
  - Dear Colleague Letter dated May 22, 2015, GEN-15-09
  - Electronic Announcement dated July 9, 2015
  - COD Technical Reference posted August 19, 2015
  - Electronic Announcement dated October 22, 2015
- Resources on recent Ability to Benefit Test changes
  - Electronic Announcement dated June 24, 2015
  - COD Technical Reference posted August 19, 2015

COD Website Changes

- "Live Chat" is now available via the COD Web
  - ***Authenticated*** users (Schools/Third-Party Servicers) to interact with a Customer Service Representative (CSR) via a live chat session
  - Via the "Contact Us" web page during regular business hours
    - ✓ 8 a.m. to 11 p.m. Eastern Time
- COD added the ability to download search results in CSV format on most COD Web searches
  - A user can click on a new "Export Results to CSV" icon to have search results downloaded to his or her computer

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COD Website Changes

- A new "Funding History Report" is now available
  - "On-Demand" downloadable report in CSV format only
    - ✓ Accessed via a link on the School Funding Information screen
    - ✓ NOT sent to your TG Mailbox and NOT posted to your School NewsBox
    - ✓ Provides data on your funding authorizations, current funding levels and cash activity transactions
    - ✓ Provides year-to-date funding information by program type and award year

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COD Website Changes

- The 30-Day Warning Report has been renamed "The Direct Loan Booking Warning Report"
  - The data contained within the report has not changed
  - Sent to your SAIG Mailbox and posted to your School NewsBox
  - Various formats remain available
    - ✓ Pre-formatted
    - ✓ Comma-delimited
    - ✓ Pipe-delimited
    - ✓ CSV

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COD Website Changes

- COD will allow actual disbursement amount and disbursement date changes in the same transaction

  - COD will retire COD Reject Edit Code #057

  - Schools can choose to continue to transmit actual disbursement amount changes and disbursement date changed in separate transactions

    - ✓ EdExpress users will continue to accomplish actual disbursement amount and disbursement date changes in separate transactions

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COD Release 14.3

- COD plans to implement COD Release 14.3 on December 17, 2015 and hopes to include...

  - Modifications to allow borrowers to select the new "REPAYE" loan repayment option

    - ✓ Income contingent repayment plan

    - ✓ Payment no more than 10% of discretionary income

    - ✓ Loan interest assistance

    - ✓ Balance on loans for undergrad studies can be forgiven in 20 years

    - ✓ Balance on loans for graduate studies can be forgiven in 25 years

COD Release 15.0 & 15.1

- COD plans to implement Release 15.0 in March of 2016
  - Discontinue the return of Origination & Disbursement receipts
    - ✓ Message Class CRRCxxOP and COMRECOP
  - No plans to change XML Schema
- COD plans to implement Release 15.1 in early Summer of 2016
  - Intend to include modifications to SULA
    - ✓ Edits
    - ✓ Annual Loan Limit exception

QUESTIONS?

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