Slide 1 - Instructions
This presentation contains audio and closed caption features.
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Slide 2 - Disbursements and Cash Management Title Slide
Hello and thank you for joining us for a review of the Disbursements and Cash Management requirements for the Pennsylvania State Grant Program.

Slide 3 - Agenda
The purpose of this presentation is to supplement information provided in Chapter 4 of the PA State Grant Program Handbook for the 2018-19 Academic Year and the 2019 Summer. During this presentation we will review the institutional requirements for maintaining and accounting for State Grant funds, as well as some aspects of the institutional financial responsibility for the administration of the State Grant Program. Next, we will discuss the timing for the generation of disbursement rosters and some policies regarding the disbursement of funds. We will then provide some reconciliation best practices and explain the roster certification process. Before we conclude, we will provide some resources that will help you manage the program.

You should note that this presentation will serve as an overview of the printed material, and should be used in conjunction with the written procedures to ensure your full understanding of and compliance with, all State Grant Program policies. Also, since our presentation will focus solely on this topic, we encourage you to review the other Handbook presentations and print materials at your convenience. A copy of the Handbook can be found on our resources and training webpage. We will provide the web address at the end of the presentation. Let’s begin by explaining a few accounting and fund management policies.

Slide 4 - Maintaining and Accounting for Funds: Accounting
Chapter 4 of the State Grant Program handbook begins with a discussion on the fiduciary responsibilities of all State Grant approved schools. While PHEAA does not require that institutions maintain a separate banking account for State Grant funds, it is important that all schools isolate all State Grant funds from the other general institutional funds. If your school elects not to maintain a separate banking account, you are still required to maintain an auditable ledger that clearly denotes which funds belong to the State Grant Program.

State Grant funds are to be used for award disbursements to eligible students only. It is not permissible to use State Grant funds for other institutional purposes including but not limited to:
expenses, revenue, or the generation of interest. State Grant funds may also not be used to pay a student’s award for any of the PHEAA-administered Special Programs.

Since schools are PHEAA’s partner in administering the State Grant Program, schools must also have cash management policies and procedures in place that adhere to all State Grant Program policies, procedures, and deadlines.

While some of the funds used to support the State Grant Program are from PHEAA’s business earnings, the majority of the funds belong to the Commonwealth of Pennsylvania. Therefore, PHEAA and schools must do their part to efficiently manage Commonwealth funds.

The policies and deadlines that PHEAA has created for this program over the last several years are intended to promote sound cash management of State Grant funds. In addition, the implementation of these policies assist PHEAA with our disbursement budgeting processes, and improve our methods for forecasting future State Grant terms and years. PHEAA policies are also aimed at helping minimize the costs to the Commonwealth by making State Grant funds available to students via schools.

Throughout this chapter, we offer guidance on how to adhere to financial management policies for the State Grant program. Let’s begin with how to manage credit balances and student refunds.

**Slide 5 - Maintaining and Accounting for Funds:**

If a student is able to make a full or partial payment to cover their term’s institutional charges, a credit balance may occur once State Grant funds are disbursed to the institution. Although the student’s account may be considered in balance, the school is not able to reject the State Grant funds due to this and therefore a credit balance is created. Whenever such a balance is created, the school will have two options in terms of reconciling this matter before PHEAA’s reconciliation deadlines. The first option is to issue a refund to the student. If a refund is issued to the student, it must be labeled as a refund to the student of the previously paid funds. It may not be considered or labeled as a ‘PHEAA Refund.’ The second option is that the school may carry the credit balance over to the next academic year or apply the funds to the student’s loan balance. However, this option requires a student’s permission first.

After a refund check has been issued to the student, the student will typically cash the check and use the funds towards other educational expenses. In the event that the check remains uncashed, your school is required to comply with the Commonwealth’s Unclaimed Property law. PHEAA advises that your school review the Commonwealth’s Unclaimed Property laws and consult with either the Commonwealth or your school’s legal counsel to determine the next steps.
Slide 6 - Financial Responsibility: Preparing for Disbursement and Record Retention

In order to prepare for a disbursement roster and accompanying funds, PHEAA encourages all schools to correct and review a student’s eligibility by using the weekly reports that are generated. Reviewing these reports on a routine basis helps to ensure that your school is aware of student eligibility changes that may still need to be reported to PHEAA. If your school receives pre-disbursement rosters, this is also a great way to correct a student’s enrollment prior to the receipt of funds. This will limit the amount of excess cash on hand and reduce potential future refunds that may need to be remitted back to PHEAA.

All schools are also required to establish a procedure for record retention. The State Grant Program requires that schools maintain auditable documents for a minimum of 5 years. Examples of documentation that should be retained include copies of refunds remitted to PHEAA, final reconciliation rosters, and documentation that was used to confirm a student’s award eligibility. At any time within this period, PHEAA’s Program Review staff could request to see these documents from prior years.

Slide 7 - Maintaining and Accounting for Funds: Refunds

Refunds are created when student eligibility changes after disbursement and, from time to time, schools may be required to remit a refund back to PHEAA if a student is overawarded, determined to be no longer eligible, or as a result of a program review finding. The method of remitting refunds, as well as whether refunds are sent back to PHEAA during the academic period or during reconciliation is ultimately the school’s choice, but all refunds must be remitted by the established deadlines. Refunds for the academic year must be resolved by June 1st while refunds from the Summer term must be remitted no later than October 31st. Refunds that are not returned by the deadline will cause your institution to have a disbursement hold placed on its account.

When remitting a refund to PHEAA, it is important that your refund include the payment reason, the academic year and period, the student’s name, and an indication that the refund is for the State Grant Program. PHEAA receives and processes numerous refunds on a daily basis. By simply identifying your refunds with this information, it can speed up the process and minimize your chances for being placed on a disbursement hold.

Refunds should be submitted only after record changes have been made, unless the refund is the result of a Program Review. Program Review record changes are done separately by PHEAA staff and after the refund has been received. While PHEAA prefers that refunds be remitted by ACH, in the chart on this slide, we have provided the address for sending refunds by check for the reasons of overpayment and program review. Please note that Program Review refunds should be returned to a different address as they are handled by our Compliance team.
The return address for Program Review refunds may also be found in all letters that were sent to your institution from this team.

**Slide 8 - Financial Responsibility: Excess Cash and Netting**

To avoid the over disbursement of funds, schools are permitted to take excess cash generated by the cancellation of student awards and use it to pay other students that were awarded after the generation of the disbursement roster. This transfer of excess cash from one student to the next is what PHEAA refers to as netting.

Netting is prohibited between academic periods. This means that, although schools may net between rosters generated within the same academic period, schools cannot use excess cash from the academic year to pay the Summer term, or vice versa. Netting may also not occur between academic years or Summer terms. For example, excess cash from the 2018-19 Academic Year may not be used for the 2019 Summer.

For schools not familiar with the netting process, let’s review a quick example. Student A was listed on your school’s Fall disbursement roster for a one thousand dollar award. Upon your eligibility review, your school determined that the student was not enrolled for the term and therefore the award was cancelled.

When the Spring disbursement is issued to your school in early-January, Student B is not listed. Student B later receives an award on February 5th. Your school may use the excess cash from Student A during the Fall term to pay Student B’s award.

In order to pay Student B however, your school must have acceptable notification, that the student is State Grant eligible. This could be a GPAD Report or even the eligibility display in Partner Interface. Additional examples of acceptable notification are reviewed later in this presentation. For more information on the subject as it relates to crediting refer to Section F of Chapter 4.

**Slide 9 - Maintaining and Accounting For Funds: Holds**

When a school does not adhere to program policies, PHEAA may postpone generating disbursements until the institution is in compliance. For instance, failure to return pre-disbursement, term disbursement, or reconciliation rosters by the deadlines puts your school at risk for having future disbursements held. Additionally, outstanding refunds from a prior academic year or the Summer term will also cause a school’s disbursements to be held. Please keep in mind that refunds should be remitted with the appropriate information, including the applicable year and period and the student identification information. Incomplete or incorrect refund information could delay payment processing and potentially cause a disbursement hold.

A few other reasons which could cause PHEAA to place a school’s disbursements on hold for the State Grant and other Special Programs include: change of ownership, incomplete ACH
paperwork, determination of a lack of administrative capability, or if PHEAA receives notice that your school may be closing, or has been placed on federal oversight. While funds will not be issued to an institution during a disbursement hold, access to PHEAA systems and services will not be interrupted.

If you suspect that your school may be on disbursement hold, you can confirm the hold status and reason via the FG3M and FC5S school displays in OC/WebConnect.

**Slide 10 - Roster and Funds Availability: Rosters**

So far within this presentation, we have been talking about the types of rosters for the State Grant Program. Let’s take a quick moment however to actually define these rosters, and review what each one is in more detail. There are three types of rosters that PHEAA generates for the State Grant Program; pre-disbursement, term disbursement, and reconciliation. Pre-disbursement rosters, which are usually generated prior to the term’s start date, serve as a method for schools to pre-certify a student’s award prior to the term’s disbursement. During the academic year, pre-disbursement rosters are automatically generated for Business Trade and Technical schools, out of state schools and select in-state institutions; but are issued to all schools during the Summer.

Pre-disbursement rosters must be certified and returned in order to receive the term’s disbursement roster with funds. It should be noted that PHEAA will not accept a school’s pre-disbursement roster before the school’s term start date.

PHEAA prepares to issue term disbursements to eligible schools after the Commonwealth budget is passed. Eligible schools are those that are considered to be in good standing for the State Grant Program. Term disbursements and rosters are based on a snapshot of student eligibility, and will be sent once for each term in the Academic Year. For the Fall term, PHEAA will typically disburse funds in mid-August through November. Winter disbursements usually occur mid-November until mid-February. Spring disbursements are generally sent between mid-December to mid-February for semester schools, and mid-February to mid-March for schools on a quarter schedule. Schools should certify the academic year disbursement rosters within 45 days of the roster print date and by the noted deadlines.

During the Summer, PHEAA disburses between June and August. Please note that an institution may receive disbursements in June, July, and August of the Summer term, depending on the term start date and a few other factors, including the timely submission of the Summer pre-disbursement roster. Summer roster certification is due within 30 days of the print date or by the Summer period deadline.

At the end of the academic year or Summer term, PHEAA requires all schools to reconcile their records. The reconciliation rosters allow schools a final opportunity to compare their records with the information that was reported to PHEAA throughout the period. It is also an opportunity
for schools to re-review a student’s eligibility and confirm that all student awards have been credited, if applicable. For the academic year, PHEAA begins generating reconciliation rosters in April, whereas the Summer reconciliation period begins in October. PHEAA will automatically generate the first roster, providing your institution does not have any outstanding term disbursement or pre-disbursement rosters. Certification of reconciliation rosters should be completed within 30 days of the print date and by the reconciliation deadlines.

As mentioned previously, outstanding items could cause a school’s disbursement roster to be withheld.

**Slide 11 - Roster and Funds Availability**

Disbursement rosters are only available via PageCenter and the Disbursement Transmission process. Since rosters contain non-public personal information, PHEAA will only transmit them via these secure channels.

Upon disbursement, an Electronic Fund Transfer will be issued. Schools should receive the EFT in approximately 14 business days, since PHEAA must request the funds from the Commonwealth first.

For this reason, schools do not need to wait until the disbursement reaches their account before they may credit a student’s award.

One other item that we would like to highlight is the disbursement adjustment percentage. The adjustment percentage is the portion of the term disbursement initially sent to schools with the term roster. A school’s adjustment percentage is stored on FG3M for all schools. This percentage is the 3-year historical average of the portion of funds used by your institution. The remaining funds are recovered during the reconciliation process.

Although only a percentage of the funds calculated for the term are initially sent, schools may not adjust the crediting of student awards based on the percentage. Schools may use institutional funds or excess cash on hand to credit students’ full award amounts.

In the case that the remaining term funds are still required for crediting students’ full term awards; schools can contact PHEAA to request a supplemental roster. Please keep in mind that only one supplemental roster can be requested each term after the initial one has been returned and that this roster, like any other roster, requires a review for student eligibility as it may include additional students that were not awarded in time for the first roster. More information on requesting supplemental rosters is available in Chapter 4, section E of the State Grant program handbook.
**Slide 12 - Crediting**

After your institution has determined that a student meets all of the eligibility requirements for a State Grant award and the disbursement roster has been generated, the student’s award must be credited to their account. Since PHEAA requires term-by-term eligibility verification, awards must also be credited on the same term-by-term basis. It is important to understand that although a student’s award may be considered final, credit removal may still be necessary if a student’s eligibility changes later within the term.

Schools are also encouraged to keep documentation of the date when the award was credited to each student’s account. This documentation may prove helpful if your school is later asked to produce documentation for a Program Review.

Since there may be instances where PHEAA delays disbursements to an institution, each institution is given the option to issue preliminary credits on student’s accounts. A preliminary credit is a deferment of the term’s charges based upon notification that the student is receiving a State Grant award for the term. In order to issue a preliminary credit, your school must have documentation indicating that the student is or will enroll for the minimum credits commensurate with their award type. Your school must also have acceptable notification that the award exists. Acceptable notifications for preliminary crediting include documents that capture the student’s SSN or PHEAA Account Number, name, award amount and date. An example of this would include a PHEAA award notice, a screen capture of the award display, or indication based on the Status Listing.

If your school elects not to issue preliminary credits, final credits must still be issued to students accounts when the term disbursement or reconciliation roster has been received. A final credit is when your school commits the funds to the student’s account and can confirm that the student meets all of the eligibility requirements for the term. Schools do not need to wait for the actual EFT to occur before a final credit can be issued. Your school may pay students’ accounts as of the date the roster is generated. As mentioned previously, if your institution has excess cash on hand, students awarded after the term roster has run may be issued a final credit based on acceptable notification of eligibility.

**Slide 13 - Roster Certification**

After you have reviewed your students’ eligibility, your school must use the Online Web Certification Form to return the roster to PHEAA. Submission of the form indicates to PHEAA that all student updates were submitted, eligibility has been confirmed and fund crediting has occurred for all awarded students.

Submitting roster certification will log an activity entry on the institutional FC5S display overnight. You can then track the processing status and verify completion on FG3S. You are also encouraged to review FC5S to confirm PHEAA’s receipt of the certification form and keep a
copy of this form with your term files. By keeping a copy, your school will be able to prove to
PHEAA that it was submitted should a technical issue arise.

In the event that the web certification form is unavailable, schools will be directed to return the
final Certification Page of the PageCenter rosters for submission. Submitting the certification
pages of these rosters will be used as a last resort since they require manual processing by
PHEAA staff. If PHEAA directs you to submit the PageCenter certification page, you are still
required to make electronic student enrollment and eligibility updates through Partner Interface
or Certification Transmissions. PHEAA will not accept these changes via the PageCenter
rosters.

**Slide 14 - Roster and Funds Availability: Reconciliation**

To PHEAA, reconciliation means that the ‘balance due PHEAA’ and ‘balance due school’ on
FG3S are both zero. It also means that your school’s information matches PHEAA’s information
with regard to disbursement amounts, refund amounts, students’ eligibility statuses, and final
award crediting as presented on the final reconciliation roster. Schools should regularly monitor
the FG3S display during reconciliation to verify if any funds need to be disbursed or refunds
need to be remitted.

To assist with the reconciliation process, we would also like to share a few best practices that
may prove helpful while managing the State Grant Program.

The first tip is to be sure to review the PHEAA-produced reports. Many of these reports are
produced on a weekly basis, and are designed to give your school an overall picture of the
status of the student’s eligibility determination.

Second, ensure that your school is requesting all funds due your school by the deadlines. This
will require that your school monitor FG3S on a routine basis. Reviewing FG3S on a routine
basis will allow your school to know when rosters have been received and if funds are now due
to your school for the current or prior period.

Another best practice worth sharing is that documentation is critical. You’ll want to ensure that a
paper trail exists to support the decisions made by your institution should they be later
questioned. When reconciling, it is important to remember to add in any PHEAA Collectable
amounts. The roster summary page lists the PHEAA Collectable and Offset amounts, which
represents the total amount of refunds that PHEAA has recovered or requested directly from
students. Since this amount is not part of the “Refund To Be Sent To PHEAA,” schools will need
to add these amounts to the total awards when balancing the State Grant account for the year.

Open communication is also key. PHEAA understands that the administration of the State
Grant Program often times requires assistance from other campus offices. You are able to
share communications, deadlines, and even a copy of the Handbook with these other offices so that you may all work together.

Lastly, your school will want to monitor when refund payments are sent and received by PHEAA. This information will be tracked on FG3S as well.

**Slide 15 - SGSP Resources**

In conclusion, we would like to refer you to some resources that will assist you in managing the State Grant Program. On our training page, you will find the most recent version of the State Grant Program Handbook in addition to user guides, tutorials, FAQ documents, and various one-page resources. You will also find resources to assist you with the other PHEAA-administered programs.

In Alec, you will find links to the Document Library and PageCenter. PageCenter is our reporting repository and contains student and institutional reporting for your school. Within the Document Library, you will find copies of correspondence that was sent to schools throughout the year in addition to technical resources such as our Online Roster Certification Form and our clock-hour conversion spreadsheet.

If you would like to contact us, PHEAA staff is available at 1-800-443-0646. You may also outreach to us via email to share your questions and concerns, or to express your feedback. Your feedback in writing will help us to share your input with the appropriate staff. If you have questions about institution eligibility for the State Grant Program, please call 717-720-2470.

**Slide 16 - Thank you**

Thank you for listening to the overview of the State Grant Disbursements and Cash Management requirements. Again, please be sure to review the current program handbook and other resources to ensure your understanding of these requirements and others that govern the program.