

## **DISBURSEMENTS POLICY & PROCEDURES**

### **10.1 Disbursement Process**

668.16(c)(2)

Due to the separation of duties requirement, BCCC recognizes that no one office may be responsible for both the authorizing and disbursing of financial aid. The delivery of Title IV funds must be carried out by organizationally independent individuals in accordance with cash management rules.

The financial assistance office prepares an estimated award sheet and has the student sign the document. Then, the ISIR package is sent to the third party processor (Weber). Weber processes the package and does checks and balances within their office and eventually awards and certifies the Title IV funds and provides BCCC's financial assistance office with an "Award Notice". Weber draws down the funds. The FAO presents the award notice to the student and gets the student to sign and approve disbursements. The document is stored in the student file.

The approved disbursements are placed on a Weber payment list that the FAO receives every Thursday. This list is reviewed and each student on the list is evaluated according to the SAP policy to ensure student eligibility. The financial aid office return the list of eligible students back to Weber. Weber then transfers the money to BCCC's federal bank account.

While Weber, the third party processor awards and certifies funds and the FAO then approves the payments (based on SAP), the business office actually disburses and delivers the funds from our federal bank account to the student accounts.

BCCC's Financial Assistance Office also collaborates with the Registrar's Office to ensure the timely and accurate processing of student withdrawals. Students who have elected to withdrawal from courses at BCCC have their enrollment data updated immediately in order to ensure the proper processing of financial aid.

Students and parents are then notified once disbursements have been made. The method of notice can vary, however, the new preferred method is via email.

**Title IV Disbursements are not to be routinely or systematically Delayed until After 60% Completion of Payment Period.**

**BCCC shall not have the practice of delaying Title IV disbursements until after the conclusion of a payment period. Payments must and shall be timely according to and in compliance with regulations.**

**Post withdrawal Pell disbursements (if eligible) are made to students within 45 days of the date of withdrawal determination. In addition, BCCC must ensure that students are informed of their option to receive Direct Loan funds (\*if eligible) within 30 days of the date of withdrawal determination.**

**Note of Clarification:** BCCC will and shall disperse funds to students in a timely manner to best assist students in paying education expenses. Consequently, BCCC shall avoid late disbursements and to not delay the disbursement of funds until after 60% point, for example, to avoid performing a Return of Title IV Funds calculation and the requirements that go along with it, or to prevent the student from having to return funds upon withdrawal or for fiscal money management. This policy is intended to ensure that BCCC refrain from routinely or systematically delaying disbursing Title IV funds for any reason including fiscal cash management, default management or to avoid Title IV returns.

## **10.2 Definition of Disbursements & Disbursement Methods**

BCCC Defines Disbursement as: The process through which FSA program funds are paid to a student (or parent for PLUS Loan funds).

668.164(a)(1)  
668.14(b)(21)

Disbursements are made via a credit to a student's institutional account rather than a cash disbursement made directly to the student or parent (in the case of a PLUS loan).

For the purposes of disbursing loan funds to a student or a parent borrower, receipt of Title IV funds must occur prior to crediting a student's account.

BCCC will not penalize Title IV recipients for nonpayment of fees due to financial aid regulations or delays attributable to the school (delay for 30 days the first disbursement for first-time borrowers). This is easy to enforce since BCCC does not impose late fees & penalties.

## **10.3 Delayed Disbursement for First Time Borrowers**

BCCC delays the disbursement of Direct Stafford loan funds until 30 calendar days after the student's program of study begins if the student is in the first year of an undergraduate program and is a first-time Direct Stafford borrower at BCCC.

Prior to awarding delayed Direct Stafford loan funds to a BCCC student, the BCCC Financial Assistance Office confirms that he or she remains an eligible student. For such an award, confirmation includes that the student is enrolled at least half time and has not unofficially withdrawn from classes.

BCCC determines and documents that a student remains eligible to receive Direct Stafford loan funds through an identified procedure. The BCCC Financial Assistance

Office runs an Enrollment Report from the SRS system (student record system including student database in FoxPro) and if a student ceases to meet minimum eligibility requirements to receive loan funds, the loan is cancelled before the 30 day delayed disbursement date.

#### **10.4 Student Authorization**

Written authorization must be provided by the student or parent (for each award year) in order to disburse Title IV funds by crediting the student's account to pay current institutional charges for educationally-related activities & products other than tuition and fees.

##### **10.4.3 Holding Excess Title IV Funds (Credit Balances)**

BCCC will only hold excess Title IV Funds with authorization for each award year. This authorization is done in writing with a signature on an "authorization to hold credit balance form". Holding excess Title IV funds is only done in accordance with applicable Title IV regulations.

#### **10.5 Student & Parent Notifications**

Student notification of Title IV disbursement occurs via a printed format sent directly to the student's or parent's preferred email address recorded in the SRS (foxpro) system. In lei of and / or in addition to the email, the financial assistance office staff often presents the notification in a direct face to face meeting with the student or parent in the financial assistance office.

668.165(a)(1)(i)  
675.16(a)(2)  
668.165(a)(2)  
668.22(a)(4)(i)(B)  
668.22(a)(4)(ii)

Notifications include:

- Eligibility for funds from Title IV programs. (Award Notice)
  
- Title IV loan proceeds credited to the student's account, notification to the borrower of the disbursement date and amount, his or her right to cancel all or a portion of the loan, and the procedures for requesting cancellation. (Disbursement Notice)
  
- Post-withdrawal disbursement containing loan funds eligible to be credited to the student's account, notification to the

borrower of the disbursement date and amount, his or her right to cancel all or a portion of the loan, and the procedures for requesting cancellation. (Post-Withdrawal Disbursement Notification from R2T4)

· Offering a student (or PLUS borrower) any portion of a post-withdrawal disbursement not credited to the student's account, and notification to the student and PLUS borrower of the procedures for requesting the undisbursed funds.

All of these notification examples are generated by BCCC's Financial Assistance Office except the Award Notice which is generated by the Third Party Processor, Weber & Associates.

### **Official definition of a Title IV HEA Program Disbursement**

A disbursement of Title IV, HEA program funds occurs on the date that the institution credits the students ledger account or pays the student or parent with -

(a) Funds received from the Secretary; or

(b) Institutional funds used in advance of receiving Title IV, HEA program funds

(c) An institution must disburse during the current payment period the amount of Title IV, HEA program funds that a student enrolled at the institution, or the student's parent, is eligible to receive for that payment period. (Note: exception exists for FWS for which BCCC does not participate).

Relevant DOE regulations include:

34 C.F.R. §668.14 (a) states except as provided under paragraph (a)(2) of this section,

Also, see "Chapter 2- Disbursing Federal Student Aid Funds  
[https://policy.nd.edu/assets/203017/financial\\_aid\\_disbursement.pdf](https://policy.nd.edu/assets/203017/financial_aid_disbursement.pdf)

**Title IV Disbursements are to be timely made and are not to be routinely or systematically Delayed until After 60% Completion of Payment Period**

BCCC policy includes the following procedure:

BCCC will and shall disperse funds to students in a timely manner to best assist students in paying education expenses. Consequently, BCCC shall avoid late disbursements and to not delay the disbursement of funds until after 60% point, for example, to avoid performing a Return of Title IV Funds calculation and the requirements that go along with it, or to prevent the student from having to return funds upon withdrawal or for fiscal money management. This policy is intended to ensure that BCCC refrain from routinely or systematically delaying disbursing Title IV funds for any reason including fiscal cash management, default management or to avoid Title IV returns.

## **STEP BY STEP INSTRUCTIONS FOR BCCC DISBURSING (Summary of the process)**

### **Approving Title IV Payment Procedures**

1. Usually on Thursday the financial aid officers receive an email from the VFAO stating that there is a payment list available. They will then print the payment list on from the VFAO website.
2. Print two copies of each student's current progress report from foxpro.
3. Verify that the student is at SAP.
  - a. Verify that the student is at or above 70% in overall attendance
  - b. Verify that the student is at or above 70% in each individual course attendance.
  - c. Verify that the student is at or above 70% in each course grade.
  - d. Verify that the student is at or above 70% in lab credits (cosmetology and esthetics students only)
4. Mark out any student that isn't at SAP in all applicable categories.
  - a. Be sure to council any student who is marked out so that they can meet SAP in a timely manner or be put on Title IV Warning.
5. Sign and date authorizing payment.
6. Scan and upload approvals and denials to the VFAO ticket containing the payment list.

### **Disbursing money to student accounts.**

1. An email alert is sent to the financial aid officers when the payment list has been processed by our third party processor in the G5 system and is ready for posting. When received the financial aid office prints the processed list and turns it over to the chief financial officer to post to the individual student accounts in A/R QuickBooks.
2. The CFO then posts the deposits to the federal pell account by following these steps:
  - a. Select banking from the menu bar. Select Ok.
  - b. Select 1002 Federal Pell Account from the deposit to drop down box.
  - c. Change the date to match the payment list.
  - d. Fill in received from column with individual students names. Click ok when the outstanding invoice notice pops up.
  - e. Fill in the from account column account with Student Trust Liability.
  - f. Fill in appropriate payment method from the payment list (pell, sub, or unsub)
  - g. Fill in amount of payment for each individual student
  - h. Verify that the total of your deposit is the same as the payment list. Select Save and Close.

3. Then she will write a check from the federal pell account to BCCC following these steps:
  - a. Select banking from the menu bar. Write Check.
  - b. Select 1002 Federal Pell Account from the bank account drop down box.
  - c. Fill in Blue Cliff College in the Pay to the Order of line. Change the date to match the payment list. And record the amount of the payment list as the amount of the check.
  - d. Fill in the account column account with Student Trust Liability.
  - e. Fill in amount of payment for each individual student
  - f. Fill in the customer job column with individual students names. Click ok when the outstanding invoice notice pops up.
  - g. List all amounts and students.
  - h. Verify that the total of your check is the same as the payment list. Select Save and Close.
4. She will then post them to the individual student accounts following these steps:
  - a. Select customers. Click Receive Payments.
  - b. In the Received From drop down box select the individual students name.
  - c. In the Amount field key in amount from payment list.
  - d. Record the date as the date on the payment list.
  - e. In the Payment Method drop box select the appropriate method.
  - f. Then put a check next to the invoice you wish to apply the payment to.
  - g. Finally click save and new and apply the next payment to the following student.
5. Finally she will make a deposit consisting of those payments to the operating account by following these steps:
  - a. Select banking from the menu bar. Make Deposits.
  - b. Select the payments you just posted.
  - c. Select 1010 Operating Account from the deposit to drop down box.
  - d. Change the date to match the payment list.
  - e. Verify that the total of your deposit is the same as the payment list. Select Save and Close.
6. Then she will stamp the list completed and add her initials and the date and return the list to the financial aid officer.

## **Payment Notification Procedure**

1. After receiving the posted payment list the financial aid officer will generate student statements for each student who received payments that week.
2. She will print one copy of each statement.
3. Then she will scan a copy of each statement and email statement to the students email account.
4. She will then take the copy to the student that the statement belongs to request a signature and date for notification purposes and encourage the student to check her/his email for his/her copy.
5. She will notify the student or parent of their right to cancel a portion of the loan and also notify the student or parent of the procedures and time by which the student or parent must notify the institution that he or she wishes to cancel or modify the loan disbursements. She will also emphasize the importance of keeping debts low and that loans must be repaid.
6. Notify the student and parent borrower the procedure the cancel or change their disbursement amounts. The procedure is to put the request in writing and deliver to the financial aid office within 30 days of the disbursement. The written statement may or may not be on the notification document.
7. If the student or the parent chooses to cancel or change the disbursement amount, then the financial assistance department must send a status letter regarding the change also known as "Status of Loan Cancellation Request Letter".

### **See the attached letter templates:**

#### **Loan Disbursement Notification Letter**

It is to be sent to student and parent borrowers within 30 days after crediting the student's account with Direct Loan funds

#### **Status of Loan Cancellation Or Change Requests Letter**

used to notify students of the status of Loan cancellation requests.