

SUNY Downstate Medical Center
Finance Division: Policies and Procedures

Department: **Bursar's Office**

Subject: **Financial Aid Processing**

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No: BUR-1

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Implementation Date: **Currently in Place**

Distribution: **Administrative Manual**
 Department Manual
 Patient Care Manual
 AOD Manual

I. Purpose: To Document Bursar's Office Procedures for Financial Aid Processing

II. Policy: To ensure that the Bursar's Office is adhering to sound business practices and internal controls in all phases of processing financial aid; to process aid as quickly and efficiently as possible, using automated systems currently in place.

III. Responsibilities:

Securing data from financial aid office.

Posting financial aid awards and encumbrances to student bill and student account.

Processing and distribution of student refunds.

Return of financial aid overawards.

IV. Procedures/Guidelines

Financial Aid Billing File

Semester awarded financial aid is first reported to the Bursar's Office by the Financial Aid Office (FAO) using an Excel Spreadsheet via email. This first spreadsheet is referred to as a "billing file", and is generally sent to the Bursar's Office approximately six to eight weeks prior to the start of the semester. The primary purpose of this initial file is to allow students to register for the semester using pending financial aid. Students can register on the assumption that their institutional charges (tuition, fees, and dorm rental) will be paid based on financial aid to be disbursed and credited to their account after the first day of the semester. This file is "imported" into the Bursar's Office "SASI" student accounting system and is posted to the student's semester bill as "estimated", pending distribution of financial aid.

Student Bill/Invoice

Tuition and fee charges on the student bill are calculated by SASI based on data received from the Registrar's Office (program, credits, residency). Dorm rental charges are put on the bill by SASI based on data entered into the computerized Housing system that is maintained by the Office of Residential Life. This bill is sent to continuing students approximately four to six weeks prior to each semester by the Registrar's Office as part of a registration package. Entering students receive their bill at Orientation.

Financial Aid Encumbrance File

A second file, called an "Encumbrance File", is generally reported to the Bursar's Office by the FAO approximately one week prior to the start of the semester and is also "imported" into SASI. The purpose of this file is to allow students, where campus based aid has been finalized by the FAO, to get immediate "credit" on their student account for this aid even though the actual funds have not been disbursed. It allows the student to receive the maximum amount possible from their student bank loan check proceeds (i.e., Stafford and Unsubsidized Stafford Loans), which is generally the first financial aid to be disbursed and credited to the student account. As an example, a student who has \$3,000.00 in student charges, but has \$1,200.00 in campus based aid on the encumbrance file, would receive back \$3,200.00 from a Stafford Loan payment of 5,000.00. (i.e. \$1,800.00 of the \$3,000.00 in charges would be deducted from the loan. The remaining \$1,200.00 in charges would be paid by the campus based aid to be disbursed later in the semester.)

Bank Loans (Subsidized Stafford, Unsubsidized Stafford, and Alternative Loans)

Bank loans mentioned above are authorized by the Financial Aid Office. The checks are sent directly to the Bursar's Office. They are generally the first financial aid that is credited to the student account, for most students during the first month of the semester. We receive individual checks for each student made out to both the student and the institution. Students are emailed when their checks can be endorsed and applied to their account. Before applying bank loans, the cashiers in the Bursar's Office check to make sure the student is both registered and has sufficient credits to receive the loan. (The SASI system also creates warning messages when a cashier attempts to apply a loan to a student that may be ineligible for these reasons.)

Distribution of Financial Aid and Student Refunds

Once signed by the student, an automated process in SASI distributes financial aid bank loan funds on a receipt to the student account on an individual basis, applying the payment to outstanding charges and giving credit for any financial aid that is still encumbered. Cashiers and a cashiering supervisor review this distribution for accuracy. Overpayments are distributed to a "Refund due Student" account. Refund checks are computer generated. Refund amounts are reviewed by the cashiering supervisor prior to processing. The Bursar and/or his assistant review the checks prior to them being signed. A file (called Positive Pay file) is sent our lender for all checks issued to help insure no checks are being presented for payment fraudulently.

During the course of the semester, the FAO sends via email excel files called "Disbursement Rosters". These rosters authorize the Bursar's Office to draw down the particular type of financial aid being disbursed and apply the funds to the student account. The aid is processed the same way as it is for bank loans (i.e. student eligibility is re-verified, an individual receipt is generated by a cashier, the funds are applied to the student account, and receipts are checked for accuracy). Checks are cut to students for overpayments, which are reviewed, signed, and distributed to students. If disbursed financial aid is less than the estimated amount, the Bursar's Office bills the student for any shortfall.

Return of Title IV Financial Aid

Students losing eligibility for financial aid after disbursement generally only do so due to a withdrawal or leave of absence that occurs during the first 60 % of the semester, necessitating a return of Title IV Financial Aid. Upon notification of such withdrawal, the Bursar's Office uses software provided by the federal government on the internet (called "Return of Title IV Funds") to determine how much aid has been "earned" by the student, how much aid is "unearned", how much aid the student must return, and how much aid the institution is responsible to return. (We generally do not get more than two or three such occurrences per semester.)

A staff member in the Bursar's Office has the federal software referred to above installed on her computer and is responsible for seeing that aid in these situations is returned in conformity with federal regulations.

Financial Aid Overawards

Occasionally, the FAO instructs the Bursar's Office via email to return loan funds (Stafford and Unsubsidized Stafford) due to an overaward situation that has occurred. Overawards can occur mostly when a student receives a new or increased grant. In these situations, a notation is made by the Bursar's Office on the student record, and a block placed on the issuance of future automated refunds. When the grant is received, the amount overawarded is returned to the lender first, with any remaining overpayment issued to the student, as appropriate. This determination is made by the FAO, who instructs the Bursar's Office on how to handle financial aid overawards.