CASH MANAGEMENT AND DISBURSEMENTS

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Effie Barnett and Shaniek Green
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AGENDA

1. Disbursements
2. Type of Disbursements
3. Required Notices
4. Confirming Student Eligibility
5. Institutional Charges
6. Authorizations
7. *Title IV* Credit Balances
8. Submitting Disbursement Records to COD
9. Resources

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DISBURSEMENTS

WHAT IS A DISBURSEMENT?

- Disbursement occurs on date institution **credits** student's ledger account (or pays a student or parent directly)
  - with *Title IV* funds received from ED, **or**
  - with institutional funds used in advance of receiving *Title IV* funds from ED
- Occurs no earlier than 10 days before first day of classes of payment period
- Made by payment period
- Different disbursement types

GENERAL DISBURSEMENT RULES

- Disburse *Title* IV aid promptly, if possible
- Provide written notification concerning disbursements
- Confirm student's eligibility before making disbursements
- Report correct disbursement date in COD
- Issue timely *Title IV* credit balances

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TYPE OF DISBURSEMENTS

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TIMELY DISBURSEMENTS AND "THREE-DAY RULE"

- Disbursement is timely if it occurs within payment period for which funds were intended
- Institutions may not delay disbursements to avoid paying credit balances, returning unearned funds, or to pass 90/10 ratio
- Institutions on advance payment method must make disbursement no later than **three business days** after receiving funds from ED (prompt disbursement or "three-day" rule)

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DIRECT LOAN 30-DAY DELAY

There is a 30-day disbursement delay for **first-time, first-year undergraduate** borrowers. The institution may not credit the student's account or release funds to the student until 30 days **after** the first day of the student's program of study.

Classes begin August 26, 2025

Date	Transaction	Charge Debit	Payment/ Credit	Balance
8/1/2025	Registration Fee	$300		$300
8/1/2025	Fall Tuition	$15,800		$16,100
8/1/2025	Books, Course Materials, and Equipment	$1,000		$17,100
9/8/2025	Fall Pell Grant		$3,698	$13,402
9/25/2025	Fall Subsidized Direct Loan		$1,638	$11,764
9/25/2025	Fall Unsubsidized Direct Loan		$687	$11,077

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EARLY DISBURSEMENTS

10-day early disbursement rule

CREDIT HOUR, TERM-BASED SUBSTANTIALLY EQUAL

- 10 days before first day of classes of a payment period

NON-TERM, OR TERM-BASED NOT SUBSTANTIALLY EQUAL

The later of—

- 10 days before first day of classes of a payment period, or
- Date student completed previous payment period for which student received *Title IV* funds

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EARLY DISBURSEMENT EXAMPLE:
CREDIT-HOUR, TERM-BASED UNDERGRADUATE (UG) PROGRAM

Classes begin August 26, 2025

Date	Transaction	Charge Debit	Payment Credit	Balance
8/1/2025	Registration Fee	$300		$300
8/1/2025	Fall Tuition	$35,800		$36,100
8/1/2025	Books, Course Materials, and Equipment	$2,000		$38,100
8/16/2025	2025 Fall Pell Grant		$3,698	$34,402
8/16/2025	2025 Fall subsidized Direct Loan		$2,226	$32,176
8/16/2025	2025 Fall Unsubsidized Direct Loan		$2,968	$29,208

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EARLY DISBURSEMENT EXAMPLE: NON-TERM UG PROGRAM

Payment Period 1 (PP1)

PP1 begins August 26, 2025

Date	Transaction	Charge Debit	Payment Credit	Balance
8/1/2025	PP1 Tuition	$16,100		$16,100
8/1/2025	Books, Course Materials, Supplies, and Equipment	$500		$16,600
8/16/2025	PP1 Pell Grant		$2,423	$14,177
9/25/2025	PP1 Subsidized Direct Loan		$1,732	$12,445
9/25/2025	PP1 Unsubsidized Direct Loan		$990	$11,455

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EARLY DISBURSEMENT EXAMPLE: NON-TERM UG PROGRAM

Payment Period 2 (PP2)

Student successfully completes PP1 hours and weeks on December 4, 2025

Date	Transaction	Charge Debit	Payment Credit	Balance
11/25/2025	PP2 Tuition	$16,100		$16,100
11/25/2025	Books, Course Materials, Supplies, and Equipment	$500		$16,600
12/5/2025	PP2 Pell Grant		$2,422	$14,178
12/5/2025	PP1 Subsidized Direct Loan		$1,731	$12,447
12/5/2025	PP1 Unsubsidized Direct Loan		$989	$11,458

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LATE DISBURSEMENTS

- Disbursements made after student loses eligibility to receive *Title IV* aid
- Student becomes ineligible on date no longer enrolled at institution at least half time for Direct Loan period, or no longer enrolled for award year for *Title IV* grant programs
- Certain conditions **must** be met for institution to make late disbursements
- Institution must make late disbursements no later than 180 days after student becomes ineligible

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RETROACTIVE DISBURSEMENTS

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

Institutions can retroactively disburse *Title IV* aid for completed payment period for the current award year or loan period.	Student can only be paid for hours completed and this includes earned "F"s.	Student cannot be paid for hours dropped during the payment period.

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REQUIRED NOTICES

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GENERAL NOTIFICATION OF *TITLE IV* AID

Institution's responsibilities

NOTICE SENT PRIOR TO DISBURSEMENT

- Send to students receiving any *Title IV* funds
- Send to parent Direct PLUS Loan borrower

REQUIRED ELEMENTS

- Include type and amount of *Title IV* funds to be disbursed
- Specify type and amount of *Title IV* loans
- Explain how and when funds will be disbursed

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DIRECT LOAN AND TEACH GRANT NOTIFICATION

Institution's responsibilities

- Notification must include:
  - Date, type, and amount of disbursement
  - Student's or parent's right to cancel all or a portion of loan or TEACH Grant
  - Procedure and deadlines to cancel or adjust loan or TEACH Grant amounts
- Timing of Notification depends on whether institution obtains affirmative confirmation from student

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AFFIRMATIVE CONFIRMATION

- Institution obtains **written** confirmation* from student to:
  - Accept loan types and amounts, or
  - Request loan adjustment or cancellation
- Institution must send notification **no earlier than 30 days before and no later than 30 days after** institution disburses loan(s) to student's account
- Institution must return loan funds if it receives cancellation request by first day of payment period or 14 days after date institution sends notification, whichever is later

* TEACH Grant program is administered as an affirmative confirmation process.

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NO AFFIRMATIVE CONFIRMATION

- Institution does **not** obtain written confirmation from student
- Student notifies institution only if student requests loan adjustment or cancellation
- Institution must send notification **no earlier than 30 days before and no later than 7 days** after institution disburses loan(s) to student's account
- Institution must return loan funds if it receives cancellation request within 30 days of date institution sends loan disbursement notification

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CHECKING ELIGIBILITY AT DISBURSEMENT

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CHECKING STUDENT ELIGIBILITY

Institution must confirm the student remains eligible for *Title IV* funds before making a disbursement.

ALL *TITLE IV* AID

- Commenced attendance (not a "no-show")
- Making satisfactory academic progress
- Completed previous payment period

PELL GRANT

- 600% lifetime eligibility not exceeded
- Enrollment intensity not changed

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CONFIRMING STUDENT ELIGIBILITY

Institution must confirm the student remains eligible for *Title IV* funds before making a disbursement.

DIRECT LOANS

- Accepted origination record
- Linked MPN in COD
- Completed loan entrance counseling
- Enrolled at least half time
- Completed first 30 days (first-time, first-year undergraduate borrowers)

TEACH GRANT

- Completed initial or subsequent counseling
- Signed *Agreement to Serve or Repay*
- Met academic performance standards

INSTITUTIONAL CHARGES

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INSTITUTIONAL CHARGES

Institutional charges

- Tuition
- Fees
- Contracted food and housing
- Other educational expenses
- Book, course materials, supplies and equipment (if no real and reasonable opportunity to purchase elsewhere)

Generally assessed by payment period

Prorated if institution charges upfront for more than one payment period

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PRORATING INSTITUTIONAL CHARGES

Two ways to prorate upfront institutional charges:

1. Programs with substantially equal payment periods
   - Divide total institutional charges by number of payment periods
2. All other programs
   - Divide number of credit or clock hours in current payment period by total number of credit or clock hours in program, and
   - Multiply result by total institutional charges

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AUTHORIZATIONS

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STUDENT AND PARENT AUTHORIZATIONS

When not required

- Use *Title IV* funds to pay tuition, fees, and contracted food and housing
- Use *Title IV* funds to pay books, course materials, supplies, and equipment **if considered** institutional charges
- Use *Title IV* funds to cover up to $200 in prior-year charges for tuition, fees, and contracted food and housing

When required

- Use *Title IV* funds to pay for books and supplies (not considered institutional charges) and other allowable educationally related charges
- Hold *Title IV* credit balances
- Use Electronic Funds Transfer (EFT) to pay *Title IV* credit balances
- Use stored-value card or similar instrument for issuing *Title IV* credit balances

STUDENT AND PARENT AUTHORIZATIONS

Timing Requirements

- Obtain authorizations prior to actions
- May be valid for entire period of enrollment
- Must specify time covered
- Must specify cancellation or modification can occur at any time

Required Elements

- *Title IV* funds covered by authorization
- How institution will complete activity covered by authorization
- How student or parent can cancel or modify authorization
- How institution will cancel authorization upon request

STUDENT AND PARENT AUTHORIZATIONS

- Must be written in plain English
- Actions must be clearly explained
- May include more than one authorization on form
- Voluntary for students and parents

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TITLE IV CREDIT BALANCES

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TITLE IV CREDIT BALANCES

A *Title IV* credit balance occurs when the amount of *Title IV* funds exceeds the allowable charges assessed by the institution for the payment period.

Institutional charges and/or books and supplies must be prorated if students are being charged up front for these costs.

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PAYING *TITLE IV* CREDIT BALANCES

The institution must pay a *Title IV* credit balance to student or parent borrower as soon as possible, but no later than:

- 14 calendar days after credit balance occurred if after first day of classes, or
- 14 calendar days after first day of classes if credit balance occurred on or before the first day of classes.

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CALCULATING *TITLE IV* CREDIT BALANCES

Example

Classes began on September 9. *Title IV* credit balance issued within 14 days.

Date	Transaction	Charge Debit	Payment Credit	Balance
8/20/2025	Tuition and Fees	$15,100		$15,100
9/24/2025	Fall Pell Grant		$3,003	$12,097
9/24/2025	Fall FSEOG		$1,000	$11,097
9/24/2025	Fall Subsidized Direct Loan		$2,720	$8,377
9/24/2025	Fall Unsubsidized Direct Loan		$990	$7,387
10/3/2025	Fall Parent PLUS Loan		$10,000	– $2,613
10/8/2025	Credit Balance Refund (Title IV credit balance)	– $2,613		0

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PAYING *TITLE IV* CREDIT BALANCES

Title IV credit balance considered paid on date institution:

- Initiates EFT, or
- Mails check, or
- Notifies student within 14-day requirement that funds are available for immediate pick up at specific location
  - Hold funds for 21 days from date of notification
  - Must mail check, initiate EFT to student, or return funds to ED if credit balance not picked up after 21 days

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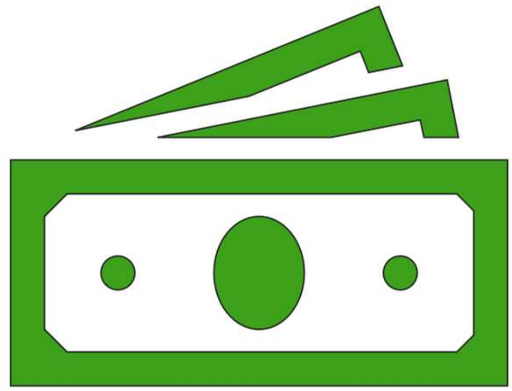
HOLDING *TITLE IV* CREDIT BALANCES

Institution's Responsibilities

- Identify held credit balance funds in subsidiary ledger and maintain cash in depository account
- Pay credit balance no later than 14 days upon request or canceled authorization
- Release *Title IV* loan funds by end of loan period or end of award year for all other *Title IV* aid



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PROVISIONS FOR BOOKS AND SUPPLIES

Institutions must provide a way for *Title IV* students to obtain or purchase books and supplies by the seventh day of the payment period, if—	*Title IV* funds could have disbursed 10 days before beginning of payment period, **and** disbursements create Title IV credit balance.
Institutions must provide lesser of—	*Title IV* credit balance, **or** amount needed by student.

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UNCLAIMED *TITLE IV* FUNDS AND ESCHEATING

34 CFR 668.164(l) Returning funds.

Escheating is prohibited.

Institution has 45 days to:

- Attempt another delivery of funds after EFT rejected or check returned, or
- Return funds to ED if it does not make another attempt to deliver funds.

Institution must return funds to ED no later than 240 days if check is uncashed.

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SUBMITTING DISBURSEMENT RECORDS TO COD

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SUBMITTING DISBURSEMENT RECORDS

Institutions must submit Pell Grant, TEACH Grant, and Direct Loan disbursement records to COD **no later than 15 calendar days** after making the disbursement or becoming aware of the need to adjust a student's previous disbursement.

The "Date Processed" in COD is the date the institution submitted or updated the disbursement record.

The disbursement date entered in COD must match the actual date of disbursement that occurred on the student's ledger account.

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IMPORTANCE OF SUBMITTING ACCURATE AND TIMELY DISBURSEMENT RECORDS TO COD

- Accurate remaining *Title IV* eligibility for mid-year transfer students
- Minimize Pell Potential Overaward Process (POP) for exceeding 100% of Scheduled Award (or 150% for Year-Round Pell)
- Accurate interest accrual on unsubsidized loans
- Accurate outstanding principal balances for loan consolidation, loan forgiveness, or loan discharges
- Accurate reporting of loan balances from COD to NSLDS® for students entering repayment
- Accurate G5 balances for account reconciliation activities

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RESOURCES

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REGULATIONS AND GUIDANCE

- 34 CFR Part 668 Subpart K-Cash Management
- *Federal Student Aid Handbook*, Volume 4
- Common Origination and Disbursement (COD) Frequently Asked Questions (March 2025) (PDF download)

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G5 AND COD HELP DESK INFORMATION

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GRANTS MANAGEMENT SYSTEM (G5)

Website: g5.gov

Phone: 1-888-336-8930

Phone support hours:

- 8 am–5 pm Eastern time
- Monday–Friday

Email: OBSSHelpDesk@ed.gov

(Include UEI and/or Award Number in email)

COMMON ORIGINATION AND DISBURSEMENT SYSTEM (COD)

Website: cod.ed.gov

Phone: 1-800-848-0978

Phone support hours:

- 10 am–6 pm Eastern time
- Monday–Friday

Web Help link: Contact Us

Email: CODSupport@ed.gov

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OTHER RESOURCES

1 **Knowledge Center**

Knowledge Center Homepage

Subscribe for daily or weekly email updates.

2 **FSA Training Center**

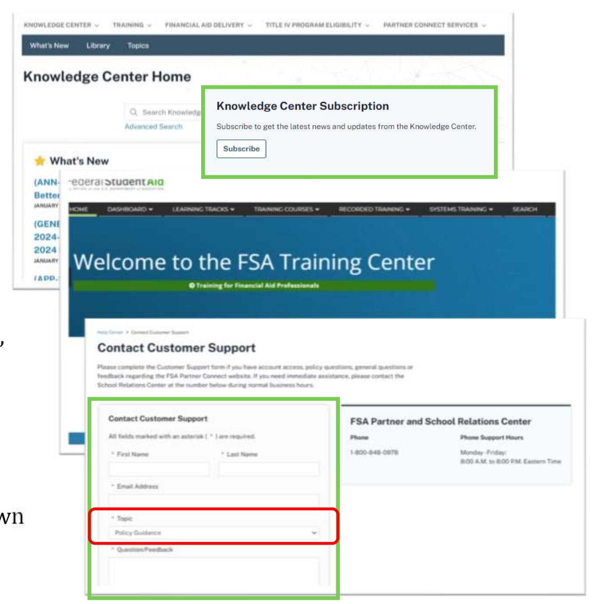
FSAtraining.ed.gov

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.



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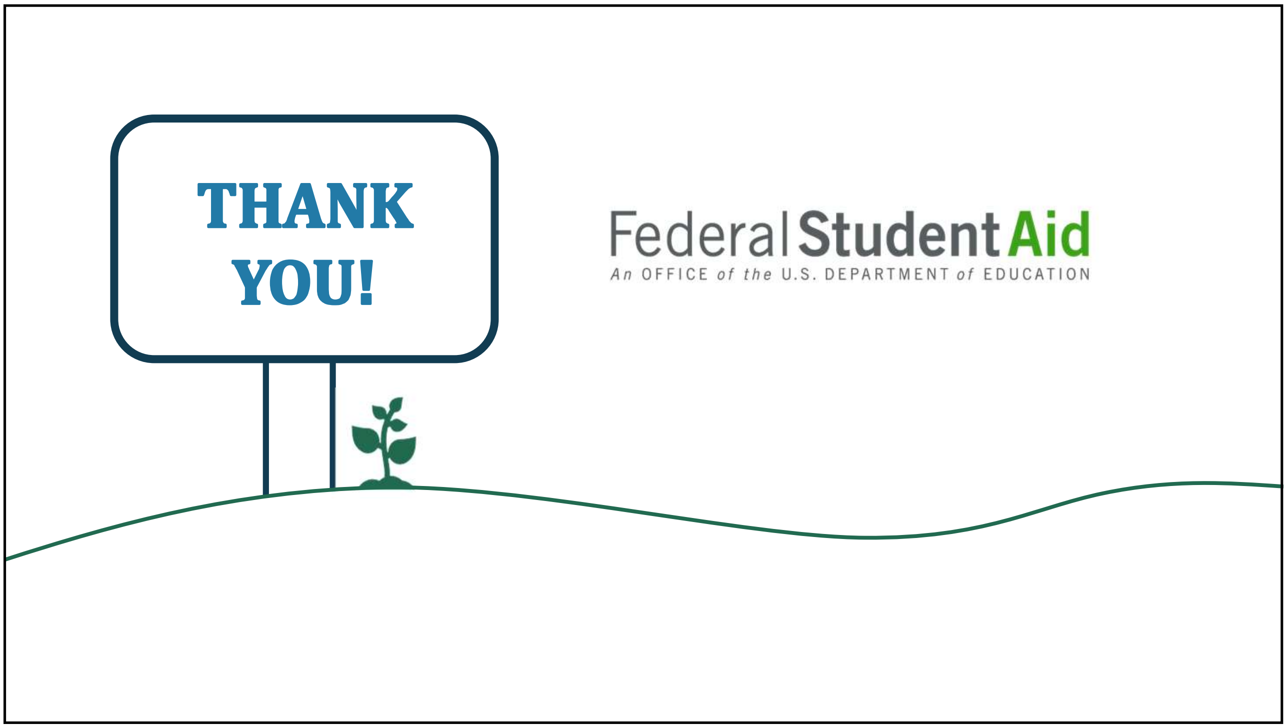
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