

SOUTH DAKOTA BOARD OF REGENTS

Academic and Student Affairs

AGENDA ITEM: 6 – A

DATE: April 3-4, 2024

SUBJECT

New BOR Policy 3.6.2 – System Financial Aid Processing (First Reading)

CONTROLLING STATUTE, RULE, OR POLICY

[The ISIR Guide](#)

[Student Federal Aid Handbook – SAR Comment Codes](#)

[Student Federal Aid Handbook – Application and Verification](#)

[Financial Responsibility, Administrative Capability, Certification Procedures, Ability to Benefit](#)

BACKGROUND / DISCUSSION

As the Regents continue to support system solutions such as a common Student Information System, Degree Audit, and Course Program of Study, there are obligations for consistency. To that end, there are common needs for all six (6) institutions around Title IV, specifically federal financial aid processing in a shared Enterprise Resource Planning (ERP) system. This statewide ERP system incorporates financial aid and student information.

While there are excellent resources available to our institution’s financial aid directors such as the Student Federal Aid Handbook, the implementation of the Course Program of Study has shown that there are complex sets of rules. This can be even more challenging when the Regents deploy a common ERP system that requires a common configuration.

The negotiated regulatory changes impact both financial transparency and the administration of federal financial aid. Specifically, the new regulatory changes impact are due to the following amendments:

We amend the financial responsibility regulations to increase the Department of Education's (Department) ability to identify high-risk events at institutions of higher education and require financial protection as needed. We amend and add administrative capability provisions to enhance the capacity for institutions to demonstrate their ability to continue to participate in the financial assistance programs authorized under Title IV of the HEA (Title IV, HEA programs). Additionally, we amend the certification procedures to create a more rigorous

(Continued)

DRAFT MOTION 20240403_6-A:

I move to approve the first reading of the proposed new BOR Policy 3.6.2 – System Financial Aid Processing, as presented.

process for certifying institutional eligibility to participate in the Title IV, HEA programs. (Federal Register¹).

Specifically, Administrative Capability (§ 668.16) has been amended to require institutions to provide adequate financial aid counseling to enrolled students that includes more information about the cost of attendance, sources and amounts of each type of aid separated by the type of aid, the net price, and instructions and applicable deadlines for accepting, declining, or adjusting award amounts. (Federal Register²).

Accordingly, this policy sets forth governance on the processing of federal financial aid applications and verification by the central office. It also ensures that the institutions will promptly communicate the policy and procedures at the institutional level.

This policy includes the following:

Sections:

- Purpose
- Definitions
- Policy and Procedures
- System Enrollment Services Center
- Institutional Financial Aid Officers
- Appeal Process

The system office attempted to fully vet this policy by meeting with the financial aid team (directors) to address content and recommend necessary changes. Once the changes were researched and modified, this policy was shared with AAC and SAC.

IMPACT AND RECOMMENDATION

The Academic Affairs Council (AAC) and the Student Affairs Council (SAC) have reviewed the draft policy for the first reading approval at the Board of Regents meeting.

BOR academic staff approve of the proposed draft of new BOR Policy 3.6.2 – System Financial Aid Processing.

The timeline associated with this policy revision will be as follows:

- First Reading – April 2024 BOR Meeting
- Second and Final Reading – June 2024 BOR Meeting

ATTACHMENTS

Attachment I – Proposed New Draft of BOR Policy 3.6.2 – System Financial Aid Processing

¹ [Federal Register: Financial Responsibility, Administrative Capability, Certification Procedures, Ability To Benefit \(ATB\)](#)

² [Federal Register: Financial Responsibility, Administrative Capability, Certification Procedures, Ability To Benefit \(ATB\)](#)

SOUTH DAKOTA BOARD OF REGENTS

Policy Manual

SUBJECT: System Financial Aid Processing Policy

NUMBER: 3.6.2

A. PURPOSE

The purpose of this policy is to comply with Title IV, the federal student aid handbook, and any other regulatory rules and statutes. To that end, the Regental system deploys the system enrollment services center responsible for management of the Free Application for Federal Student Aid (FAFSA) processes and the verification of records. All other financial aid responsibilities shall be administered by the institutional financial aid offices in compliance with applicable laws and professional standards.

B. DEFINITIONS

- 1. FAFSA Processing System (FPS):** The FPS operates under a contract with the US Education Department to receive and process application and correction information and replaces the Central Processing System (CPS). The FPS matches student records with other federal databases, such as the Social Security Administration and Department of Homeland Security, to confirm eligibility. The FPS also applies a series of computer edits to the application information to check for inconsistencies, contradictions, and missing data.
- 2. FAFSA Submission Summary:** The student's output document providing a summary of data input on the FAFSA form.
- 3. FPS Code:** A notification with the ISIR database match requiring resolution by institutional financial aid staff.
- 4. Enterprise Resource Planning System (ERP):** This is the Regental system software solution platform to manage and integrate all university activities to manage the day-to-day operations including Academic Records, Accounts Receivable, Budget, Financial Aid, Finance, Grants, Human Resources, Procurement, Student Records, etc.
- 5. Institutional Student Information Record (ISIR):** The ISIR is an electronic federal output document produced by the FPS from FAFSA data. The ISIR is sent to schools designated by the student on the FAFSA.
- 6. Verification:** The process used to confirm selected data elements reported on the FAFSA form are accurate.
- 7. Verification Tracking:** A sorting mechanism which identifies verification groups with which the record is associated. This verification tracking is used in the ERP and by the financial aid staff.

C. PRINCIPLES, EXPECTATIONS AND POLICY STATEMENTS

1. Board of Regents Policy 1:0, 1:1, SD Constitution, and SDCL § 13-49 through § 13-53 provides the authority to govern the Regental system.
2. The Board of Regents shall hold the data sharing agreement with the US Department of Education.
3. The Board of Regents shall manage all data from the US Department of Education data system for the Financial Aid Applications and the Financial Aid Portal.
4. Where appropriate and feasible, common procedures for the administration of financial aid should be established across the Regental system. Each institutional financial aid office shall establish written procedures for the administration of financial aid programs consistent with Board policy, federal regulation, and applicable law.
5. The Regental system shall have a shared Enterprise Resource Planning System (ERP) which includes the financial aid information system. The institutional financial aid offices shall work with the academic and student modules and the system enrollment services center to develop consistent codes for use in the ERP.
6. The institutional financial aid offices shall work collaboratively to develop and maintain a consistent and standard guideline where consistency benefits the student, the state, and the Regental system.

D. SYSTEM ENROLLMENT SERVICES CENTER

The system enrollment services center (ESC) manages all aspects of the ISIR process, and the Income and Family Size verification required by federal rules.

1. Federal Financial Aid Application (ISIR^{1,2})
 - 1.1. The Board of Regents is the state agency designated to receive and send student ISIR information on behalf of the Regental institutions.
 - 1.2. The system ESC office imports all ISIRs from the US Department of Education (FPS) into the ERP. This ERP process shall document where students with rejected FAFSAs and/or C-Code issues, and for students chosen for verification.
 - 1.3. A document request communication shall be generated by the system ESC office for all students chosen for verification, with a rejected FAFSA, or with unresolved C-Codes.
 - 1.4. The following are examples of various C-Codes as listed on the ISIR:
 - 1.4.1 DHS Primary/Secondary Match
 - 1.4.2 Social Security Administration Citizenship Status
 - 1.4.3 Veterans Affairs Status Match
 - 1.4.4 National Student Loan Data System (NSLDS) - Including but not limited to:

¹ [The ISIR Guide \(ed.gov\)](https://www.ed.gov/isa)

² [Application and Verification Guide | 2023-2024 Federal Student Aid Handbook](#)

- 1.4.4.1** Potential Grant or Loan Overpayment
- 1.4.4.2** Potential Grant or Loan Limit
- 1.4.4.3** Unusual Enrollment History
- 1.4.4.4** Bankruptcy
- 1.4.5** Foreign Income/Foreign Income Exempt
- 1.4.6** Unaccompanied Youth

The institutional financial aid departments may request additional codes. When approved by the financial aid team, the system ESC office shall configure the ERP system.

- 1.5.** The system and institutional financial aid staff review the FAFSA Specification Guide for the appropriate aid year to determine the appropriate resolution for C-Codes.
 - 1.6.** Any student with a rejected FAFSA, unsatisfied C-Codes, or verification requirements will not be awarded federal financial aid until all codes are resolved and verification is complete.
- 2. Verification of Application Data**
- 2.1.** Verification is implemented to reduce the error rates in the applicant-reported data and to assure, to the maximum extent possible, that eligible applicants receive the correct amount of financial assistance.
 - 2.2.** The U.S. Department of Education identifies information that must be verified, communicates those data elements to schools annually, and randomly selects students for verification.
 - 2.3.** ESC will communicate electronically with all applicants selected for verification to request the additional documents needed.
 - 2.4.** Upon receipt of all requested documents, ESC staff will begin the process of verification, reviewing documentation and making necessary corrections to the student record.
 - 2.5.** ESC will utilize the ERP in communicating corrections through integration to the US Department of Education.
 - 2.6.** Conflicting information must be resolved before awarding federal financial aid.
 - 2.7.** Upon completion of verification and resolution of conflicting information, campuses will process federal aid according to their timelines.
 - 2.8.** If conflicting information is discovered after aid is awarded or disbursed, the system ESC and institutional financial aid staff shall coordinate to resolve the conflicting information.
 - 2.9.** Applicants failing to provide the required documentation within the specified time will:
 - 2.9.1** Forfeit his/her right to priority funding, and/or
 - 2.9.2** Lose the right for consideration for financial assistance.

E. INSTITUTIONAL FINANCIAL AID OFFICES

1. The Regental system shall develop procedural guidelines to ensure financial transparency.
2. The student email shall be used for direct communication per BOR Policy 3.2.1.
3. Institution financial aid offices may under federal rules verify a student outside the regular process as identified in section D above.
4. In determining eligibility for financial aid, financial aid administrators may document and consider special circumstances of individual students as permitted by applicable law and defined as professional judgement under the federal rules.
5. Loan servicing, including default and collection, shall be the responsibility of the lender or servicer. Where institution participation in default and collection procedures is required by applicable law, procedures will be established in institutional policy.
6. Requirements for student reporting and system coordination for financial aid where consistency is in the best interest of the student, state and Regental system shall be incorporated into Student Affairs Guidelines.

F. APPEAL PROCESS

Institutions shall have a policy on the student's rights and responsibilities including the right to appeal.

FORMS / APPENDICES:

None

SOURCE:

BOR June 2024.