

Financial Aid Highlights

Financial Aid Highlights is a periodic electronic news update provided by the Office of Financial Aid & Scholarships for the benefit of prospective and continuing CSUB students and parents, high school and community college counselors, faculty, and staff. The electronic publication will contain informational items pertaining to financial aid and scholarships of relevance to the CSUB community. Past issues are archived on the Financial Aid & Scholarships homepage at <http://www.csub.edu/finaid>. Additional information regarding any given topic may be obtained by calling the office at (661) 654-3016.

Move to Electronic Funds Transfer (EFT) / Direct Deposit as the preferred method for Financial Aid disbursement for FY07/08 - FAH (Vol. 8, No. 14)

Please be advised that the student financial aid disbursement and refund process is currently under review by the Student Financial Services and Financial Aid departments, and we welcome constructive input.

Background

A cost-benefit analysis was conducted by Student Financial Services department staff on the various methods of disbursement (e.g., check by mail, check by pick-up, and electronic fund transfer (EFT) directly to the student's bank account), as well as the pros and cons of each method. Since the University has a finite number of resources in both the Financial Aid and Student Financial Services departments, it is important that those resources are able to maximize the services we are able to provide our students. This is often done by increasing efficiencies in our processes and utilizing available automation.

The current check disbursement process requires the campus to freeze the files in the database on Monday and then process checks on Tuesday morning. The checks must be printed, signed by appropriate staff, checked for accuracy and then collated for mailing and/or personal pick-up. This process can take 2-3 days of all available resources depending on the number of disbursements needing to occur in that cycle. Since the process requires a large number of resources, the campus is only able to disburse twice a week the first 2 weeks of a quarter and then once a week thereafter.

When checks are mailed, a few days must also be added to the above processing to allow for mailing time. There is an increased risk that the check may be lost in the mail. Students living in apartments, with centralized mail boxes, have an increased risk of mail theft and check fraud. If a check is lost or stolen, then the University must first verify with the State Controller that the payment has not cleared, before a replacement check can be cut by the University. This can sometimes take up to 20 days, once again causing an undue hardship on the student. In addition, printing and mailing checks is costly.

The second method of disbursement is student pick-up. In this method, the student chooses to stand in line at the University to pick-up their check, instead of receiving their check by mail. There is a lengthy wait time and the Student Financial Services Office is not as able to focus on other student issues, when resources are tied up with the check pick-up process.

The third method of disbursement includes a transfer of funds from the University directly to the student's bank account. The University began a test market of this group about 5 years ago and has experienced a steady increase in requests for this method each year since the roll out program

began. This disbursement method requires an initial set up for the student, but then does not have to be changed for anything except a change in bank account. The administrative processing time is significantly less than the check processing since all processing, verifying and transmitting is done electronically and not with stacks of paper. If a disbursement rejects due to an incorrect account or closed account, then the student receives an email, rectifies the situation, and the new disbursement can be made within a day or two. If a bank change or other process prohibits an electronic disbursement immediately, a check for the current payment can be processed while the banking issue is being handled in time for the next quarter's disbursement. Due to the minimal number of resources required, the campus is currently able to make disbursements in this manner on a daily basis the first two weeks of the quarter and then as often as demand requires from that point forward in the quarter. This form of financial data transmission has been deemed to be more secure than paper checks and has become the mandatory method for the distribution of Social Security.

Establishing a Checking or Savings Account

The campus recognizes that some individuals may experience complications in establishing a bank checking or savings account. The university has several banking entities which have assured us they will offer banking options to all individuals. Our staff will be pleased to share these resources with you should you want additional assistance in this area.

Contact Information & Deadline

The University is continuing to review the various methods of payments we offer and determine the best method by which to proceed in an effort to deliver the maximum services to our students with the staffing available. We are interested in hearing your comments, questions and concerns as we review this process for the FY 2007/08 disbursement. Our goal is to be able to deliver financial aid in a timely manner, as often as feasible with the current resources, and in a secure environment. Since transaction delays sometimes occur, it will be important to consider all options that can address these issues with minimal disruption to the student. Please send all comments or questions to Sharon Taylor, Assistant VP of Fiscal Services, at staylor@csub.edu by **February 15, 2007**.

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