



Archived Information
UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE CHIEF FINANCIAL OFFICER

October 21, 2010

Dear U.S. Department of Education FEDWIRE Payee:

This notification is being distributed to all U.S. Department of Education (Department) grant and cooperative agreement payees currently utilizing the FEDWIRE payment transmission option to receive grant and cooperative agreement funds. The purpose of this notification is to explain the current options available for receiving payment transmissions. During these economic times, it is important that you are aware of this information in order to make optimal business decisions.

Currently, payees have an option to receive Department grant and cooperative agreement funds either through the Federal Reserve Wire Network (FEDWIRE), also known as Same Day, method of transmission or through the Automated Clearing House (ACH). The FEDWIRE and ACH payment options both allow you to meet the Cash Management Improvement Act (CMIA) requirement's three-day rule for drawing down and disbursing funds.

FEDWIRE is a real time gross settlement Funds Transfer system operated by the Federal Reserve Banks that enables financial institutions to electronically transfer funds. FEDWIRE has associated bank fees, but funds are available to the grantee/payee the same business day. The cost of FEDWIRE to you, the payee, may range from \$25 - \$40 or more per transaction depending on the individual banking institution.

ACH, the preferred method of the U.S. Department of the Treasury (Treasury), is an electronic network for financial transactions in the United States. ACH transaction costs are negligible (typically, less than a penny) and may even be free, depending on your financial institution. Funds are available to the payee at the opening of business the very next business day. An ACH payment request cannot exceed \$99,999,999.00. For example, a request for \$300,000,000 may be requested as 4 equal payment requests of \$75,000,000.

If you opt to change your method of payment for an existing bank account that can also accept ACH payments, you may send a signed letter on your institution's letterhead with the account information, DUNS, Organization Name, and Contact Information (name/phone/email) to:

U.S. Department of Education
Financial Management Operations
550 12th Street, Room 6087
Washington, DC 20202-4328

If your existing bank account does not accept ACH transactions, you will need to change to a new bank account that will accept ACH payments and submit a new SF-1199A form. The website link to the SF1199A form and instructions is available in the FAQ section at the bottom of the Department's G5 homepage at:

<https://www.g5.gov/int/PdfForms/SF1199a.pdf>

In addition to your payment options, you should also be aware that Treasury's Financial Management Service has disbursement authority for grant payments made by virtually all Federal agencies. Effective October 1, 2010, Treasury began disbursing all payments made by the Department's grant programs. The grant or cooperative agreement payment your organization receives from the Department may be subject to the Treasury Offset Program (TOP), in accordance with the Debt Collection Improvement Act of 1996. This new disbursement process will enable the Department to comply with this law for grant and cooperative agreement payments. Information about the TOP is available at the following Internet address:

<http://www.fms.treas.gov/debt/top.html>.

If your payments are processed by FEDWIRE and your organization's Taxpayer Identification Number (TIN) is matched with a Treasury delinquent debtor database, the payment will *not* be processed through FEDWIRE. Instead, Treasury will reject the payment and you must either 1) resolve the delinquent debt identified, or 2) change your payment method to ACH and resubmit the payment request for processing as an ACH transaction.

Information regarding the impact of your Education grants and cooperative agreements and the TOP is specified in the July 26, 2010 letter to Education grantees from the Chief Financial Officer and can be found at the following Internet address:

<http://www2.ed.gov/policy/fund/guid/gposbul/top-letter-7-26-10.pdf>

If you have questions or need general assistance with payment issues, please contact the G5 Hotline at (888) 336-8930. If your payment has been offset and you have questions regarding the offset, please contact the Treasury Offset Program Call Center at (800) 304-3107 for immediate assistance. If you have additional questions, please contact Cindy Dixon at (202) 245-6677.

Thank you for your continued cooperation and assistance to this matter.

Sincerely,



Hugh J. Hurwitz
Deputy Chief Financial Officer