Education Maintenance Allowance (EMA)

Electronic Funds Transfer (EFT)
Payment Implementation

Frequently Asked Questions

School’s Guide

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Background

Feedback received from parents and schools identified the existing EMA cheque production and distribution process as an ongoing source of frustration. Some of the issues identified included:

- The current process of distributing EMA cheques to parents twice each year is a time consuming task for both schools and parents.
- There is a major administrative burden for schools associated with the distribution of cheques and the ongoing management of lost, damaged, and unclaimed cheques.
- Introducing an option for EMA payments to be made by EFT directly into the parents’ bank accounts would mean that parents who choose this option would receive their EMA payment much sooner than under the current cheque based system.
- Cheques are an outdated mode of payment. Few organisations still make cheque payments and receiving payments by Electronic Funds Transfer (EFT) would be a familiar arrangement for most parents.

Consequently, the Department conducted a pilot program during Term 3, at five nominated schools to trial the payment of the parent EMA portion (50%) directly into parents’ bank accounts.

Following consultation and extensive feedback which was provided by schools and relevant organisations, an evaluation of the pilot program resulted in a recommendation being made to implement a change to the existing EMA payment system whereby parents would be given the option to receive their EMA payment by EFT or cheque, commencing in 2009.

The introduction of the EFT payment option to parents is expected to result in a reduction in administrative burden for schools associated with the distribution and ongoing management of cheques, as well as offering parents a faster, more flexible, and convenient option for receiving their EMA payment.
Summary

From 2009, parents will have the option of receiving the 50% parent portion of their Education Maintenance Allowance (EMA) by either:

1. Electronic Funds Transfer (EFT) directly into the parent’s nominated bank account
   OR
2. Cheque payment – in accordance with the current EMA payment arrangements.

The 2009 EMA application form will include a section for parents to indicate whether they wish to receive their EMA payment by EFT directly into their nominated bank account or by cheque payment. Parents who choose the EFT payment option will also need to include on the form their BSB number and bank account number for payment. The school’s EMA Coordinator will then be required to make a simple entry of these bank account details into the modified EMA Web System.

Parents choosing the cheque payment option will receive their payment via a cheque which will be mailed to the school – which is the existing arrangement.

The introduction of the option of EFT payments to parents is expected to save schools time, alleviate paperwork and help reduce the administrative burden associated with the distribution and follow up of cheques. In addition, parents who choose the EFT payment option will benefit from a more convenient payment method and receive their EMA payments approximately 2 - 3 weeks sooner than they do under the current cheque based system.

Please note that there will be no change to the percentage of the EMA that goes directly to schools, or the way in which the 50% school portion is currently paid.
Frequently Asked Questions

1.1 Which parents are eligible to receive the EMA?

To be eligible for receipt of the EMA, an applicant must:

- be a parent or guardian of a primary or secondary school student up to the age of 16; and
- be an eligible beneficiary within the meaning of the State Concessions Act 2004, that is, a holder of Veterans Affairs Gold Card or be an eligible Health care card (HCC) or Pensioner Concession Card (PCC) holder or be a foster parent; and
- submit an application to the school by the due date.

Applicants must be able to meet the above criteria as at the first day of Term 1 (28 January 2009) for the first instalment and the first day of Term 3 (13 July 2009) for the second instalment.

1.2 What’s changing about the way the EMA is paid in 2009?

Commencing in 2009, eligible parents will have the option of receiving the 50% parent portion of the Education Maintenance Allowance (EMA) by either:

1. Electronic Funds Transfer (EFT) directly into the parent’s nominated bank account
   OR
2. Cheque payment – in accordance with the current EMA payment arrangements.

There will be no change to the percentage of the EMA that goes directly to schools, or the way in which the 50% school EMA portion is currently paid.

1.3 Why is this option being introduced?

The introduction of the option for parents to receive their EMA payment by EFT will save schools time, alleviate paperwork and help reduce the administrative burden associated with the distribution and follow up of cheque payments.

Parents who choose the EFT payment option will benefit from a more convenient payment method and receive their EMA payments approximately 2 - 3 weeks sooner than they do under the current cheque based system.

Parents who are satisfied with the current payment arrangements, or do not wish to provide their banking details, are able to nominate the cheque payment option.

1.4 What information do parents have to provide to ensure their payment goes directly into their bank account?

When completing the EMA 2009 Application Form, parents who wish to receive their payment via EFT will need to tick the Payment by Electronic Funds Transfer (EFT) option and fill in their BSB and bank account details. The application form also requests the Bank name and Branch name, however this does not need to be entered into the EMA system and is for verification purposes only.

This information will allow for payment of funds directly into the parent’s nominated bank account.
1.5 What are the guidelines for schools around storage of EMA application forms which contain personal and confidential information?

Schools must ensure that EMA application forms are stored securely, and that any banking details provided are only used for the purpose of making the EMA payment.

Non-Government schools are not governed by the Public Records Act 1973, which governs Government schools. Non-Government schools must seek advice on record keeping procedures as part of regular business requirements from the Australian Tax Office (ATO). The ATO guideline specifies maintaining records for 7 years as part of good general practice.

EMA records contain personal, sensitive and confidential information. Collection and use of the information by the Department is governed by the Information Privacy Act 2000.

Non-Government schools are advised to manage the collection and storage of EMA records using their current procedures on managing confidential student information.

Schools can scan EMA records if they want to. Pending further advice in relation to the Evidence Act 2008, schools should retain the paper copies until the 7 years have elapsed.

1.6 Where do parents find their BSB and account number?

These details can be found on their bank account statement or they can ask their bank or financial institution for the details.

1.7 What is a BSB number?

A BSB (or Bank-State-Branch) number is a code used to identify individual financial institutions. It is usually a 6-digit number and it appears on a bank statement.

If parents are unsure, please advise them to contact their bank or financial institution.

1.8 What if they don’t have a bank account?

Parents who do not have a bank account can receive their EMA payment by cheque.

1.9 Can parents choose to still receive their EMA payment by cheque?

Yes – parents who wish to receive their EMA payment by cheque can still choose to do so by ticking the Payment by Cheque option on the EMA application form.

The cheque will be posted to the school for distribution to the parent – which is the current arrangement.

However, parents who choose the EFT payment system option will receive their EMA payment directly into their bank account approximately 2 - 3 weeks sooner than parents who are paid by cheque.
1.10 How do parents get an application form for 2009?

It is the school’s responsibility to make application forms available to parents. These can be downloaded from the EMA website: http://www.education.vic.gov.au/management/financial/ema/documents.htm

Schools need to ensure that parents are made aware that they must submit their EMA application form to the school by 27 February 2009.

1.11 When do application form details need to be entered into the system?

Schools need to enter and endorse applications in the EMA system by 6 March 2009 in order to meet the first scheduled payment run.

1.12 How is the EMA amount decided?

The EMA is indexed annually to the Melbourne Consumer Price Index (CPI) to ensure that the payments reflect the increase in the cost of living. For 2009, the increase will take the amount that parents and schools receive for primary students from $215 to $221. The amount parents and schools receive for secondary students will be increased from $430 to $443.

1.13 Why do parents and schools receive 70% at the start of the year and only 30% for the second instalment?

This arrangement recognises that families incur the highest education costs at the start of the school year – so 70% is provided in the 1st instalment.

1.14 When will parents receive their 1st instalment EMA payment?

Schools need to enter and endorse all applications in the EMA system by 6 March 2009 in order to meet the first scheduled payment run. The first scheduled payment run date is Tuesday 10 March 2009.

EFT payments:

- Parents who choose the option to receive their EMA payment by EFT will be paid directly into their bank account approximately 3 - 4 days after the scheduled payment run date. This means that most parents will have received their EMA payment directly into their bank account by mid-March 2009, provided it passes the banking validation.

Cheque payments:

- For parents who choose the option to receive their EMA payment by cheque, the existing timelines for cheque distribution will continue to operate. Cheques will be posted to schools from late March 2009.
1.15 Who is communicating the changes to parents?

Schools have the responsibility for communicating the availability of and changes to the EMA to parents. To assist, the Department will provide the following resources for download from the EMA website

- a letter from the Minister for Education to be provided to all parents who claim the EMA in 2009;
- a suggested letter to parents from your school principal detailing changes;
- a sample newsletter article to communicate the changes to parents; and
- translated versions of the letter from the Minister for Education – for parents from non English speaking backgrounds.

Additional material (such as posters, and translated material) for communicating the change to parents will be posted to schools later in term 4.

1.16 What is required of our EMA Coordinator to implement the changes?

The introduction of the EFT payment option will save schools time, unnecessary paperwork and help reduce the administrative burden associated with the distribution and follow up of cheque payments.

Schools will continue to add EMA applications and have them endorsed for payment as they do now using similar system functions. The only additional work will be to ensure that parents who have ticked the EFT payment option supply their correct bank account details, and that these are entered against the application. The EMA system will include an additional section (similar to the screen image below) for the entry of the parent’s EFT details.

<table>
<thead>
<tr>
<th>Account Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account BSD</td>
</tr>
<tr>
<td>0 6 5 2 5 3</td>
</tr>
<tr>
<td>Bank: Commonwealth Bank</td>
</tr>
</tbody>
</table>

Where EFT payments are successfully paid to parents, no further action is necessary by the school.

Where an EFT payment to a parent is rejected at a bank, the school will need to consult with the parent to determine the correct account details, or consult with the Department to determine appropriate action. Where account details can be corrected, the school will simply update the application details and resubmit the application for EFT payment.

For parents who choose the cheque payment option, the school EMA administrator will record this in the EMA system by means of a Pay by Cheque tick box.

Other than ad hoc queries from parents and unusual circumstances, this is the extent of the work required.

The required EMA system changes will be implemented prior to the commencement of the 2009 school year, and further information about this will be issued to schools early in 2009.

NOTE: Once a parent’s bank details have been entered into the EMA system, this information does not need to be re-entered into the system each year (if the bank details are unchanged) and the application can be simply copied across to future years if the applicant applies for the EMA.
More information

For more information on these changes, please visit the Education Maintenance Allowance section on the Department’s website: http://www.education.vic.gov.au/management/financial/ema/

For EMA processing assistance: please either phone the DEECD Service Desk on 1800 641 943 select option 3 and then select option 6, via the Service Gateway at http://servicedesk.education.vic.gov.au or email ema@edumail.vic.gov.au