

# Awarding Campus-Based Aid

## CHAPTER 6

*Your school has some latitude in selecting recipients of its Campus-Based funds. This chapter discusses the criteria that you must consider when selecting Campus-Based recipients and the amounts that you may award to them. In addition, the student must meet the general eligibility criteria discussed in Volume 1, and your Campus-Based awards may not exceed the student's financial need, as described in Chapter 7 of Volume 3.*

### GENERAL CAMPUS-BASED PROGRAM RULES

#### **Selecting independent & part-time students**

If any part of a school's FSEOG or FWS allocation is directly or indirectly based on the financial need of independent students or students who are attending part-time, then you must offer a *reasonable proportion* of the FSEOG allocation and the FWS allocation to such students. This requirement includes part-time students at eligible additional locations, as well as part-time students on the main campus. A policy that excludes part-time or independent students is not acceptable.

"Part-time students" also includes correspondence students. To be considered enrolled in a program of correspondence study, the student must be enrolled in a degree-seeking program and must have completed and submitted the first lesson.

#### **Uneven costs/unequal disbursements**

If the student incurs uneven costs or receives uneven resources during the year and needs extra funds in a particular payment period, you may make unequal disbursements of FSEOG. There is no explicit provision for unequal disbursements in FWS. However, because FWS wages are disbursed as work is performed, usually on a weekly or biweekly schedule, total disbursement amounts are likely to be different from one payment period to the next. In addition, as we'll discuss in the FWS section, a student may be paid for work performed during certain periods of nonattendance.

#### **Summer school and special sessions**

A student who enrolls as a regular student in an eligible program during summer school or a special session may receive Campus-Based aid if he or she meets the same general eligibility requirements that apply to a student enrolled in a regular session. If a student is not enrolled during the summer or special session, the student is not eligible to receive Campus-Based aid during the period of **nonattendance**, except in the case of an FWS job. (See FWS discussion in this chapter.)

### Chapter 6 Highlights

#### ■ FSEOG:

- Undergraduate only — see Volume 1 for rules.
- Maximum \$4,000, Minimum \$100.
- Priority order for FSEOG recipients is based on Pell Grant eligibility and lowest EFCs.

#### ■ FWS:

- Undergraduate/graduate eligibility.
- Awards based on academic workloads & other factors, packaged based on net earnings, after taxes and job-related costs are subtracted.
- Student may be employed during certain periods of nonattendance.

#### ■ Related Information:

- See *Chapter 7* of this volume for a discussion of packaging Campus-Based aid with other assistance so as not to exceed the student's financial need.
- See *Volume 1* for rules on undergraduate vs. graduate status.
- See *Volume 4* for rules governing timing of disbursements & general FSA funds management.
- See *Volume 6* for information on operating an FWS program, including allowable types of employment, JLD and Work College

### Selecting independent and part-time students

34 CFR 674.10(b), 675.10(c), 34 CFR 676.10(b)

## FSEOG citations

Selection Procedures 34 CFR 676.10

Frequency of disbursements 34 CFR 676.16(a) and (e)

Minimum and maximum awards 34 CFR 676.20

## Award year & payment period

"Award year" is defined as "the period of time from July 1 of one year through June 30 of the following year."

Institutional Eligibility regulations, 34 CFR 600.2

As discussed in *Chapter 1* of this volume, the payment period for a program that uses standard academic terms is a semester, trimester, or quarter. See *Chapter 1* for a description of payment periods in programs not using terms or not using standard terms.

Payment period defined: 34 CFR 668.4

## FSEOG & Pell Grant LEU

Students who have reached or exceeded 600% of their Pell or Iraq & Afghanistan Service Grant LEU may still be eligible to receive FSEOG, however, they are in the second selection group.

## FSA Assessments

To assess your school's compliance with the provisions of this chapter, see the FSA Assessment modules: Awarding & Disbursement, FSEOG and FWS programs under the "Campus-Based Programs" category, at: <http://ifap.ed.gov/qahome/fsaassessment.html>.

# AWARDING FSEOG

## Award amounts

The maximum Federal Supplemental Educational Opportunity Grant (FSEOG) for a full academic year is usually \$4,000. However, you may award as much as \$4,400 to a student participating in a study-abroad program that is approved for credit by the home school. The minimum FSEOG amount is \$100, but you may prorate this amount if the student is enrolled for less than an academic year.

The FSEOG maximum award for a student applies to both the federal share and the required non-federal share. However, when your school has a waiver of the non-federal share, the FSEOG maximum applies to just the FSEOG federal funds. When there is no waiver, the FSEOG federal dollars awarded to a student are considered to be 75 percent of that student's total FSEOG award, and the school must account for the remaining 25 percent non-federal share, regardless of the type of school resources used and the method used to match. For more detail on the requirements of federal and non-federal shares, see *Volume 6, Chapter 1*.

## Selecting FSEOG recipients

When awarding FSEOG funds for an award year, you must first select students with the lowest Expected Family Contribution (EFC) who will also receive Pell Grants in that award year. This group is known as the FSEOG first selection group. A student who will receive a Pell Grant in the award year is a student who has demonstrated Pell Grant eligibility for the same award year based upon an EFC that you have calculated for the student or the EFC on the student's valid SAR or ISIR.

A student who receives a Pell Grant at any time in the award year may be awarded an FSEOG for that award year; the student does not have to receive a Pell Grant in the same payment period as the FSEOG. For example, in the case of a student who receives a Pell Grant for the fall semester only due to reaching his lifetime eligibility used (LEU), the student may be awarded an FSEOG for both the fall semester and subsequent spring semester.

If you have remaining FSEOG funds after making awards to all Pell Grant recipients for that award year, you must next select students with the lowest EFCs who are not receiving Pell Grants. This group of students is known as the FSEOG second selection group. This group also includes students who have exceeded their LEU. LEU is covered fully in *Chapter 3* of this volume.

You must keep documentation of the eligible EFC that was calculated for the student, and you must confirm Pell Grant eligibility prior to disbursement of the FSEOG. If the FSEOG recipient does not actually receive a Pell Grant during the award year, but the documentation shows that the FSEOG award and disbursement was made in good faith, you are not required to recover the FSEOG funds. If the student loses Pell Grant eligibility prior to disbursement of the FSEOG, you must cancel the FSEOG award.

**Crossover payment period**

Certain flexibilities exist when determining whether a student is considered to be in the FSEOG first selection group during a payment period that falls into two award years (a payment period that begins before July 1 and ends on or after July 1, commonly referred to as a “crossover payment period”). If a student will also receive a Pell Grant during a payment period that occurs in two award years and the student is among those students with the lowest EFCs, the student satisfies the FSEOG first selection group requirements for the same crossover period regardless of which award year the Pell Grant funds are attributed.

In order to be considered part of the FSEOG first selection group, a student does not necessarily have to receive a Pell Grant in the same crossover payment period. A student can also be awarded FSEOG funds under the FSEOG first selection group requirements during a crossover payment period, from either award year’s allocation, as long as the student will also receive a Pell Grant in the award year to which the crossover payment period is attributed for Pell Grant purposes.

**Establishing categories of students**

Your selection procedures may specify categories of students to ensure that the students in each category have an opportunity to be awarded FSEOG funds. Categories may be based on class standing, enrollment status, program, date of application, or a combination of factors. You may choose to assign a percentage or dollar amount of FSEOG funds to each category; there is no requirement to make the percentage or dollar amount proportional to the need of students in a particular category or even to the number of students in the category. However, categorization may not be used to exclude certain students or groups of students from consideration. If you know that your school’s funds are so limited as to effectively exclude year after year categories that come later in the sequence, your school may not be in compliance with the “reasonably available” provision.

Your school’s written selection procedures must ensure that FSEOG recipients are selected on the basis of the lowest EFC and Pell Grant priority requirements over the entire award year. If your school enrolls students as often as monthly or weekly, FSEOG funds can be reserved for use throughout that award year (on the basis of your school’s experiences from previous periods), and selection practices can be applied in a manner that would assure a reasonable consistency over the entire award year.

When you use categories to package FSEOG, within each category you must first award the assigned FSEOG funds to students with the lowest EFCs who will also receive a Pell Grant. If FSEOG funds assigned for that category still remain, you must next award FSEOG funds to students in the category with the lowest EFCs who will not receive a Pell Grant.

**Frequency & amount of FSEOG disbursements**

If you’re awarding an FSEOG for a full academic year, you must pay a portion of the grant during each payment period, *even if the student’s program doesn’t use standard academic terms.* (See Chapter 1 of this volume for an explanation of payment periods.)

**Perkins Loans**

DCL GEN-17-10



To determine the amount of each disbursement, you would usually divide the total FSEOG award by the number of payment periods the student will attend. However, you are allowed to pay an FSEOG in unequal amounts if the student has costs or resources that are different for different payment periods. You may make payments *within* a payment period in whatever installments will best meet the student's needs.

**AWARDING FEDERAL WORK-STUDY (FWS)**

Unlike the other two Campus-Based Programs, the FWS Program does not require that priority be given to students who have *exceptional* financial need. However, you must make FWS jobs reasonably available, to the extent of available funds, to all eligible students. Your selection procedures must be in writing, uniformly applied, and kept in your school's files.

There are no specific award limits for FWS earnings, other than the requirement that the amount of the FWS award not exceed the student's financial need. For a full discussion of packaging FWS with other aid, see *Chapter 7* in this volume.

When deciding on an appropriate FWS award for a student, you should consider the student's academic work load and any other factors that might affect the hours that a student could work each week.

***Basing FWS awards on net work earnings***

The *gross* amount of the award is based on the total number of hours to be worked multiplied by the anticipated wage rate. For awarding and packaging purposes, you should use the student's *net* FWS earnings, which exclude taxes and job-related expenses. To determine the student's *net* FWS earnings, you should subtract any job-related costs and non-refundable taxes from the student's *gross* FWS earnings. If you are certain that the student's federal or state taxes paid will be refunded, you should not subtract those taxes paid from the student's gross earnings.

Job-related costs are costs the student incurs because of his or her job. Examples of job-related costs include uniforms, the cost of meals at work, and transportation to and from work. For work during vacation periods, job-related costs can include room and board as long as the FWS student incurs these costs only because of the FWS employment. For example, room and board during the summer *cannot* be included in job-related costs if the FWS student also takes summer courses.

**Underuse of funds**

34 CFR 674.3(d)(3)

If your school does not use all of its Campus-Based funds annual authorization, this is called "underutilization." Schools with an underutilization of over 10% of their annual authorization will have their annual authorization for the following year reduced by the dollar amount of the underutilization.

**Graduate/undergraduate status in teacher certification program**

A student enrolled in a teacher certification program may be considered either an undergraduate or a graduate student.

### ***Earnings for the next period of enrollment***

Many FWS students must pay the bulk of their education costs in the beginning of each period of enrollment, before they have had a chance to earn FWS wages. Therefore, you may allow a student to earn FWS wages to cover educational expenses in the next period of enrollment that your school offers. The student must be planning to enroll in that next period of enrollment and must demonstrate financial need for that period of enrollment. The next period of enrollment is usually the next term, including a summer period, or in the case of summer earnings, the next full academic year.

A student may earn FWS funds for the next period of enrollment during any period of enrollment, including a period of enrollment that is comprised, in whole or in part, of minisessions. A student may also earn FWS wages toward the next period of enrollment during a period of nonattendance, as discussed below.

### ***Working during periods of nonattendance***

A student may be employed under FWS during a period of nonattendance, such as a summer term, an equivalent vacation period, the full-time work period of a cooperative education program, or an unattended fall or spring semester. To be eligible for this employment, a student must be planning to enroll for the next period of enrollment and must have demonstrated financial need for that period of enrollment. The student's net earnings (earnings minus taxes and job-related costs) during this period of nonattendance must be used to cover expenses associated with his or her financial need for the next period of enrollment.

When a student who had an FWS job in a period of nonattendance fails to enroll in the next academic period, you must be able to demonstrate that the student was eligible for employment and that, at the time the FWS was awarded, you had reason to believe the student intended to enroll in the next period. At a minimum, you must keep a written record in your files showing that the student had accepted the school's offer of admittance for the next period of enrollment. If, during the period of nonattendance, you learn that the student will no longer enroll in the next period of enrollment, the student must immediately stop working under FWS.

### **Calculating Maximum Gross Earnings example**

Kris has unmet financial need of \$1,000 at Grace University. Because Kris has a Social Security tax of 7.65% (that will not be refunded) and \$108 in job-related costs, the school may allow Kris to earn an FWS award amount that is higher than his \$1,000 unmet financial need in order for him to earn the allowable \$1,000 net FWS earnings.

To calculate the FWS award amount to reflect the maximum gross FWS earnings that Kris may earn without the net FWS earnings exceeding the student's \$1,000 financial need, the school must do the following:

1. Add the amount of job-related costs to the amount of his unmet need ( $\$108 + \$1,000 = \$1,108$ ) for a total of \$1,108.
2. Account for the Social Security tax by determining that his net FWS earnings are 92.35% of his gross earnings ( $100\% - 7.65\% = 92.35\%$ ) or (.9235).
3. Divide the total in step 1 by the ratio in step 2 ( $\$1,108 / .9235 = \$1,199.78$ ) for a result of \$1,199.78 (\$1,200 after rounding).

Grace University may give Kris a \$1,200 FWS award and his net FWS earnings will not exceed his \$1,000 unmet financial need.

### **Certain FWS students exempt from FICA taxes**

Under certain IRS specified conditions, FWS student wages for students employed by the school may be exempt from FICA taxes (for more detail, see <http://www.irs.gov/Charities-&-Non-Profits/Student-Exception-to-FICA-Tax>).

### **FWS community service requirement**

34 CFR 675.18(g)



## Taxes and job-related costs cite

34 CFR 675.25(a)

## Work during nonattendance

For further information about working during vacation periods or periods of nonattendance, see the discussion of enrollment requirements in *Volume 1*.

## FWS for period preceding study abroad

A student in an eligible study-abroad program may be employed during a period of nonattendance preceding the study abroad if he or she will be continuously enrolled in his or her American school while abroad and if the student's study is part of the American school's own program. In such a case, a student may be employed in a qualified position in the United States, at the American school's branch campus in a foreign country, or at a U.S. government facility abroad.

## FWS and minisessions

If your school combines a series of minisessions or modules into one term (e.g., three summer minisessions into one summer semester), an FWS student attending any of the minisessions may earn FWS wages at any time throughout that term. You may apply those earnings towards the student's financial need for the minisession(s) attended and/or the next period of enrollment. You must base the student's financial need for attending the summer term on the period when the student is actually enrolled in the minisessions. The amount of FWS wages a student may earn at any given point in the term does not depend on whether or not the student is enrolled in a minisession at that time. You have some flexibility in deciding with the student how to distribute the hours worked throughout the summer term. (See the example in the sidebar below.)

## Minisession example

Lutz University has a summer term made up of three minisessions. Robert enrolls in classes for the June and August minisessions but does not enroll in any classes for the July minisession. Robert has a financial need of \$500 for his attendance in two of the summer minisessions. Robert also plans to enroll in the following fall semester and has a remaining need of \$250 for that semester. Robert is given a \$750 FWS award in the summer (\$500 for the two summer minisessions and \$250 for the fall semester). Robert knows his June minisession courses will be very demanding and he will not have time to work. So, Robert earns \$500 during the July minisession when he has no classes. Robert has classes again in August, but his academic workload is lighter. In August, Robert earns \$250 toward his education costs in the upcoming fall semester.

## Community service requirement, penalty, waivers

A school must spend at least seven percent of its total FWS federal authorization to pay students employed in community service activities. In meeting this requirement, at least one or more of the school's FWS students must be employed as a reading tutor for children in a reading tutoring project or performing family literacy activities in a family literacy project. A school is still expected to pay the institutional share of a student's FWS wages.

If you fail to meet one or both of these requirements, you may be required to return FWS federal funds in an amount that represents the difference between the amount a school should have spent for community service and the amount you actually spent. Your school may also be subject to a Limitation, Suspension, and Termination proceeding, through which your school could be denied future participation in the FWS Program, and possibly other Title IV programs. Your school may also be subject to a substantial fine.

If enforcing the requirement(s) would cause a hardship for the students at the school (not a hardship for the school), the Department of Education may waive one or both of the community service requirements. The fact that it may be difficult for the school to comply with the requirement(s) is not in and of itself a basis for granting a waiver.

To submit a waiver request, go to the eCampus-Based website and navigate to the "Community Service Waiver" link at the top of the "Setup-Change Years/Schools" page. Your waiver request must specify whether your school is requesting a waiver of the seven percent community service requirement, the reading tutor or child/family literacy project requirement, or both. You must also include detailed information to demonstrate that complying with the requirement(s) would cause hardship for the school's students.

Some commonly denied reasons for a waiver include:

- The school was unable to generate sufficient FWS positions to utilize the funds;
- The school had difficulty making necessary FWS awards to students;
- Awarded students did not return the second semester;
- New financial aid administrator(s);
- Staff did not realize the funds had not been expended until too late.

Examples of acceptable waiver reasons include:

- School has an FWS annual authorization insufficient to meet the requirement(s);
- School is in a rural/low-population location;
- Students are in specialized program of study.