

*Once you've received the student's FAFSA information (including EFC) and calculated the student's Pell eligibility, you can package the student's aid. The general rule in packaging is that the student's total financial aid and other resources must not exceed the student's financial need (Need = Cost minus the EFC). If you discover that the student has other resources that cause the aid package to exceed the student's need, you must attempt to adjust the aid package to eliminate the overaward. If the overaward can't be eliminated, you must follow the overaward procedures in Volume 5.*

In Chapters 3-5, we discussed how to calculate student awards, based on costs, period of enrollment, and statutory award maximums. Except for Pell Grants, FSA award amounts are also constrained by the other aid that a student receives, known as *resources* under the Campus-Based Programs or as *estimated financial assistance* for Stafford/PLUS loans. The general rule is that the student's total aid may not exceed the student's financial need. (Need = Cost of Attendance minus EFC)

The process of awarding aid without exceeding the student's financial need is traditionally called packaging. Packaging is a process that varies from school to school, depending on the types of scholarship and other aid available at the school, and the characteristics of the student population. Schools may have different packaging philosophies, but they generally try to find the best combination of aid to meet the financial need of the students they serve.

To help you package Federal student aid with your other aid awards, we provide a Packaging module in EExpress. You can enter information about your school's student aid programs and set up factors to be considered in packaging, and then use the software to automate the packaging process.

Most schools use some form of packaging software, whether EExpress or software from a commercial vendor. You are not required to use EExpress to package FSA awards, and you do not have to report the student's aid package to the Common Origination and Disbursement system.

## CHAPTER 6 HIGHLIGHTS:

### ■ Related software: EExpress Packaging Module

→ Available at [fsadownload.ed.gov](http://fsadownload.ed.gov)

### ■ Packaging Principles

- Pell Grants packaged first; not reduced for other aid
- Campus-based packaged based on Pell eligibility, EFC, and resources
- Subsidized Stafford Loans based on Pell eligibility, EFC, and estimated financial assistance
- Unsubsidized Stafford Loans and PLUS based on Pell eligibility and estimated financial assistance

### ■ Treatment of need-based earnings

### ■ Treatment of other aid: special cases

- Americorps and veterans educational benefits
- Vocational rehabilitation assistance
- Bureau of Indian Affairs grants

### ■ Treatment of overawards

→ See Volume 5

## 2006-2007 Hurricane Information

Special Federal Student Aid awarding/packaging guidance for hurricane affected schools can be found at <http://ifap.ed.gov/eannouncements/katrina.html>

**Financial need**

Cost of attendance  
 - EFC  
 -----  
 Financial Need

**Packaging considerations & software**

You should consider a number of things when developing a packaging policy. For instance, some schools give more grant assistance to beginning students, who may have more difficulty adjusting to campus life, increasing the proportion of loans and work-study in subsequent years. For the Campus-Based programs and other programs where the available funds may not be sufficient to meet every eligible student's need, some schools decide to give a higher proportion of aid to the neediest students. Other schools award funds as an equal proportion of each student's need. Many schools use software, such as the Packaging module in EExpress, that can be configured to implement the school's packaging philosophy. For instance, in EExpress, you can specify the order in which aid sources are to be applied to the student's unmet need, and set overall percentage limits on the amount of gift (grants/scholarships) and self-help aid that will be included in the aid package.

**Pell can't be used to pay loan**

If the student's aid package includes a loan and the package must be adjusted to prevent an overaward, the Pell funds can't be used to pay back the loan—a loan repayment isn't an educational expense.

**PELL GRANTS AS FIRST SOURCE OF AID**

Pell Grants are considered to be the first source of aid to the student, and packaging FSA funds begins with Pell eligibility. The Department issues Pell payment schedules that base the award solely on the student's cost of attendance, EFC, and enrollment status. As we'll see, aid from the other FSA programs must be awarded to ensure that the student's need is not exceeded, unless certain types of aid are used to replace the EFC, as permitted.

Traditional financial aid practice suggests that you would also adjust non-federal aid awards, if necessary, to ensure that the student's financial need is not exceeded. But it's possible that the student will receive a scholarship or other aid that you can't adjust and is large enough (in combination with the Pell Grant) to exceed the student's need. In this case, the student is still eligible for a Pell Grant based on the payment schedule. However, you can't award any FSA funds other than the Pell Grant.

For instance, the National Collegiate Athletic Association's rules for athletic aid sometimes permit a school to award athletic aid that exceeds the student's need. You must still pay the full Pell Grant to the student, but you may not pay other FSA funds to the student, because his/her financial need has already been met.

**PACKAGING RULES FOR CAMPUS-BASED AID AND STAFFORD/PLUS LOANS**

In contrast to Pell, you must take other aid into account when awarding campus-based aid or Stafford or PLUS loans. As noted earlier, the other aid that must be considered is called "resources" in the campus-based program regulations, and "estimated financial assistance" in the FFEL and Direct Loan regulations.

In general, the term *resources* refers to aid from the FSA programs, as well as grants, scholarships, loans, and need-based employment that you can reasonably anticipate at the time you

**Examples of resources**

Resources, as defined by the Campus-Based regulations, include but are not limited to:

- the student's Pell Grant eligibility;
- unsubsidized and subsidized Stafford and PLUS (Federal Family Education Loans and Direct Loans);
- Chapter 1607/REAP Benefits
- long-term loans made by the school, including Federal Perkins Loans (short-term emergency loans are not considered to be a resource);
- grants, including Federal Supplemental Educational Opportunity Grants (FSEOGs), state grants, and Reserve Officer Training Corps (ROTC) living allowances;
- scholarships, including athletic scholarships and ROTC scholarships, and scholarships that require future employment but are given in the current year;
- waivers of tuition and fees;
- fellowships or assistantships;
- veterans educational benefits (paid under Chapters 30, 31, 32, and 35 of Title 38 of the U.S. Code);
- income from insurance programs that pay for the student's education;
- net income from need-based employment; and
- AmeriCorps funds (national service education awards or post-service benefits under Title I of the National and Community Service Act of 1990).

FROM: 34 CFR 673.5

award aid to the student, whether the assistance is awarded by the school or by an individual or organization outside the school.

The term *estimated financial assistance* is used in the Stafford and PLUS program. Estimated financial assistance is essentially the same as *resources*, with some exceptions in the treatment of Americorps and veterans benefits (discussed later in this chapter).

The regulations specify that “estimated financial assistance” is aid that the student will receive for the same period of enrollment as the Stafford or PLUS loan. As noted in Chapter 1, it’s usually best to certify a Stafford or PLUS loan for a period that matches the academic year or other period that you’re using to award funds from other FSA programs.

### ***Considering grants and subsidized loans first***

The law requires aid administrators to find out whether the student is eligible for certain other FSA programs that would reduce the need for borrowing.

If your school participates in the Federal Pell Grant Program, you must include the student’s estimated Pell Grant eligibility as a resource when making Campus-Based awards, whether or not the student has received the Pell Grant at the time you make your Campus-Based award.

Similarly, you must determine an undergraduate student’s Pell Grant eligibility before certifying a subsidized or unsubsidized Stafford Loan for that student. In addition, you may not certify an unsubsidized Stafford Loan without first determining the student’s need for a subsidized Stafford Loan. (The difference between subsidized and unsubsidized Stafford Loans is explained in *Chapter 4* of this Volume.) However, if the amount of the subsidized Stafford is \$200 or less and the amount can be included as part of an unsubsidized Stafford Loan, you are not required to certify a separate subsidized loan.

You may certify a PLUS and disburse PLUS funds without determining the student’s Pell Grant and subsidized Stafford Loan eligibility.

### ***Substituting unsubsidized loans for the EFC***

An institution may substitute certain types of loans for the student’s expected family contribution (EFC). Generally, loans that may replace the student’s EFC include unsubsidized Stafford loans, PLUS loans, state loans, and private education loans. If these loans are used to substitute for EFC, loan amounts that exceed the EFC are counted as a resource or estimated financial assistance.

### **Use net FWS earnings when packaging**

To determine the net amount of a student’s FWS earnings that will be available to help pay for the student’s costs, you must subtract estimated taxes and job-related costs from the student’s gross FWS earnings (see *Chapter 5 - Campus-Based Awards*).

### **Campus-based overaward thresholds**

Campus-based aid need not be reduced if the overaward doesn’t exceed \$300, which is the overaward threshold for all Campus-based programs. Note that the \$300 threshold is allowed only if an overaward occurs after Campus-based aid has been packaged. The threshold does not allow a school to deliberately award Campus-based aid that, in combination with other resources, exceeds the student’s financial need.

(see *Volume 5 - Overawards, Overpayments, & Withdrawal Calculations*).

### **Some key points from Chapter 4 (Calculating Stafford/PLUS Awards)**

- Before you certify or originate a Stafford Loan, you must determine the student’s eligibility for a Pell Grant.
- You may certify or originate a subsidized Stafford Loan only for the amount of student’s financial need—the student’s costs minus the student’s EFC and estimated financial assistance.
- A student may qualify for a combination of subsidized and unsubsidized Stafford loans.
- If they meet program requirements, the parents of a dependent student can take out a PLUS loan to pay for the student’s cost of attendance. There is no fixed loan limit for PLUS loans—the maximum loan amount is based on the student’s financial need.
- If the student is independent, or his/her parents can’t borrow a PLUS, the student is eligible for additional unsubsidized Stafford amounts.
- Unsubsidized Stafford loans and PLUS loans can be used to replace the EFC, as well as to cover the student’s unmet need.

### **Estimated Financial Assistance**

HEA: Sec. 428(a)(2)(C)(ii)

FFEL: 34 CFR 682.200(b)

DL: 34 CFR 685.102(b)

## Basic packaging example

Cost=\$12,500	unmet need	
	EFC \$2,500	

\$12,500	Cost
- 2,500	EFC
\$10,000	Need

Andrew is a dependent student, returning as a sophomore to Lebold College. For academic purposes, Lebold College considers him to be a 2nd-year student. His cost of attendance is \$12,500\*, and his EFC for the current year is 2500; therefore, the packaging process begins with \$10,000 in unmet need.

Cost=\$12,500	unmet need \$7,000	
	Pell & WCF \$3,000	
	EFC \$2,500	

\$12,500	Cost
- 2,500	EFC
- 1,600	Pell Grant
- 1,400	Scholarship
\$ 7,000	C-B Need

The aid administrator at Lebold College begins by awarding Campus Based aid. Andrew's resources are a \$1,600 Pell and a \$1,400 outside scholarship from the Wildwood Conservation Fund, so he has sufficient need for the maximum awards that the aid administrator can make under Lebold's policy for Campus-Based funds: \$800 FSEOG, a \$900 Perkins Loan, and \$1,800 in FWS employment.

Cost=\$12,500	unmet need \$3,500	
	C-B Aid \$3,500	
	Pell & WCF \$3,000	
	EFC \$2,500	

\$12,500	Cost
- 2,500	EFC
- 1,600	Pell Grant
- 1,400	Scholarship
- 800	FSEOG
- 900	Perkins
- 1,800	FWS
\$ 3,500	Stafford Need

The aid administrator at Lebold College finishes the packaging process by awarding any other loan funds that are available to meet Andrew's need. As a 2nd-year student, Andrew's Stafford loan limit is \$3,500. Because his remaining need is \$3,500, he can receive that amount as a subsidized Stafford Loan. Since he is a dependent student, his parents can borrow up to the amount of the EFC in the form of a PLUS loan.

## Using Loan Funds to Replace the EFC: Dependent example

Darien is a first-year dependent student at Bald Eagle Community College. His cost of attendance is \$5,800 and his ISIR shows that he has an EFC of 4,200, so his financial need is \$1,600. Darien's EFC makes him ineligible for a Pell Grant, and BECC does not participate in the Campus-Based programs.

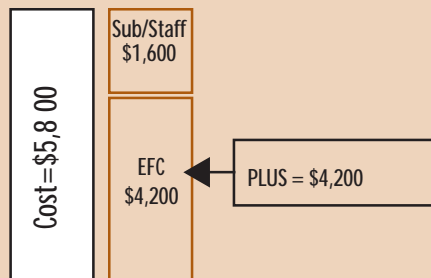
\$ 5,800	Cost
- 4,200	EFC
\$ 1,600	Need

The Stafford annual loan limit for a dependent student is \$2,625. Darien qualifies for a \$1,600 subsidized Stafford loan, and has no remaining need.

\$ 5,800	Cost
- 1,600	Sub Stafford
- 1,025	Unsub Stafford
- 3,175	PLUS
\$ 0	Need

Replaces EFC

Since an unsubsidized Stafford Loan can replace the EFC and Darien hasn't reached the Stafford annual loan limit, he can borrow an additional \$1,025 in the form of an unsubsidized Stafford Loan. (\$2,625 Stafford annual loan limit - \$1,600 subsidized Stafford Loan = \$1,025 unsubsidized Stafford eligibility) In addition, his parents could borrow up to \$4,200 in the form of a PLUS loan.



Another option would be for the parents to take a PLUS loan for the full amount of \$4,200.

## Using Loan Funds to Replace the EFC: Independent example

Holly Beth enrolls in Vincent Technical College as a 1st-year independent student with an \$8,500 cost of attendance and VTC has received an ISIR for her with an EFC of 2,050. She is eligible for a \$2,000 Pell Grant and VTC also awards her a \$1,000 FSEOG. Her remaining need is \$3,450, so she can receive the maximum subsidized Stafford Loan for a 1st-year student (\$2,625). Her unmet need after these awards is \$825.

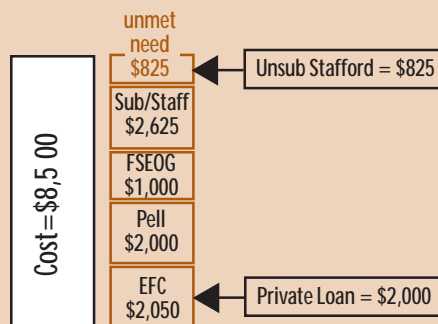
\$ 8,500	Cost
- 2,050	EFC
\$ 6,450	Need

Since Holly Beth is an independent student, she can take out an additional unsubsidized Stafford loan to meet her remaining need, and as "self-help" to meet the EFC. Thus, VTC is able to award Holly Beth an additional \$2,875 in unsubsidized Stafford Loan funds. (Her EFC of 2,050 plus remaining need of \$825.)

\$ 8,500	Cost
- 2,000	Pell Grant
- 1,000	FSEOG
- 2,625	Sub Stafford
- 2,875	Unsub Stafford
\$ 0	Need

Unmet Need + EFC

*Alternate scenario:* if Holly Beth were to take out an unsubsidized private loan for \$2,000, her eligibility for the unsubsidized Stafford loan would be reduced by that amount, because the EFC would already have been met by the private loan.



Many schools prefer to package Campus-Based funds and subsidized Stafford loans before unsubsidized loans, in which case the treatment of unsubsidized loans only becomes a factor when awarding unsubsidized Stafford and PLUS loans. When awarding Stafford/PLUS loans, unsubsidized loan amounts are only counted in *estimated financial assistance* if they exceed the EFC.

### COUNTING NEED-BASED EARNINGS AS RESOURCE & ESTIMATED FINANCIAL ASSISTANCE

The treatment of earnings from a job sometimes presents a problem—should the earnings be reported as income in need analysis or should they be counted as a form of student aid in the packaging process?

Net earnings from *need-based employment* are considered to be student aid. “Need-based employment” means employment that is awarded by the school itself or by another organization to a student on the basis of financial need to meet educational expenses for the award year. Only income from *need-based* employment may be considered as student aid.

A Federal Work-Study job is clearly a form of need-based student aid. However, employment with a state is considered to be student aid if that employment is based on the student’s financial need for assistance to pay for educational expenses.

*Non-need-based earnings* are not to be considered as a resource for the current award year because they will be reported as income on the Free Application for Federal Student Aid (FAFSA) for the subsequent award year and will be used in calculating the future EFC. An example of non-need-based employment would be a job a student locates on her own with a private employer such as a local grocery store. Another example would be a job cleaning the labs in the Chemistry Department on campus, if the Chemistry Department hired the student using non-need based criteria and funds.

### CROSSOVER PERIODS

Crossover periods are payment, award, or loan periods that overlap two award years. In general, you may choose which award year EFC to use for a student, with two exceptions: When more than six months of a Pell Grant recipient’s payment period falls into one award year, the payment period must be placed in that year, and when awarding FWS to a student not attending classes, the EFC for the next period of enrollment must be used.

The following chart summarizes the key flexibilities and options in handling crossover payment periods in the major Title IV programs.

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#### Crossover in Pell

For more detail on calculating Pell awards in crossover, summer, minisession, and transfer situations, see Vol. 3, Chapter 3, pages 3-34 through 3-39.



**BASIC TITLE IV REQUIREMENTS FOR CROSSOVER PERIODS  
FOR THE FEDERAL PELL GRANT, CAMPUS-BASED, DIRECT LOAN, AND FFEL PROGRAMS**

Title IV Program Name	What type of crossover period applies to the Title IV program?	Choice of the award year EFC?	Must the same award year EFC be used for all students in the crossover period?	Must the same award year EFC (and same COA and need) be used to award a student other Title IV aid?	Must the available award year funds be same as the award year EFC?	Choice of academic year for annual loan limit regardless of the award year EFC used?
Federal Pell Grant	Payment period	Yes, unless more than 6 months of payment period is within one award year	No	Not Applicable	Yes	Not Applicable
Federal Perkins Loan	Payment period	Yes	No	Yes, except Federal Pell Grant	No	Yes, but it is an award year limit. Choice still applies regardless of the disbursement award year.
FWS	Award period	Yes, if student attending classes No, if student not attending classes (must use EFC for next period of enrollment)	No	Yes, except Federal Pell Grant	No, disbursement from award year in which hours were worked	Not Applicable
FSEOG	Payment period	Yes	No	Yes, except Federal Pell Grant	No	Not Applicable
Direct Loan	Loan period	Yes	No	Yes, except Federal Pell Grant	Not Applicable	Yes, for term-based credit-hour programs using SAY Not relevant for BBAY
FFEL	Loan period	Yes	No	Yes, except Federal Pell Grant	Not Applicable	Yes, for term-based credit-hour programs using SAY Not relevant for BBAY

NOTE: For the award year selected, the student must have an official EFC calculated by CPS, and for a Federal Pell Grant the CPS must also have processed a valid SAR or ISIR.

### Veterans and Americorps benefits

The definition of “estimated financial assistance” in the FFEL and DL regulations includes veterans *active duty benefits* (veterans’ educational benefits paid under Chapter 30, 31, 32, and 35 of Title 38) and *national service education awards* or *post-service benefits* under title I of the National and Community Service Act of 1990 (AmeriCorps). An exception in the HEA to the above is that Chapter 30 is not considered EFA when determining eligibility for a subsidized Stafford loan. FFEL: 34 CFR 682.200 DL: 34 CFR 685.102

Your school may exclude a portion of a subsidized Stafford loan from resources, not to exceed the amount of Chapter 30 veterans benefits or Americorps benefits, is described in the General Provisions for the Campus-Based programs. 34 CFR 673.5(c)(4)

### Treatment of Combat Pay

GEN-05-16, Q&A # 17

## PACKAGING VETERANS BENEFITS, AMERICORPS, VOCATIONAL REHABILITATION FUNDS, & BIA GRANTS

### Veterans and Americorps benefits

For FSA purposes, veterans education benefits are treated as resources, not as income, and therefore are not reported as income on the FAFSA. Americorps benefits are also considered resources. However, you may exclude as a resource a portion of any subsidized DL or FFEL loan that is equal to or less than the amount of the student’s Chapter 30 Montgomery GI Bill benefits and/or Americorps benefits paid for the cost of attendance.

Note that the income earned from the Veterans Affairs Student Work-Study Allowance Program (VASWSAP) is not treated as a veterans education benefit, so it is *not* considered a resource. It should be reported as untaxed income (not income earned from work) on the FAFSA.

Chapter 30 Montgomery GI Bill benefits and Americorps benefits are *not* included in estimated financial assistance when determining eligibility for *subsidized* Stafford loans, but they *are* included for *unsubsidized* Stafford loans.

*Noneducational veterans benefits* are not counted as a resource or estimated financial assistance. Noneducational veterans benefits include Death Pension and Dependency and Indemnity Compensation (DIC) benefits, and income from the Veterans Affairs Student Work-Study Allowance Program (VASWSAP). The student must report these noneducational benefits as nontaxable income on the FAFSA.

### Packaging example: GI Bill exclusion

**2,000 Pell Grant**  
**9,600 GI Bill**  
**2,625 Stafford**  
**1,000 FWS**  
**500 FSEOG**  


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**15,725 Total aid**

Penny is a first-year, independent undergraduate student with an EFC of 1800, a Pell Grant of \$2,000, and Montgomery GI Bill active-duty benefits of \$9,600. She enrolls in a four-year program at Frisson College, where her need is \$13,100 (\$14,900 COA - 1800 EFC). Her Pell grant and GI Bill benefits total \$11,600. The difference between her need and aid is \$1,500 (\$13,100 - \$11,600).

Because the Montgomery GI Bill benefits do not count as estimated financial assistance for subsidized loans, Penny is eligible for a subsidized Stafford loan of more than \$1,500. Her COA minus her EFC and Pell Grant would leave an unmet need of \$11,100 (\$14,900 - 1800 - 2,000). If Penny chooses, she can receive the maximum subsidized loan amount of \$2,625 for a first-year student because it’s less than her unmet need. The decision to take out a subsidized Stafford loan is the student’s to make and the school must follow the HEA and regulations. Her assistance now totals \$14,225 (\$2,000 + 9,600 + 2,625), which exceeds her need. However, under the statute and regulations this is not considered an overaward or an overpayment.

Penny is also eligible for Campus-Based aid if the school chooses to exclude her subsidized loan as a resource. (It can exclude up to the value of the subsidized loan, but not more than amount of the GI Bill active-duty benefits.) Penny’s need is 13,100, and her total resources, minus the loan, would be \$11,600, which is \$1500 less than her need. So the school may provide Campus-Based aid up to \$1500—for example, \$1000 in FWS funds and \$500 in FSEOG funds. Penny’s assistance now totals \$15,725, which exceeds her need as well as her COA. Again, this is not considered an overaward or an overpayment.



### ***Vocational rehabilitation funds***

If you have a student who qualifies for both FSA funds and for vocational rehabilitation assistance funds, you should determine the student's package exclusive of both the costs related to the student's disability and anticipated vocational rehabilitation assistance. In this way, the student with disabilities will be offered the same aid package as a student who is in the same financial situation but who doesn't have disabilities; the student with disabilities will also receive the maximum amount of vocational rehabilitation aid to which he or she is entitled. If the vocational rehabilitation agency doesn't fully meet the student's disability costs, you may wish to include the unmet disability expenses in the student's cost of attendance, and increase his or her aid award.

Although the vocational rehabilitation funds shouldn't be considered a resource when you package aid for the student, you must coordinate funds available from the vocational rehabilitation agency and from institutional, state, and federal student financial assistance programs to prevent an overaward. The amount of assistance from the vocational rehabilitation agency must be documented in the student's file.

### ***Coordination with Bureau of Indian Affairs grants***

When packaging campus-based aid for a student who is or may be eligible for a Bureau of Indian Affairs (BIA) grant, you must first develop a financial aid package without considering any BIA funds. If the total aid package—after BIA funds are added—does not exceed the student's need, no adjustment may be made to the aid package. If the total package plus the BIA grant does exceed need, you must eliminate the excess in the following sequence: loans, work-study awards, and grants other than Pell Grants. (You may *not* reduce a Pell Grant or BIA grant.) You may alter this sequence of reductions upon the student's request if you believe it would benefit the student. We encourage you to consult with area officials in charge of BIA postsecondary financial aid when packaging FSA funds with BIA grants.

### ***Reserve Educational Assistance Program (REAP or Chapter 1607)***

A new veterans education benefit program referred to as REAP or Chapter 1607 was signed into law on October 28, 2004. It is for reservists who serve on active duty on or after September 11, 2001, under Title 10 U.S.C. for a contingency operation and who serve at least 90 consecutive days or more. National Guard members also are eligible if their active duty is under section 502(f), Title 32 U.S.C. and they serve for 90 consecutive days when authorized by the President or Secretary of Defense for a national emergency and that active duty is supported by federal funds. Disabled members who are injured or have an illness or disease incurred or aggravated in the line of duty and who are released from active duty before completing 90 consecutive days are also eligible. The U.S. Department of Defense will identify contingency operations that qualify for benefits under Chapter 1607.

### **Vocational rehabilitation agreements with state agencies**

Some state vocational rehabilitation agencies have established agreements with schools that specify how vocational rehabilitation assistance will be coordinated with other forms of financial aid. Check with your school's vocational rehabilitation coordinator to see if it has such an agreement.

### **BIA Grants**

34 CFR 673.6

### **Packaging Byrd Scholarships with other FSA funds**

Under Byrd regulations that took effect in September 1993, the State Education Agency awarding the Byrd Scholarship must ensure that the total amount of federal financial aid awarded to the Byrd Scholar does not exceed the scholar's total cost of attendance. If any federal loans are part of the scholar's financial aid package, they must be reduced prior to reducing the Byrd Scholarship. If the scholar is receiving a Pell Grant, though, the Byrd Scholarship must be reduced prior to reducing the Pell Grant. Section 419 J of the Higher Education Act, as amended, states that a Federal Pell Grant must not be reduced on the basis of the receipt of a Byrd Scholarship.

### **Reserve Educational Assistance Program (REAP/Chapter 1607)**

DCL GEN-05-16

As with all veterans benefits, Chapter 1607 benefits are not taxable and will not be used in the EFC calculation. However, Chapter 1607 benefits are considered “resources” under the Campus-Based regulations (34 CFR 673.5) and “estimated financial assistance” under the FFEL and the Direct Loan Program regulations (34 CFR 682.200 and 34 CFR 685.102).

A school must account for REAP/Chapter 1607 benefits as a “resource” and “estimated financial assistance” beginning with the 2005-2006 award year, excluding retroactive payments made for previous award years. Chapter 1607 education benefits paid only for enrollment during the 2005-2006 award year must be reported in questions 46 and 47 of the 2005-2006 FAFSA. Retroactive payments for the 01-02, 02-03, 03-04, 04-05 award years will not have to be considered by a school for purposes of overawards and overpayments in the 2005-06 or prior award years.

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Campus Based Overaward Tolerance  
34 CFR 673.5(d)

### TREATMENT OF OVERAWARDS

If, **at any time during the award period**, the student receives additional resources that were not considered in calculating the student’s eligibility for Campus-Based aid and if these resources combined with the expected financial aid will exceed the student’s need, the amount in excess of the student’s need is considered an overaward. However, there is a \$300 overaward tolerance for the Campus-Based programs. The treatment of overawards in the Stafford/PLUS programs depends on whether the loans have been fully disbursed. See Chapter 1 of *Volume 5* of the *FSA Handbook* for a full discussion of overawards.