

*A school must ensure that each recipient meets the eligibility requirements for the Federal Pell Grant Program. In this chapter, we discuss Pell-specific eligibility requirements.*

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## GENERAL SFA ELIGIBILITY REQUIREMENTS

To receive a Pell, the student must meet the general eligibility requirements for SFA aid. These requirements are discussed in detail in Chapter 3 of the *SFA Handbook: Student Eligibility (Volume 1)*.

### *Financial Aid History*

One of the general eligibility requirements is that the school needs a financial aid history for any student who attended another school. This financial aid history is especially important for a student who is eligible for a Pell Grant, because the school will need to know how much the student received for the year at other schools. Chapter 3 of the *SFA Handbook: Student Eligibility (Volume 1)* discusses how a school gets a financial aid history; in Chapter 2 of this volume we discuss how the school uses the information from the financial aid history in calculating a Pell for a transfer student.

## PELL REQUIREMENTS

Two Pell-specific eligibility requirements are that the student either be an undergraduate or be in an eligible postbaccalaureate program, and not be incarcerated in a federal or state penal institution.

### *Undergraduate Student*

In general, a student must be an undergraduate to receive a Pell Grant (see “Eligible Postbaccalaureate Program” for an exception). For Pell purposes, the regulations define an undergraduate as one who is enrolled in an undergraduate course of study **and** who hasn’t earned a baccalaureate degree or its equivalent or a first professional degree.<sup>2</sup> (“Professional degree” means a degree offered by professional programs such as pharmacy, dentistry, or veterinary programs.)

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Undergraduate Student  
Requirement Cite  
*Sec. 401(c), 34 CFR 690.6*

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Undergraduate Student  
Definition Cite  
*34 CFR 690.2*

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2. Occasionally, a student will complete all the requirements for a bachelor’s degree but will continue taking undergraduate courses without accepting the degree. The school must decide at what point it considers the student to have completed the baccalaureate course of study. If the school considers the student to have completed the baccalaureate course of study, the student is no longer eligible to receive a Pell.

### **Incorrect Reporting on FAFSA**

*If a student who is an undergraduate incorrectly reported on the Free Application for Federal Student Aid (FAFSA) that he or she will be a graduate student or has a bachelor's degree, this information **must** be corrected. Because the application information shows that the student isn't an undergraduate, the Department's records will show that he or she is ineligible for Pell. If the application information isn't corrected, **the school won't be able to receive Pell funds from the Department for that student.***

### **Eligible Postbaccalaureate Program and the FAFSA**

*34 CFR 690.6(c)*

*Normally, a student who indicates in Question 34 of the FAFSA that he or she has a bachelor's degree won't be listed in the Department's records as a Pell-eligible student, and the school won't be able to receive Pell funds for the student. However, in order to allow students who are eligible under the postbaccalaureate program provision to be paid, students who correctly report that they have a bachelor's degree but also indicate in Question 31 that they're in a teaching credential program will be listed as Pell-eligible students. Of course, the school must determine whether the student actually qualifies for the Pell under the eligible postbaccalaureate program provision.*

### ***Length of undergraduate study***

An undergraduate course of study under the Pell definition is one that usually doesn't exceed 4 academic years or is a program of 4 to 5 academic years designed to lead to a baccalaureate or first professional degree. If the program is longer than 5 years (for example, a 6-year pharmacy program), then students enrolled in that program are considered undergraduate students only for the first 4 academic years of the program.

### ***Foreign or unaccredited degree***

It doesn't matter if the baccalaureate or professional degree is from an unaccredited or foreign school<sup>3</sup>, or isn't accepted or recognized by the school the student is enrolled at. A student who has earned such a degree is still ineligible for Pell. It also doesn't matter if the student just claims to have a baccalaureate or professional degree without any documentation.

### ***Degrees below the baccalaureate level***

Note that a student who has already received an associate degree, but who enrolls in another undergraduate program, would continue to be considered an undergraduate student until he or she has completed the academic curriculum requirements for a first bachelor's degree. (This is true for **any** student who has received a certificate or diploma below the baccalaureate level.)

### ***Eligible Postbaccalaureate Program***

The Higher Education Amendments of 1998 added a provision allowing certain students who have received a bachelor's degree to receive a Pell Grant when enrolled in postbaccalaureate teacher certification programs. It is important to note that this is a very limited exception to the requirement that at Federal Pell Grant recipient must be an undergraduate student enrolled in an undergraduate program. Because of the restrictions that apply to this provision, only a limited number of programs exist where students will be eligible for Pell Grants.

The Department issued final regulations regarding postbaccalaureate Pell Grant eligibility on October 28, 1999. Beginning with the 2000-2001 award year, an otherwise eligible student who has a bachelor's degree, and is enrolled in a postbaccalaureate teacher certification or licensure program, is eligible to receive a Pell Grant for the period of time necessary to complete the program only if:

- the program consists of the courses required by a state to receive a professional certification or licensing credential necessary for employment as a teacher in an elementary or secondary school in that state;

3. In some cases, there may be written documentation that the baccalaureate degree from the foreign school is not equivalent to the baccalaureate degree awarded in the U.S. In that event, the school in the U.S. may determine that the student does not have a baccalaureate degree. This documentation may include information about the type of institution and total years of education leading to the foreign degree.

- the program does not lead to a graduate degree;
- the school offering the program does not also offer a bachelor's degree in education;
- the student is pursuing an initial teacher certification or licensing credential;
- the student is enrolled at least half-time; and
- the program is a postbaccalaureate program.

For purposes of determining the eligibility of a student for a Pell Grant under this special, limited provision, the definition of a postbaccalaureate program is a program that, generally, requires a student to have a bachelor's degree before being admitted to the program. Accordingly, a program where undergraduate students are routinely allowed to enroll would not meet the definition of a postbaccalaureate program for this purpose, nor would a program that is generally open to undergraduates but that also admits students with bachelor's degrees. In addition, a program does not meet the requirements for this provision if the courses in that program are offered by the institution in another program for students without a bachelor's degree.

For Title IV purposes, a school must treat a student who receives a Pell Grant under this provision as an undergraduate student enrolled in an undergraduate program. Note, however, that a student enrolled in a postbaccalaureate teacher certification or licensure program is not eligible for FSEOG funds.

### ***Incarcerated Students***

Students incarcerated in federal and state institutions aren't eligible for Pell Grants. However, students incarcerated in local penal institutions can still receive Pell Grants. Students incarcerated by jurisdictions defined as a state in the law (such as the District of Columbia) are considered to be incarcerated in a state institution and aren't eligible for Pell Grants. A student isn't considered incarcerated if he or she has in a halfway house or home detention, or sentenced to serve only on weekends.

Allowable costs of attendance for incarcerated students are limited to tuition and fees and those books and supplies specifically related to the student's course of study. See the *SFA Handbook: Student Eligibility (Volume 1)* for general information about the COA, and Chapter 2 of this volume for more about the COA used for Pell.

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### **Incarcerated Students and Pell Cite**

*Sec. 401(b)(8), 34 CFR 668.32(c)(2)(ii),  
"Dear Colleague" Letter P-94-7*

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### **COA for Incarcerated Students Cite**

*Sec. 472(6)*

## SPECIAL PROGRAMS

Some programs, such as correspondence programs, have additional requirements, or other factors that need to be considered in awarding Pell.

### *Consortium Agreements (Between Eligible Schools)<sup>4</sup>*

A student can't receive a Pell Grant from more than one school at a time. However, a school can pay a student who is enrolled in one of its eligible programs for courses taken at other eligible schools if those courses apply to the degree or certificate in the first school's program. To pay such a student, the school must first have a written consortium agreement with the other school(s) the student is attending.

#### ***Elements of a consortium agreement***

A consortium agreement establishes that the "home" institution considers the student to be enrolled in an eligible program and unconditionally accepts the credits earned at the "host" institution for credit towards the educational program at the home school. The agreement should further specify which school will be responsible for awarding and disbursing aid and monitoring student eligibility. (Usually, the home institution is responsible for disbursements, but if the student is enrolled for a full term or academic year at the host institution, it may be easier for the host institution to monitor the student's eligibility and make payments.)

Other factors that may need to be addressed in the agreement are the applicable refund policy, satisfactory progress policy, and any procedures for calculating the total COA and enrollment status for the student (see Chapter 2 of this volume for more on determining the COA and enrollment status).

The consortium agreement can be a blanket agreement between two or more eligible schools, or it can be written for a specific student. Such an agreement is often used when the student takes related courses at neighboring schools or when the student is in an exchange program with another eligible school for a term or more. The written agreement ensures that the student will receive payment from only one school in a given payment period. (See the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]* for more information on consortium agreements.)

It's the responsibility of the school that disburses the Pell award to maintain information on the student's eligibility, how the award was calculated, what money has been disbursed, and any other documentation, even if some of that documentation must come from other schools.

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Prohibition on Pell from Two  
Schools Cite  
*34 CFR 690.11*

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Consortium Agreement Cite  
*34 CFR 690.9*

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4. If the written agreement is with an ineligible school, see the discussion of contractual agreements in the *SFA Handbook: Institutional Eligibility and Participation (Volume 2)*. Generally, a school can't enter a contractual agreement with a school that's lost its eligibility (for example, a school can't contract with a school that's prohibited from participating in federal Title IV student financial aid programs). In a contractual agreement with an ineligible school, the student must be enrolled for the entire program at the eligible school, even though a portion of the program is provided by contract with the ineligible school. Thus, the student's enrollment status and COA are based on the hours taken at, and the costs in, the eligible program.

### ***Correspondence Study***

Students enrolled in correspondence courses are eligible for aid under SFA Programs only if the courses are part of a program leading to an associate, a bachelor's, or a graduate degree. Also, to be eligible, a correspondence program must meet the criteria for an eligible program (see the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]*). In Chapter 2 of this volume, we discuss special provisions for calculating Pell Grants for correspondence programs.

### ***Foreign Study***

A student can be paid a Pell Grant for study at a foreign school only if the coursework is taken as part of an eligible program at an eligible U.S. school. The foreign study arrangement must be covered by a written agreement between the two schools. Such an arrangement would have to meet the same requirements as a contractual agreement (see the discussion in the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]*).

Students enrolled in study abroad programs with costs of attendance higher than those of the home school may receive a higher Pell award to cover those costs, not to exceed the maximum Pell award.

### ***Workforce Investment Act (WIA) Programs***

If a program conducted with funding provided through the Workforce Investment Act (previously called the Job Training Partnership Act, or JTPA) is offered by an eligible school and meets the definition of an eligible program, eligible students in that program can receive Pell assistance.

### ***ESL as an Eligible Program***

Schools may pay Pell Grants to students enrolled in ESL programs if such programs consist solely of ESL coursework, meet the definition of an eligible program (see the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]*), and enroll only undergraduate students who need the program to be able to use already existing knowledge, training, or skills. The school needs to request an eligibility determination for the program from the Department.

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ESL as an Eligible Program Cite  
34 CFR 668.8(j)

## **FINANCIAL NEED**

To receive a Pell, a student must have financial need. The Expected Family Contribution (EFC) formula is the standard formula used in determining financial need for the SFA Programs. The formula produces an EFC number.

The lower the EFC, the greater the student's financial need. Thus, the neediest students will have an EFC of 0 and may be eligible for the maximum Pell award of \$3,300 if their cost of attendance is high enough and if they will be attending full time for a full academic year.

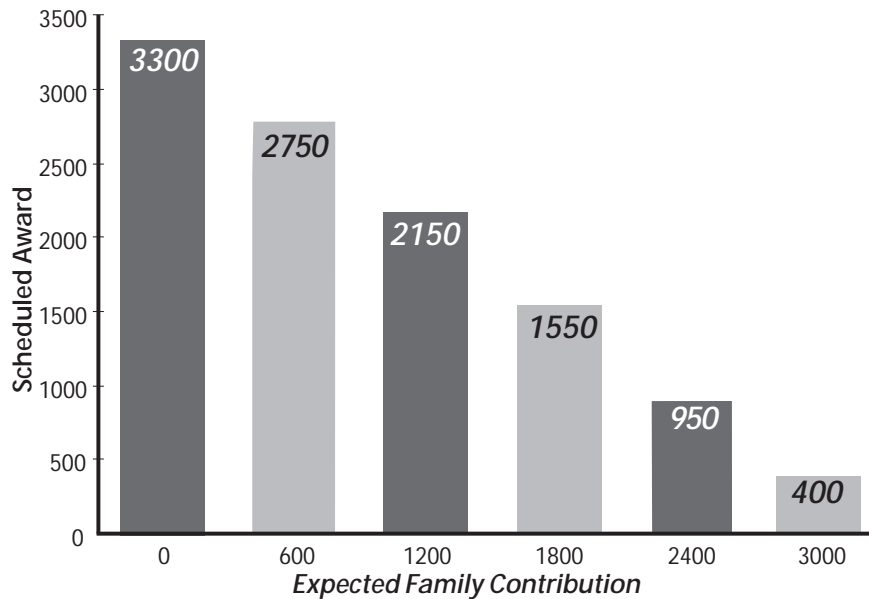
As the EFC increases, the student's need is less and so the amount of the award decreases; after the maximum EFC eligibility of \$3,100,

### Religious Orders and Need

In most cases, if a student is a member of a religious order, he or she is eligible **only** for unsubsidized loans (see the *SFA Handbook: Student Eligibility [Volume 1]*).

### Scheduled Awards Example

2000-2001 Scheduled Awards based on a cost of attendance of at least \$3,300. As the EFC increases, the Scheduled Award decreases. Do not use this example to make awards.



the award becomes \$0. The financial aid administrator can also use professional judgment to adjust the student's COA.

The EFC is computed by the Central Processing System (CPS) and is based on the information the student reported on the FAFSA. The EFC is included along with the student's application information on the student's output document.

#### Professional Judgment

The financial aid administrator, using professional judgment, can adjust one or more of the data elements used to calculate the EFC. (Aid administrators *cannot* adjust the EFC *formula*.) The financial aid administrator can also use professional judgment to adjust the student's COA. See the *SFA Handbook: Student Eligibility (Volume 1)* for information on using professional judgment. The adjustment must be based on a student's individual circumstances and must be documented in the student's file. If the financial aid administrator makes an adjustment for the Federal Pell Grant Program, the same adjustment must be used when awarding campus-based aid, subsidized Federal Stafford Loans, and subsidized Direct Stafford Loans.

#### Reporting Changes

If there were errors on the student's application or the school decides to make an adjustment, there may be changes to the data that affect the EFC. Any change that would result in a change to the amount of the student's Pell award has to be reported back through the CPS for reprocessing. If the EFC change doesn't affect the Pell award, the correction or other change doesn't have to be sent to the CPS (see the *SFA Handbook: Student Eligibility [Volume 1]* for detailed

information on when reprocessing is required). The school must always be sure that the EFC it submits to RFMS matches the EFC calculated by the CPS.

## DOCUMENTING THE STUDENT'S ELIGIBILITY FOR PAYMENT

To pay a student a Pell Grant, the school must have appropriate documentation of the student's eligibility. In particular, the school must have a valid output document for the student. A valid output document is one where all the information used to calculate the EFC is complete and accurate. The school must have received a valid output document containing an eligible nine-month EFC while the student is still enrolled and eligible. Once the school has received a valid output document, assuming all other eligibility requirements are met, the school **must** pay the student.

### *Output Documents*

There are two types of output documents, Institutional Student Information Records (ISIRs) and Student Aid Reports (SARs). An ISIR is a computer-generated electronic record sent to a school by the CPS. The SAR is a paper document sent to the student by the CPS. These output documents (ISIRs and SARs) contain the student's application information, the EFC, and the results of the database matches. (See *A Guide to 2000-2001 SARs and ISIRs* for more on ISIRs and SARs.)

The school isn't required to provide students with a copy of the ISIR it received from the CPS, even if the school sent in the student's application through EDE. All students receive a SAR with their information from the CPS. Students who apply through the mail, *FAFSA on the Web*, or *FAFSA Express*, receive a two-part SAR. Students who apply through EDE receive a one-part SAR, called a SAR Information Acknowledgement. For purposes of documenting the student's eligibility for payment, the SAR Information Acknowledgements is the same as a two-part SAR: A school **must** pay an eligible student who submits either a valid two-part SAR or a valid SAR Information Acknowledgement.

### *Signature Requirements*

The student isn't required to sign an output document. Note that the student is still required to sign the statement on the FAFSA certifying that the information provided is correct. (See the *SFA Handbook: Student Eligibility [Volume 1]* for more on general signature requirements.)

If a school is making a correction through EDE, it must have signed documentation for the correction from the student and parent. This signed documentation can be signatures on Part 2 of the SAR, a signed copy of the correction to be sent electronically by the school to the CPS, or signed verification documentation. The school must

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Valid Output Document  
Definitions Cite  
*34 CFR 690.2*

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Valid Output Document  
Requirement Cite  
*34 CFR 690.61(a)*

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Signature for Corrections Cite  
*34 CFR 690.14(b), (c)*

## Signature Requirements for Application and Verification Information

	<i>Application</i> (FAFSA, FOTW, EDE, FAFSA Express)	<i>IRS Forms</i> 1040 or other form submitted for verification	<i>Verification Worksheet</i>	
<b>General Req's</b>	<b>Student</b>	Must sign statement that data is accurate (on application, echo document, signature page, or by use of PIN)	Tax return must be signed by student (or spouse) or by the tax preparer (or preparer's stamp)	Must sign worksheet
	<b>Parent(s)</b> (if student is dependent)	One parent must sign statement that data is accurate (on application, echo document, signature page, or by use of PIN)	Tax return must be signed by one parent or by the tax preparer (or preparer's stamp)	One parent must sign
	<b>FAA</b>	Must certify if dependency override is performed		
<b>Additional Pell Req's</b>		<i>SAR</i> to be submitted for corrections	<i>EDE</i> corrections	<i>Professional Judgment</i> on SAR or through EDE
	<b>Student</b>	Must sign corrections statement on Part 2 of SAR	School must have signed documentation	
	<b>Parent(s)</b> (if student is dependent)	One parent must sign the corrections statement on Part 2 of the SAR	School must have signed documentation	
	<b>FAA</b>			Must certify for adjustments or dependency override

collect this documentation before sending data to the CPS. If the student chooses to make a correction on a paper SAR, the student and one parent (for a dependent student) must sign Part 2 of the SAR.

An FAA making a professional judgment adjustment can submit the change without a signature from the parent or student.

### **Recordkeeping**

A school needs to keep the output document used to determine the student's eligibility (see the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]* for complete recordkeeping requirements). The school can store an ISIR in its electronic format, rather than printing and storing paper. Schools must be careful to store the electronic record exactly as received from the CPS.

If the student applies electronically through his or her school, the school must be sure that it keeps the signed FAFSA. In addition, the school must keep signed documentation of any corrections submitted electronically. The school can keep the student's SAR or the signed FAFSA and correction documentation for students applying electronically in either the original hard copy format or an imaged format from which it can produce an accurate, legible copy of the

**Recordkeeping Format Cite**  
*34 CFR 668.24(d)(3)*



original (see the *SFA Handbook: Institutional Eligibility and Participation [Volume 2]*).

### **Deadline**

Every year, the Department publishes a list of deadlines for the award year in the *Federal Register*. The 2000-20001 deadline notice was published on July 10, 2000. It is also available on the Information for Financial Aid Professionals (IFAP) web site at <<http://ifap.ed.gov>>. For the 2000-20001 award year, the school must receive the student's valid ISIR or SAR no later than the student's last day of enrollment, or August 31, 2001, whichever comes first. As mentioned above, the student must still be enrolled and eligible for payment at the time the school receives the output document. If the student leaves school or completes the program and the school doesn't have a valid output document, the student isn't eligible for a Pell Grant. For the purpose of this deadline, the date the school received the ISIR is the processing date on the ISIR transaction.

### **Verification extension**

The deadline above is extended for students undergoing verification. The extension allows the student to submit a revised output document after the student's last day of enrollment. However, the school must have received some output document with an eligible EFC while the student was enrolled. For 2000-2001, a school can accept a student's revised output document up to **90 days after** the student's last day of enrollment, but the extension can't go beyond the August 31 deadline mentioned above. Note that if a student submits a revised output document after his or her last day of enrollment, that output document can't be used to increase the amount of the Pell Grant the student receives, only to decrease it (see Chapter 5 of this volume for more information).

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**Output Document Deadline Cite**  
*34 CFR 690.61(b)*

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**2000-2001 Deadline Notice**  
*Federal Register July 10, 2000, 64 FR 42340*

