

The purpose of the Federal Supplemental Educational Opportunity Grant (FSEOG) Program is to encourage schools to provide grants to exceptionally needy undergraduate students to help pay for postsecondary education. This provision is in Section 413C(c)(2) of the Higher Education Act of 1965, as amended. Giving priority to applicants with exceptional financial need, schools selecting FSEOG recipients must use the selection criteria discussed in chapter 2 of this volume.

RECENT CHANGES

The following changes resulted from the Higher Education Amendments of 1998. The first three changes became effective October 1, 1998. The fourth change became effective for the 2000-2001 award year.

- A school is required to offer (make available) a **reasonable proportion** of its FSEOG allocation to independent or less-than-full-time students.
- A school may carry up to 10 percent of its current award year funds back to spend in the prior award year or forward to spend in the next award year.
- A school may also carry back any portion of its current award year funds to cover payments the school made to students after the end of the spring enrollment period in the prior award year.
- Starting with the 2000-2001 award year, the allocation formula changes. Under the new formula,

- Δ the base is equal to the total of the base guarantee plus the pro rata share received for the 1999-2000 award year,
- Δ the pro rata share is eliminated, and
- Δ the fair share calculation is based on all the excess funds after the base guarantees are met.

