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# Leveraging Educational Assistance Partnership (LEAP) Program

*The LEAP Program helps states provide grants to students who demonstrate substantial financial need, enabling those students to attend postsecondary school.*

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## PROVIDING FUNDS TO STATES

Under the LEAP Program, the Secretary of Education (the Secretary) provides states with funds to establish a state grant program assisting students who demonstrate substantial financial need. States must, at a minimum, match LEAP grants dollar for dollar with funds provided through direct state appropriations. These state programs carry a variety of names that do not necessarily include the name “LEAP” in their titles. The LEAP Program makes funds available to the 50 states, the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands.

### *School and Student Inquiries*

Because state programs vary, student and school inquiries about LEAP and other state grant, scholarship, and work-study assistance should be directed to the state higher education agency that administers the program in their state. You can find this list electronically at the following web site:

<http://search.ed.gov>

At that site, key in “state higher education agencies.”

To help financial aid administrators understand the variety of state practices, this section describes some of the conditions and regulations that affect state program operations.

## MATCHING REQUIREMENTS

Each eligible participating state receives an annual LEAP allotment (formula grant) from the Department based on the state’s eligible postsecondary education enrollment. The federal allotments must be matched by funds appropriated by the state, and this matching must represent an increase in the state-appropriated grant and work-study expenditure over the amount spent during an established base year

(defined as the second year before the state began participating in the LEAP Program). The state must maintain its matching LEAP Program expenditures at a level not less than the average for the preceding three fiscal years, or at the level of the average per full-time equivalent student for those years. LEAP Program expenditures used in matching the federal allotment must be the net amount of expenditures and should not include any refunded or returned amounts that were not actually expended.

### *Matching in Auditable Dollar Amounts*

Matching must be in auditable dollar amounts. Tuition waivers or remissions may be considered grants only if money actually changes hands from state to school to student, and if this transfer can be documented as a cash transaction in the records at each level.

## COMMUNITY SERVICE-LEARNING JOB PROGRAM

Each award year, a state may use up to 20% of its allotment for a community service-learning job program. The student must receive compensation for work, not a grant. The job program must be administered by postsecondary schools in the state, and each student employed under the program must be employed in work for the public interest. The employer may be a school; a federal, state, or local public agency; or a private nonprofit organization. An arrangement must be established between the school and the agency or organization.

Schools, in consultation with local nonprofit, governmental, and community-based organizations, identify jobs (in direct service, planning, or applied research) that are designed to improve the quality of life for residents (particularly low-income residents) of the community served. Each community service-learning job must

- provide the participating student with a job related to his or her educational or vocational program or goals;
- be governed by conditions of employment that are considered appropriate and reasonable, based on such factors as type of work performed, geographic region, and proficiency of the employee;
- pay at least the current federal minimum wage as mandated by the Fair Labor Standards Act of 1938 (not the subminimum wage);
- not displace employed workers or impair existing contracts for service; and
- not involve the construction, operation, or maintenance of any part of a facility used or to be used for religious worship or sectarian instruction.

### ***Funding Reallocation***

Basic LEAP allotments not used by one state are reallocated to other qualified states. Within the constraints of federal appropriations, states are free to schedule their own funding cycles for students, but funds may not be carried over from one fiscal year to the next. However, the funds may be used for the summer term if the term falls within the program year (July 1 through June 30) for which the funds were appropriated.

## **ADMINISTRATIVE PATTERNS**

A state may choose different ways to administer its program. The state may choose to use centralized administration, decentralized administration, or a combination of both. Whichever method is used, a state must use all federal funds and state matching funds for student awards. (A state is not permitted to use either federal funds or state matching funds to help defray administrative costs.)

### ***Centralized Administration***

Most states, particularly those with well-established state student assistance programs, use centralized administration. In centralized administration, a single state agency receives and processes student applications, notifies students of awards, verifies attendance, makes disbursements, and keeps complete records on all student awards.

### ***Decentralized Administration***

In other states, particularly those with relatively new state programs, the designated state agency delegates certain functions to participating schools. This is called decentralized administration. In these cases, funds available through the state agency are generally suballocated to eligible schools on the basis of enrollment or need formulas. The schools recommend potential LEAP recipients to the state agency, which approves individual awards from these fund allotments. In states that use decentralized administration, funds awarded under these programs are still considered to be state aid and not institutional aid.

### ***Location of Student Files***

In the centrally administered state programs, actual student files are located in the state agency. In decentralized state administration, which requires schools to process much of the student information, the financial aid administrator gives the state agency the information needed for formal approval of individual student awards. In either case, to monitor the use of LEAP funds, schools examine student files to verify that recipients met all eligibility criteria and received the correct award amount.

## **SCHOOL PARTICIPATION**

Within the limits of federal statutes and regulations, states determine eligibility standards in terms of their own fiscal, constitutional, and statutory restraints. See *SFA Handbook, Volume 2: Institutional Eligibility and Participation* for details about federal limits on school participation.

**Relevant Eligibility Requirements**  
**Cite**

*Subpart C of the General Provisions regulations (34 CFR 668.31-39)*

Schools that are licensed by their state agency as clock-hour institutions must use clock hours to determine a student's eligibility for SFA funds. (See *SFA Handbook Volume 2: Institutional Eligibility and Participation*)

All nonprofit institutions of higher education in a state are eligible to participate, except when participation violates the state's constitution or a state law enacted before October 1, 1978. While states are not required to include proprietary (for-profit) schools in their state programs, the most recent LEAP (formerly SSIG) participation figures show that 26 states made LEAP awards available to students attending such schools.

***Other Factors Affecting Participation***

School participation may also be affected when some states suballocate available LEAP funds to the various types of schools on the basis of enrollment, need, the availability of non-LEAP aid, and other criteria. In such instances, money not claimed for student awards at one school may be reclaimed by the state and reassigned to other schools.

**STUDENT ELIGIBILITY**

Student eligibility criteria for receiving aid from the LEAP Program differ among states depending on constitutional, statutory, or policy restrictions. (Some states have legislated formulas for determining student eligibility and the amount of assistance given to individual students.) However, to be eligible for assistance under the LEAP Program, all students must meet the eligibility requirements and must demonstrate substantial financial need as determined in accordance with the states' criteria as approved by the Secretary. The standards that states may use to determine need are discussed in more detail in the subsection on Student Application Procedures and Awards beginning on page 8 of this volume.

***General Eligibility Requirements***

The eligibility requirements of Subpart C are summarized briefly below. These requirements are covered in greater detail in *SFA Handbook: Volume 1, Student Eligibility*. In general, the student must

- be either a U.S. citizen or an eligible noncitizen,
- be enrolled as a regular student in an eligible program at an eligible school,
- have a high school diploma or its recognized equivalent (or be beyond the age of compulsory school attendance in the state where the school is located and have passed an independently administered test approved by the Department),
- be maintaining satisfactory academic progress standards in his or her course of study,

- sign a Statement of Educational Purpose and a Certification Statement on Overpayments and Default, and
- register with the Selective Service, if required.

A student is not eligible for SFA funds if he or she

- is enrolled in an elementary or secondary school,
- has borrowed in excess of the annual or aggregate limits for the SFA loan programs, or
- is in default on a student loan or owes an overpayment on a student grant from the SFA Programs.

If, however, a student owes a refund on a LEAP overpayment, that student would still be eligible to receive additional SFA funds as long as he or she meets all other eligibility requirements and as long as the school can eliminate the overpayment by adjusting financial aid payments (other than Federal Pell Grants) in the same award period in which the overpayment occurred.

### *Other Factors Determining a Student's Eligibility*

Other factors that determine whether a student is eligible for a LEAP award include the state's definition of substantial financial need, its method of determining maximum awards, and the costs that can be covered. Some states limit awards to cover only the cost for tuition and fees; some states include allowances for room, board, and other costs. Some have allowances for commuters. Many state grant programs exclude part-time students and those who attend schools outside the state. Some states have reciprocal arrangements with neighboring states, so that students may receive LEAP funds from their home states even though the students are enrolled in schools in other states. LEAP funds may be awarded to students participating in programs of study abroad that are approved for credit by the home school.

### *Independent or Less-Than-Full-Time Students*

A state's LEAP independent student program funding should be comparable to the overall state program if the entire state program is not contained in the state's LEAP Program. To the extent practicable, the proportion of LEAP funds awarded to independent students in the LEAP Program must be the same proportion of funds awarded to independent students in the state program (or programs) of which the state's LEAP Program is a part.

If a state awards grants to independent or less-than-full-time students, it must allocate a reasonable portion of funds for these awards. The Secretary will determine if the allocation is reasonable on a case-by-case basis, if necessary.

If the state's allocation is based on a formula that includes the financial need of independent or less-than-full-time students, the state must ensure that those students receive a reasonable proportion of LEAP funds.

## STUDENT APPLICATION PROCEDURES AND AWARDS

The student must apply to his or her state agency either directly or indirectly through the school. Every award requires the official state agency's formal approval, based on a determination of need. You can find a list of these agencies at the web site listed on page 3 of this volume.

### *Maximum Award*

The maximum award that a student may receive is \$5,000 per academic year. The maximum award is reduced proportionately for students who attend part-time. Many states set maximum awards under \$5,000.

Most states limit LEAP awards to undergraduates attending at least half-time. However, at each state's option, graduate, less-than-half-time, and other nontraditional students may also be eligible to receive LEAP awards. States may decide whether to make individual LEAP awards that vary according to student need or to give a set amount to all students who meet the established need criteria.

### *Determining Substantial Need*

Student recipients are selected annually on the basis of substantial need, according to criteria established by the state and approved by the Department. A state may define need in terms of income, Expected Family Contribution (EFC), or relative need, as measured by cost of attendance minus available resources. Regardless of which need analysis system the state selects, the designated state agency is responsible for final approval of individual student recipients, thus allowing each state to develop consistent methods in awarding aid to candidates statewide.

### *Need Analysis Systems*

Most states measure need by using a single need analysis system for all applicants (the Federal Needs Analysis Methodology). However, in decentralized programs—where schools recommend student candidates for awards subject to the designated state agency's approval—student applications may be processed according to the need analysis systems used by the schools. In any event, the designated state agency has final authority for selecting recipients who meet the need criteria under standards established for the statewide program.

### *Dependency Criteria*

As discussed in *SFA Handbook: Volume 1, Student Eligibility*, a dependent student who applies for aid from any of the SFA Programs must include parental information on the application. An independent student need only include his or her financial

information (and, if married, that of a spouse). The criteria a student must meet to apply as an independent student appear in *SFA Handbook: Student Eligibility*.

The Department may approve, on a case-by-case basis, a state's criteria if they vary from those listed in *FSFA Handbook: Volume 1, Student Eligibility*. The state must show that it had good reason to use different criteria. This option to approve different criteria began in the 1995-96 award year.

### ***Alternative Criteria for Determining Dependency Status***

States that wish to use variant definitions for "independent student" must provide information concerning their definition when applying for program funds. The information should include a justification, with accompanying supporting documentation, showing why a variant definition should be approved. For example, a state may want to use its own definition because the state may incur excessive costs if required to use the federal definition.

In approving a state's "independent student" definition, the Department might also consider the extent to which the new definition imposes additional data requirements beyond those provided for by the federal definition and the Federal Needs Analysis Methodology.

A state's definition might not differ totally from the federal definition. For example, a state might use the federal definition but might delete the professional judgment provision.

### ***Cost of Applying***

To award a student aid, a state may require the student to provide applicant information on the Free Application for Federal Student Aid (FAFSA) or on another free form. In addition, the state may require a student to provide supplemental information on a fee-based supplemental form. If there is a fee for submitting and processing the state information on the supplemental form, the fee must be payable to the state, regardless of whether the information may also be used for institutional aid. Decentralized state grant programs (under which schools participating in the state LEAP programs award state grant funds) must consider state grant funds as state aid and not institutional aid.

## **FISCAL AND REPORTING RELATIONSHIPS BETWEEN SCHOOLS AND THE STATE AGENCY**

State agencies responsible for administering LEAP funds must document their decisions and disbursements in their own central records, in school records, or in both. Variations of student/school rosters are often sent back and forth between the state agency and the schools to verify attendance, provide information related to student need, document disbursement of funds to students or to student accounts, guard against overawards, and help provide required records and reports.

In general, fiscal and reporting relationships between participating schools and the state agencies vary according to whether the states' programs are administered in a centralized or decentralized manner, or in a combined manner. In any case, the state agency must be held accountable for the disbursement of federal funds and for making the required reports to the Department. States are given considerable leeway in demonstrating fiscal responsibility related to administration of the LEAP Program. However, participating schools must meet the federal standards of fiscal responsibility described in *SFA Handbook: Volume 2, Institutional Eligibility and Participation*.

At a minimum, even schools using the most centralized administration must:

- assure that students will meet satisfactory academic standards,
- document the status of grant refunds, and
- document the status of loan defaults.

A school must also document student acknowledgment of awards if funds are paid to the school on behalf of the recipient; furthermore, the school must cooperate in packaging aid to avoid overawards.

In decentralized systems (in which the state agency depends on the school to help screen applicants) school records must document need analysis documentation to justify formal approval of individual awards by the official state agency.

Individual student awards are subject to approval by the designated state agency. Schools may not transfer awards from one student to another without that agency's approval. Schools and state agencies should maintain regular communication so that any funds that become available later in the year will be used for qualified students.

The state agency requires certain school reports to document the disbursement of federal funds to student recipients. The school reports also provide information needed to improve efficiency in the operation of state programs and to provide data for state budgets and for annual reports to the Department.

#### ***Recovered Funds Must be Redistributed***

All funds (federal plus state) recovered from overawards should be redistributed to other qualified students during the applicable award period unless records for the period have been closed. If these funds are not reissued to qualified students, the state must return the recovered federal portion to the Department.

***School Reports Must Document Fund Disbursement***

The actual form and content of school reports vary from state to state, depending upon the size and maturity of the state programs, among other factors. There are no standard formats or channels for these school reports. For example, information about recipients by income level may come either from the central office records or from the schools. Communication may follow established procedures or may be developed through cooperative efforts of state and school representatives.

***SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE  
PARTNERSHIP (SLEAP) PROGRAM***

The Higher Education Amendments of 1998 added a new section #415E to subpart 4, Title IV of the Higher Education Act of 1965, as amended (HEA) to establish the SLEAP Program. The SLEAP Program is an additional component of the LEAP Program. The LEAP and SLEAP programs are funded under one appropriation. The initial \$30 million of the appropriation funds the LEAP Program. Any amount in excess of the initial \$30 million must be used to carry out activities authorized under the SLEAP Program. The funding for the 2000-2001 award year is \$40 million for both programs; therefore, there is \$10 million for the SLEAP component for the 2000-2001 award year.

The SLEAP Program provides incentive grants to assist states in providing financial assistance to eligible needy postsecondary students and services to eligible needy preschool, elementary school, and secondary school students. Because final regulations for the SLEAP Program will not be effective for the 2000-2001 award year, guidance was issued to the states to help them administer the SLEAP Program during the first year. This guidance, posted May 15, 2000 as an Electronic Announcement, is available on the Information for Financial Aid Professionals (IFAP) web site:

<http://ifap.ed.gov>

The SLEAP Program guidance is based on section 415E of the HEA and the Education Department General Administrative Regulations (EDGAR). This guidance is subject to change based on the final regulations and possible technical changes to the SLEAP statute that were pending at the time this volume was published.

