

Eligibility for Specific FSA Programs

CHAPTER 6

Most of the student eligibility requirements we have discussed so far apply to all or most of the FSA programs. In this chapter we'll describe some additional eligibility requirements which are program specific.

FEDERAL PELL GRANTS

In general, a student must be enrolled in an undergraduate course of study at a non-foreign institution to receive a Pell Grant. A student who has earned a baccalaureate degree or a first professional degree cannot receive a Pell Grant. There are teaching certification exceptions to this, however (see the next page).

A student who completes a master's program has earned a degree beyond the baccalaureate level, making the student ineligible for a Pell Grant even if he or she does not have a bachelor's degree and enrolls in an undergraduate program. Most professional degrees are also considered beyond the baccalaureate level; the same restrictions apply to students who have earned professional degrees considered beyond the baccalaureate level.

A student who has received an associate degree—or any certificate or diploma below the baccalaureate level—and who enrolls in another undergraduate program continues to be considered an undergraduate student until she has completed the curriculum requirements for a first bachelor's degree.

A student with a baccalaureate or professional degree is ineligible even if the degree is from an unaccredited school or is not recognized by your school. Similarly, a student with a baccalaureate or professional degree from a foreign school usually isn't eligible for a Pell Grant. But because a foreign degree often won't translate neatly into the American classification, the school must judge whether it equates to a U.S. bachelor's degree. If the student provides written documentation that the foreign degree is not equivalent to a bachelor's degree awarded in the United States, you may determine that he does not have a bachelor's degree. Documents supporting such a conclusion may include information about the type of school the student attended and total years of education leading to the degree.

Occasionally a student will complete all the requirements for a bachelor's degree but will continue taking undergraduate courses without accepting the degree. Your school must decide whether and at what point the student completed the baccalaureate course of study. If your school determines that

the student did complete a bachelor’s program (regardless of whether the student accepted the degree), then the student is no longer eligible to receive a Pell Grant.

Prohibition on Pell for concurrent enrollment

A student may not receive Pell Grant payments concurrently from more than one institution or from the Department and a school. See 34 CFR 690.11, and 20 U.S.C. 1070a for more detail.

Pell eligibility for religious orders

Previous regulations (34 CFR 690.75(d)) which considered certain members of religious orders to have no financial need have been eliminated. Such students may now be considered to have financial need, in accordance with Part F of Title IV of the HEA, and are eligible to receive Pell Grant funds, if they meet all other student and Pell-specific eligibility criteria.

Incarcerated students and sex offenders

Students incarcerated in federal and state penal institutions **are not** eligible for Pell Grants, but may be potentially eligible to receive FSEOG and FWS. Those incarcerated in a juvenile justice facility or a local or county penal institution **are** potentially eligible for Pell Grants (as well as FWS, FSEOG, but not Direct Loans), regardless of which governmental entity operates or has jurisdiction over the facility. A student in such an institution **is** still considered incarcerated for purposes of calculating cost of attendance (COA) under section 472 of the HEA when determining eligibility for and the amount of the Pell Grant.

The cost of attendance for students who are incarcerated in local penal institutions is limited to tuition and fees and the price of books and supplies specifically related to the student’s course of study. For more information on the cost of attendance, see *Volume 3, Chapter 2*. Students incarcerated by jurisdictions defined as a state in the law, such as the District of Columbia, are considered to be in a state penal institution and aren’t eligible for Pell Grants.

A student isn’t considered incarcerated (and thus barred from potential Pell eligibility) if he or she is in a halfway house or home detention or is sentenced to serve only on weekends, or if he/she is confined in any sort of facility prior to the imposition of any criminal sentence or juvenile disposition while awaiting trial. You may accept the student’s written self-certification that he is no longer incarcerated (be sure to explain to the student the differences in what is considered incarcerated status, per the above).

A student cannot receive a Pell Grant if he or she is subject to an involuntary civil commitment (which begins the day the student moves to the facility) following incarceration for a sexual offense (as determined under the FBI’s Uniform Crime Reporting Program).

Incarcerated Students and Pell

DCL GEN-14-21, HEA Sec. 401(b)(6), 34 CFR 668.32(c)(2),(3), 34 CFR 600.2
<https://fsapartners.ed.gov/dear-colleague-letters/12-08-2014-gen-14-21-subject-federal-pell-grant-eligibility-students>

Juvenile Justice Facility: A public or private residential facility that is operated primarily for the care and rehabilitation of youth who, under state juvenile justice laws, are accused of committing a delinquent act, have been adjudicated delinquent, or are determined to be in need of supervision.

The Department is aware of changes to the HEA made by the Appropriations & Emergency Coronavirus Relief Act (passed December, 2020), which restores Pell eligibility for certain individuals incarcerated in State and Federal penal institutions. This change has not yet been implemented. We will provide further guidance at a later date.

Duration of eligibility

All students may receive Pell Grants for up to the equivalent of 12 semesters, measured by percentage of Scheduled Award(s) disbursed (“Lifetime Eligibility Used,” or “LEU” field in COD up to 600%). For more information on the duration of Pell eligibility and LEU, see *Volume 3, Chapter 3*.

Undergraduate student definition

An undergraduate student is defined as a student enrolled in a program of study that is usually four, or sometimes five, academic years and that leads to a baccalaureate degree. A student enrolled in a program that lasts longer than five years, typically first professional degree programs such as a six-year pharmacy program, can be considered an undergraduate for only the first three or four years. Students enrolled in dual degree programs that confer a bachelor’s degree and either a graduate or first professional degree are undergraduates for at least the first three years of the program. The school determines at what point after three years the student ceases to be an undergraduate.

For the FSEOG, Pell, and TEACH Grant programs, a student is an undergraduate only if he has not earned, or completed the requirements for, a bachelor’s or professional degree. Students enrolled in an eligible postbaccalaureate program as described below are still undergraduates for receiving TEACH and Pell Grants. For more details, see 34 CFR 668.2(b), 690.6, and 686.2(d).

Wrong grade level on the FAFSA

When an undergraduate student incorrectly reports on the Free Application for Federal Student Aid (FAFSA) that he will be a graduate student or has a bachelor’s degree, he must correct that information. Because the application shows that the student isn’t an undergraduate, the Department’s records will show that he is ineligible for Pell. If the application isn’t corrected, the school won’t be able to pay him a Pell Grant.

Eligible postbaccalaureate program

A student who is enrolled at least half time in a postbaccalaureate teacher certification or licensure program is eligible to receive a Pell Grant for the period necessary to complete the program if:

- 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 within a state; and
- 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.

Under this **very limited provision**, a postbaccalaureate program is defined as a program that generally requires a student to have a bachelor's degree before being admitted to the program. Accordingly, a program in which 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. For FSA purposes, a school must treat a student who receives a Pell Grant under this provision as enrolled in an undergraduate program. He is eligible for federal work-study and fifth-year undergraduate (not graduate student) Direct Loan limits. He is not eligible for an FSEOG.

Eligible postbaccalaureate program and the FAFSA

Normally a student who indicates on the FAFSA that he 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, 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 on the FAFSA that they're in a teaching credential program will be listed as Pell-eligible students. Of course, you must determine whether the student actually falls under the eligible postbaccalaureate provision. For more detail, see 34 CFR 690.6(c) and HEA Sec. 484(a)(4)(B).

Children of Fallen Heroes Scholarship Act

Under the Children of Fallen Heroes Scholarship Act (CFH), an otherwise Pell-eligible student whose parent or guardian died as a result of active service in the line of duty as a Public Safety Officer (defined under 42 U.S.C. 3796b, or a fire police officer) shall receive the maximum Pell Grant if the student was less than 24 years old when the parent or guardian died, or was enrolled at an institution of higher education at the time of the parent or guardian's death.

A school must use an EFC of 0 to package all federal student aid if the student meeting the above criteria has a Pell-eligible EFC. Note that the zero EFC is only used for packaging purposes; you do not actually change the student's calculated EFC. For more details, see the Electronic Announcement of November 19, 2018, HEA Sec 473, and 42 U.S.C. 3796b.

For students who are eligible for CFH benefits, schools must set eligibility flag 402 in FAA Access for the student. Any subsequent schools may rely on this 402 comment code on the student's ISIR as evidence of the student's CFH eligibility rather than ask for a letter or documentation from the previous school.

Restoring semesters of Pell eligibility for students affected by closed schools

The Department has modified the COD system to restore semesters of Pell Grant eligibility for eligible students who were unable to complete their programs because their school has permanently ceased operations (i.e. is now a “closed school”). The Department has determined to restore semesters of Pell Grant eligibility for Pell recipients at closed schools. This process is not applicable if only a location closes. To qualify for Pell eligibility restoration, the main school must cease operations.

The Department is in the process of identifying students who received a Pell Grant for attendance at a now-closed school and who were not reported to NSLDS as having graduated from that school. The Pell LEU adjustment will be equivalent to the Pell Grant Eligibility Used (EU) at the closed school for each award year for which the student received Pell Grant funds. The Department will make one LEU adjustment per school, per award year. These adjustments in COD will be processed in batches following the final closeout at each school. If you have a student to whom this provision applies, the Department will return a COD Warning Edit 221 for the student. See the April 3, 2017 Electronic Announcement for details on how to award the student Pell.

Please note that this change is very important because students have a limited number of semesters in which they can receive Pell Grants to continue and complete their education—in 2008, Congress established a maximum Pell Grant lifetime eligibility of 18 semesters, and in 2012, Congress reduced the lifetime eligibility further to 12 semesters and applied it to all students, including a group of students “grandfathered” from the original 18-month limitation. For more information on this limitation and the current percentage method of measuring progress towards the limit, please see the main discussion under “*Pell Grant and Iraq & Afghanistan Service Grant Lifetime Eligibility Used (LEU)*” in Volume 3, Chapter 3. For more details, see the April 3, 2017 Electronic Announcement.

Pending change in age qualifiers for Children of Fallen Heroes

The Department is aware of the Appropriations & Emergency Coronavirus Relief Act (passed Dec. 2020), which changes the age qualifiers for CFH from 24 to 33; however this change has not yet been implemented. We will provide further guidance at a later date.

Pell LEU restoration

The Department is aware of the Appropriations & Emergency Coronavirus Relief Act (passed Dec. 2020), which codifies Pell LEU restoration when a student’s school closes, but extends eligibility for restoration when eligibility for the Pell Grant was “falsely certified” and when the recipient also has a loan discharged due to borrower defense; however this change has not yet been implemented. We will provide further guidance at a later date.

IRAQ AND AFGHANISTAN SERVICE GRANTS & ZERO EFCs

A student whose parent or guardian died as a result of U.S. military service in Iraq or Afghanistan after September 11, 2001, or as a result of active service in the line of duty as a Public Safety Officer (see Children of Fallen Heroes Scholarship Act subsection above) may receive increased Title IV funds if at the time of the parent or guardian's death the student was either less than 24 years old or was enrolled in college.

- If the student is eligible for a Pell Grant, you award and package all Title IV aid based on an EFC of zero.
- If the student is ineligible for a Pell Grant only because his EFC is too high, he may receive an Iraq and Afghanistan Service Grant if the student's parent died as a result of U.S. military service in Iraq or Afghanistan after September 11, 2001. As with Pell Grants, there is a receipt limit of 12 semesters (600% Lifetime Eligibility Used/LEU in COD), and this limitation is not limited to students who received their first Pell Grant on or after July 1, 2008. Payments are adjusted for students enrolled less than full time. Unlike Pell Grants, these non-need-based grants do not count as estimated financial assistance. A student is tracked for LEU separately for Pell and IASG, and may concurrently have a running LEU tally for each.

See *Volume 3, Chapters 3 and 7* for more details on awarding and packaging these students.

Pending change in age qualifiers for IASG

The Department is aware of the Appropriations & Emergency Coronavirus Relief Act (passed Dec. 2020), which changes the age qualifiers for IASG from 24 to 33; however this change has not yet been implemented. We will provide further guidance at a later date.

DIRECT LOANS

To be eligible for Direct Loans, undergraduate students attending a school that participates in the Pell Grant Program must first receive a determination of their eligibility for Pell Grants. Generally a student must be enrolled or accepted for enrollment in a degree or certificate program to receive Title IV funds, but there are exceptions that apply to Direct Loans.

Direct Subsidized Loans and Direct Unsubsidized Loans are two components of a single loan program. Therefore, a school may not choose to make only Direct Subsidized Loans or only Direct Unsubsidized Loans available to its eligible undergraduate and graduate students. A school may choose whether to participate in the Direct PLUS Loan Program. A school that chooses to participate in the Direct PLUS Loan Program and that has both undergraduate and graduate/professional students must make Direct PLUS Loans available to both the parents of its dependent undergraduate students and to its graduate/professional students. That is, such a school may not limit Direct PLUS Loan borrowing only to parents or only to graduate/professional students.

Preparatory coursework

A student may apply for a Direct Subsidized/Unsubsidized Loan (or a parent may apply for a Direct PLUS Loan on behalf of a dependent student) for coursework the school has documented is necessary for the student to enroll in an eligible program. The preparatory courses must be offered as part of an eligible program offered by the school, though the student does not have to be enrolled in that program. You may not award Direct Loans for stand-alone courses that do not count towards an eligible program and exist solely to serve as preparatory coursework.

If enrolled at least half time in these prerequisite courses, the student is eligible for loans for one consecutive 12-month period (not per program) beginning on the first day of the loan period. If the period of preparatory courses spans more than one academic year, the student may receive multiple loans. To be eligible for loans under this exception, the student must be taking classes that are a prerequisite for admission. A student who is only taking courses to raise his or her grade-point average in order to be admitted would not qualify.

Preparatory coursework at a different school

A student may take the preparatory courses at School A (as long as they are part of an eligible program there) to prepare for enrollment at School B. Also, as the awarding school, school A may require documentation from School B that these courses are required for the student's subsequent enrollment.

Preparatory coursework example

Ryne has a bachelor's degree with a major in mathematics. He wants to enroll in a graduate computer science program at Banks University. He needs 12 more semester hours of computer science coursework to meet Banks's admission requirements. He enrolls in courses that are part of Banks's undergraduate degree program, but because he is not enrolled for the purpose of receiving an undergraduate degree, he is not a regular student. However, because the coursework is necessary for his enrollment in the graduate program, he may receive a Direct Loan for this coursework. See 34 CFR 668.32(a)(1)(ii) and 34 CFR 685.203(a)(6).

When Preparatory course-work is not Title IV eligible

The Nightingale School of Nursing (NSN) is part of the T.O. General Hospital and offers a 2-year RN program leading to a diploma. The two-year RN program is the only Title IV eligible program at NSN. To be admitted to the RN program, students must have:

- a high school diploma or G.E.D. ;
- completed Human Anatomy and Physiology with a minimum grade of "C";
- completed college level English Composition with a minimum grade of "C"; and
- completed college level Algebra with a minimum grade of "C".

For applicants who have not successfully completed post-secondary courses in Human Anatomy and Physiology, English Composition, and Algebra, NSN offers 8-week courses that upon successful completion qualify applicants for admission. Because NSN does not offer a Title IV eligible program that includes its courses in Human Anatomy and Physiology, English Composition, and Algebra, students enrolled in those stand-alone courses are not eligible to receive Title IV funds.

Parent borrower eligibility

To borrow a Direct PLUS Loan for a student, the parent must be the student’s biological or adoptive mother or father, (regardless of whether he or she is the “custodial” parent or provided financial information on the FAFSA), or in some cases, a stepparent (see below). More than one parent may get a Direct PLUS Loan for the same dependent student as long as the total aid package does not exceed the student’s cost of attendance.

A stepparent is eligible to borrow a Direct PLUS Loan if he or she is considered to be a parent in accordance with the instructions on the FAFSA for purposes of reporting financial information on the FAFSA. A legal guardian is not considered a parent for FSA purposes.

In all cases, the dependent student on whose behalf a parent has applied for a Direct PLUS Loan must have filed a FAFSA and received an ISIR or SAR. This requirement ensures that student eligibility data matches are conducted to verify that the dependent student on whose behalf the parent is borrowing:

- Is not in default on an FSA loan and does not owe an overpayment on an FSA grant;
- Has had his or her Social Security number verified by the Social Security Administration;
- Has had his or her citizenship status confirmed by either the Social Security Administration or the Department of Homeland Security; and
- If required, has registered with the Selective Service System.

Note that this requirement is for the **student** to submit a FAFSA. It is not a requirement for the parent borrower to submit a FAFSA in his or her name, and it does not preclude a “non-custodial” parent whose information is not included on the FAFSA, from obtaining a Direct PLUS Loan.

Before originating a Direct PLUS Loan for a parent borrower, schools must review the Institutional Student Information Record (ISIR) or Student Information Record (SAR) of the dependent student to determine that there are no student eligibility issues that must be resolved before the parent can receive the Direct PLUS Loan.

A parent may receive a Direct PLUS Loan only to pay for the education costs of a dependent undergraduate student who meets the eligible student definition. A parent borrower must meet the same citizenship and residency

requirements as a student. Similarly, a parent who owes an overpayment on an FSA grant or is in default on an FSA loan is ineligible for a Direct PLUS Loan unless he has made satisfactory arrangements to repay the grant or loan. Yet the parent's ineligibility for a Direct PLUS Loan does not affect the student's eligibility for other Title IV funds. If the parent had a prior FSA loan that was cancelled for total and permanent disability, he or she must adhere to the same eligibility requirements outlined for borrowers in *Chapter 3*.

Finally, a parent is not eligible for a Direct PLUS Loan if the federal government holds a judgment lien on her property or if she is incarcerated.

Adverse credit history for Direct PLUS

A parent or graduate/professional student with an adverse credit history is prohibited from obtaining a Direct PLUS Loan unless he meets additional criteria. The Department obtains a credit report on each applicant for a loan from at least one national credit bureau. An applicant is considered to have an adverse credit history if:

- The applicant has one or more debts with a total combined outstanding balance greater than \$2,085 that are 90 or more days delinquent as of the date of the credit report, or that have been placed in collection or charged off during the two years preceding the date of the credit report; or
- During the five years preceding the date of the credit report, he has been determined to be in default on a debt, his debts have been discharged in bankruptcy, or he has been the subject of foreclosure, repossession, tax lien, wage garnishment, or write-off of an FSA debt.

For purposes of Title IV aid, “charged off” means a debt that has been written off as a loss, but that is still subject to collection action. “In collection” means, for purposes of TIV aid, a debt that has been placed with a collection agency by a creditor or that is subject to more intensive efforts by a creditor to recover amounts owed from a borrower who has not responded satisfactorily to the routine demands of the creditor's billing procedures. See 34 CFR 685.200(c) and the Electronic Announcement of January 27, 2015.

An applicant cannot be rejected for a Direct PLUS Loan because she has no credit history—i.e., the absence of a credit history cannot be construed as an adverse credit history. Financial aid administrators may not perform credit checks on students in connection with awarding them federal aid. For more detail on adverse credit history, see <https://studentaid.gov/sites/default/files/plus-adverse-credit.pdf>.

Someone with an adverse credit history can qualify for a Direct PLUS Loan by securing an endorser who doesn't have an adverse credit history (the endorser is liable if the borrower becomes delinquent or defaults). For a parent borrower, the endorser may not be the dependent student for whom he is borrowing, nor any of the student's siblings. Instead of securing an endorser, an applicant who has been determined to have an adverse credit history may submit documentation to the Department showing that there are extenuating circumstances. The Department has the final decision on whether to make a loan to the person. A borrower who qualifies for a PLUS loan by obtaining

an endorser or documenting extenuating circumstances must also complete PLUS counseling provided by FSA before receiving the loan; see *Required counseling for endorser or extenuating circumstances*, below.

If your school participates in the Direct PLUS program but a student's parent cannot obtain a Direct PLUS Loan, the student is allowed to borrow additional unsubsidized funds (see *Volume 3, Chapter 5*).

Adverse credit history and default

Although a default on a Title IV loan will generally appear in a student or parent Direct PLUS Loan applicant's credit record and result in the individual being determined to have an adverse credit history, being in default on a Title IV loan and having an adverse credit history are separate eligibility issues. A Direct PLUS Loan applicant who is identified through NSLDS as being in default on a Title IV loan and who has also been determined to have an adverse credit history (due to the default and/or other adverse credit conditions) cannot qualify for a Direct PLUS Loan simply by obtaining an endorser or by providing acceptable documentation of extenuating circumstances. The applicant must also separately resolve the default status by one of the means discussed under "Resolving Default Status" in *Chapter 3* of this volume.

In some cases, the Direct PLUS Loan credit check may not reveal a default on a Title IV loan, particularly if the default is not recent. If a student or parent Direct PLUS Loan applicant who is identified in NSLDS as being in default on a Title IV loan does not have any other adverse credit issues, the applicant will pass the PLUS credit check. In this circumstance you cannot assume that the approved credit check result supersedes the information in NSLDS. The default must be resolved before you can disburse Direct PLUS Loan funds or other Title IV aid to the applicant.

Required counseling for endorser or extenuating circumstance PLUS loans

Any PLUS Loan applicant who has an adverse credit history but who qualifies for a PLUS Loan through the process for reconsideration due to extenuating circumstances or by obtaining an endorser for the loan must complete PLUS Loan counseling provided by FSA. While the counseling is mandatory only for these borrowers, FSA offers voluntary counseling for all PLUS Loan borrowers. Note that this special PLUS Loan counseling is separate and distinct from the PLUS Loan entrance counseling that all graduate and professional student PLUS Loan borrowers must complete.

Refusing or reducing loans

As a function of a school's professional judgment authority, a school may refuse to originate a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan or may reduce the borrower's determination of need for the loan if the reason for that action is documented and provided to the borrower in writing, and if—

(i) The determination is made on a case-by-case basis;

(ii) The documentation supporting the determination is retained in the student's file; and

(iii) The school does not engage in any pattern or practice that results in a denial of a borrower's access to Direct Loans because of the borrower's race, gender, color, religion, national origin, age, disability status, or income.

For more detail on refusing or reducing loans, see 34 CFR 685.301(a)(8) and DCL GEN-11-07.

Direct Loan eligibility for religious orders

Effective July 1, 2021, 34 CFR 685.200 is amended by removing paragraph (a)(2)(ii), which determined certain members of religious orders have no financial need for Direct Loans. Such students may now be considered to have financial need, in accordance with Part F of Title IV of the HEA, and may be eligible to receive Direct Loan funds, provided they meet all other student and Direct Loan eligibility criteria.

Subsidized Loan Eligibility Time Limitation (150% rule)

The FAFSA Simplification Act, passed in December, 2020, eliminated the SULA/150% rule, which previously limited first-time borrowers to receiving Direct Subsidized Loans for a period of only up to 150% of the published length of their academic program. This change takes effect for awards made for enrollment beginning July 1, 2021 (i.e., the 2021-22 award year). For more details, see the 2021-22 edition of Volume 3, and Electronic Announcement DL-21-04 on the Knowledge Center.

Direct Loan program

34 CFR 685

Subsidized Loan Eligibility Time Limitation (150% rule)

Electronic Announcement DL-21-04

CAMPUS-BASED AID GENERAL REQUIREMENTS

Unlike the Direct and Direct PLUS Loan programs, a student does not have to be enrolled at least half time to be eligible to receive aid through the Campus-Based Programs unless the student is seeking aid to attend a teacher certification or professional credential program.

A student enrolled as an undergraduate, graduate, or professional student is eligible to receive assistance from the Federal Work-Study (FWS) program. Only undergraduate students who do not have a baccalaureate or first professional degree are eligible to receive Federal Supplemental Educational Opportunity Grants (FSEOGs). This means that a student who has earned a bachelor's or first professional degree may receive FWS wages to pursue an additional undergraduate degree, but may not receive an FSEOG. See "No FSEOG and FWS" in Chapter 2 of this volume about how the Compact Act affects FSEOG and FWS eligibility for students from the Republic of the Marshall Islands and the Federated States of Micronesia.

Teacher certification programs

As with Direct Loans, a student may receive FWS for coursework that doesn't lead to a degree or certificate from the school but that is required by a state for an elementary or secondary school teaching credential or certificate. See *Chapter 1* of this volume.

Campus-based eligibility for religious orders

Effective July 1, 2021, 34 CFR 675.9(c) and 34 CFR 676.9(c) are amended to permit certain members of religious orders who had previously determined to have no financial need for Campus-Based programs to be considered to have financial need for the FWS and FSEOG programs, in accordance with Part F of Title IV of the HEA. These student may be eligible to receive Campus-Based funds, if they meet all other student and program-specific eligibility criteria of the Campus-Based programs.

PERKINS LOANS

No Perkins disbursements of any type are permitted under any circumstances after June 30, 2018. See the Electronic Announcement of July 11, 2018 for information on required Perkins distribution of assets guidance.

Loans awarded or disbursed after authority expired

If a school awarded a Perkins Loan after September 30, 2017, or made a disbursement after June 30, 2018, the award or disbursement was made in error. The school who made the erroneous award or disbursement must reimburse the Perkins Loan Revolving Fund for the amount of the loan(s), correct the FISAP, notify the borrower, and update NSLDS accordingly. See E-Announcement December 20, 2018 for more information on Perkins Loans awarded or disbursed after the expiration of the authority to award new Perkins Loans.

Perkins wind down

DCL GEN-17-10, E-Announcement July 11, 2018

E-Announcement December 20, 2018, Federal Perkins Loan Extension Act of 2015

FEDERAL WORK-STUDY (FWS)

To be eligible for a Federal Work-Study (FWS) job, a student must meet all general eligibility criteria and must have financial need, that is, his cost of attendance must be greater than his expected family contribution (EFC). Also, a financial aid administrator may not award FWS employment to a student if that award, when combined with all other resources, would exceed the student's need. However, unlike the other Campus-Based Programs, the FWS Program does not require that priority be given to students who have *exceptional* financial need. In choosing students for FWS employment, schools must follow the procedures discussed in *Volume 3, Chapter 6*.

A student can be employed in an FWS job during a period of non-attendance, such as a summer term, including a summer term before the student begins attendance in a program for the first time. Such students must be planning to attend school during the next period of enrollment and must have financial need for that period—his/her current FWS earnings must be

used to cover expenses for it and will count as estimated financial assistance. See *Volume 6, Chapter 2* for more information.

FWS eligibility

34 CFR 675.9

FSEOG

To receive a Federal Supplemental Educational Opportunity Grant (FSEOG), a student must have financial need and must meet the general eligibility requirements discussed in the other chapters of this volume. Students with the lowest EFCs who will also receive Pell Grants for the award year have primary consideration for an FSEOG. If, after giving FSEOG awards to all its Pell recipients, a school has FSEOG funds remaining, it can award those funds to eligible students with the lowest EFCs who will not receive Pell Grants. See *Volume 3, Chapter 6*.

Additionally, to receive an FSEOG, one must be enrolled or accepted for enrollment as an undergraduate student and must not have previously earned a bachelor's or first professional degree. A school must make FSEOG funds reasonably available (to the extent that funds remain) to all eligible students.

FSEOG eligibility

34 CFR 676.9 and 676.10, 34 CFR 668.32(c)(1)

TEACH GRANTS

The Teacher Education Assistance for College and Higher Education (TEACH) Grant Program provides \$4,000 annual grants to students who plan to become teachers. As a condition for receiving a TEACH Grant, students must agree to teach full-time in a high-need field, for at least four academic years at an elementary school, secondary school, or educational service agency that serves low-income families. The grant recipient must complete the required four years of teaching within eight years of completing (or otherwise ceasing to be enrolled in) the course of study for which a TEACH Grant was received. If a grant recipient does not meet that obligation, the TEACH Grant funds received are converted to a Direct Unsubsidized Loan that must be repaid with interest accruing from the date each grant disbursement was made.

TEACH Grant-eligible program

This is an eligible program as described in *Volume 2, Chapter 2*, that prepares one to be a highly qualified teacher in a high-need field and that leads to a bachelor's or master's degree or is a postbaccalaureate program. A two-year program acceptable for full credit toward a bachelor's degree is considered a program that leads to a bachelor's degree.

An otherwise eligible student who received a TEACH Grant for enrollment in a TEACH Grant-eligible program is eligible to receive additional TEACH Grants to complete that program, even if that program is no longer considered a TEACH Grant-eligible program. This extension is not to exceed four Scheduled Awards for an undergraduate student and up to two Scheduled Awards for a graduate student.

Amount of grant funds available

A full-time TEACH Grant recipient may receive four scheduled awards of \$4,000 each, or a total of \$16,000, for the student's *first* baccalaureate and first postbaccalaureate programs combined. Baccalaureate programs after the first baccalaureate are not eligible. A graduate student may receive two scheduled awards, or a total of \$8,000, for a master's degree program. Students who are enrolled less than full time have the same maximums, though the annual awards will be smaller: for example, a student enrolled half time in a master's program could receive an annual award of \$2,000 for each of the four years it would take to complete the program. A TEACH Grant in combination with other assistance the student receives cannot exceed the cost of attendance; if it does, the aid package must be reduced.

Receiving a TEACH Grant

To qualify for a TEACH Grant, a student fills out not only a FAFSA but also an agreement to serve or repay (explained later) and must be enrolled in a program and at a school that are both TEACH-grant eligible. The school the recipient attends must participate in the TEACH Grant program, and the recipient must be enrolled in a program designated by the school to prepare the student to serve as a highly-qualified teacher in a high-need field and which leads to a baccalaureate or master's degree, or is a post-baccalaureate program.

For TEACH Grant purposes, a two-year program which is fully acceptable towards a baccalaureate degree is considered to be a program which leads to a baccalaureate degree. The school must also satisfy the initial, subsequent, and exit counseling requirements as described in 34 CFR 686.32. The FAFSA serves as the application for a TEACH Grant; there is no other application.

Students must adhere to an academic standard—they must have a grade point average (GPA) of at least 3.25 on a 4.0 scale, (or the numeric equivalent; see “Schools without a traditional GPA”), or must have scored above the 75th percentile on at least one of the batteries on a nationally-normed standardized undergraduate, postbaccalaureate, or graduate school admissions test. An undergraduate student uses, for the first year, her final high school GPA or the GPA for all the classes she has taken at college through the most recently completed payment period; after the first year, she uses the college GPA. A graduate student uses her undergraduate GPA for the first payment period and her cumulative graduate school GPA thereafter.

You must have documentation of the GPA from the cognizant authority or from the student. For high school grades, the authority is typically the high school or, in the case of homeschooled students, the parents or guardians. If the student provides the document and you have reason to question its accuracy, you must obtain documentation directly from the cognizant authority.

The previous academic requirements do not apply to certain graduate students. This group comprises current teachers or retirees from another occupation with expertise in a high-need field who are seeking a master's degree, as well as current or former teachers who are completing a high-quality alternative certification, such as Teach for America.

When you determine TEACH Grant eligibility for transfer students and calculate their GPA, you must, for at least the first payment period, include grades for courses accepted for transfer into the TEACH Grant-eligible program. For subsequent payment periods, follow your academic policy regarding the calculation of the GPA, whether that is to include grades for courses that transfer or to exclude them.

Highly qualified teacher

The definition of “highly qualified” with respect to teachers is lengthy and is explained in 34 CFR 686.2 and Section 602(10) of the Individuals with Disabilities Education Act (IDEA).

High-need field

For purposes of the TEACH Grant program, the high-need fields include: bilingual education and English language acquisition, foreign languages, mathematics, reading specialists, science (including, but not limited to, computer science), special education, and any other fields that have been identified as high-need by the federal government, a state government, or a local education agency. These other fields are identified in the annual Teacher Shortage Area Nationwide Listing (also known as the Nationwide List). For more detail, see 34 CFR 686.12(d).

For a grant recipient's teaching service in a high-need field listed in the Nationwide List to count toward the service obligation, the field in which the grant recipient intends to teach to fulfill their service obligation must be listed in the Nationwide List for the state they will teach, either at the time the recipient receives their TEACH Grant, or at the time the recipient signed the agreement to serve or repay, or at the time the grant recipient begins their qualifying teaching service. See 34 CFR 686.12(d) for more details.

Educational service agency

For purposes of TEACH Grants, educational service agency is defined as a regional, public multi-service agency authorized by state statute to develop, manage, and provide services or programs to local educational agencies.

Agreement to serve or repay

To receive a TEACH Grant, a student must sign an agreement to serve or repay. This document explains that the student will do the following:

- Serve as a full-time teacher for a total of at least four academic years within eight calendar years of completing or otherwise ceasing to be enrolled in the course of study for which the TEACH Grant was received;
- Teach at a school or educational service agency serving low-income students;
- Comply with the requirements for being a highly qualified teacher (see definition below);
- Teach (in the majority of classes) in a high-need field, which includes the fields on the Nationwide List (the list is updated each year by the Department);
- Upon completion of each year of service, provide certification of that service from the chief administrative officer of the school or educational service agency where the service was performed, on a form provided by the Department of Education (for more on documenting service, see 34 CFR 686.40); and
- If the student fails or refuses to carry out the service obligation in the required timeframe, the student must repay as a Direct Unsubsidized Loan the total amount of all TEACH Grants received, with interest accrued as of the date of disbursement of each grant (see 34 CFR 686.43 for more on the conditions for TEACH Grants converting to Direct unsubsidized loans).

Fulfilling the service obligation

A TEACH Grant recipient must complete a four-year service obligation for each program of study for which a TEACH Grant was received. The eight-year period for completing this obligation begins after the date the recipient ceased to be enrolled at the institution where the recipient received the TEACH Grant, or in the case of a student who receives a TEACH Grant at one institution and subsequently transfers to another institution and enrolls in another TEACH Grant-eligible program, within eight years of ceasing enrollment at the other institution.

Teaching may apply to more than one obligation: for example, a student who completes a bachelor's and a master's program consecutively and receives TEACH Grants for both would have two service obligations. The eight-year period to complete the required four years of teaching does not include periods of suspension (as described in 34 CFR 686.41). For each year of the service obligation, the TEACH Grant recipient must teach a majority of classes in a high-need field.

For TEACH Grant purposes, if a previously qualifying teaching service becomes part-time or is temporarily interrupted as a result of the COVID-19 national emergency, that teaching service is considered full-time and fulfills the service obligation requirement. For more detail, see the May 15, 2020, Electronic Announcement.

A recipient who decides to not teach in a qualified school or agency or who for any other reason no longer intends to satisfy the service obligation may request that the Department convert their TEACH Grant into a loan, so that the recipient may begin payment on the loan immediately. This will save the recipient money, as they will owe less interest. If a TEACH Grant is converted to a Direct Loan in this way, the student may, if sufficient time remains in their 8 year period for completion of the service agreement, request that the Department reconvert the Direct Loan back into a TEACH Grant, if the recipient meets all of the qualifications in 34 CFR 686.43(a)(8).

TEACH Grant Program

Definitions: 34 CFR 686.2

Agreement to serve or repay: 34 CFR 686.12

Initial, subsequent, and exit TEACH Grant required counseling: 34 CFR 686.32

Documenting the service obligation: 34 CFR 686.40

Periods of TEACH Grant suspension: 34 CFR 686.41

Conversion from Grant to Direct Unsubsidized Loan: 34 CFR 686.43

PROGRAMS WITHOUT A TRADITIONAL GPA

Schools that do not use a standard 4.0 GPA scale for a program must have a written equivalency policy with a numeric scale and must make it available upon request. The policy must clearly differentiate student performance so that it can support a determination that a student has achieved at a level commensurate with at least a 3.25 GPA on a 4.0 scale. Generally a grading scale that includes only “pass/fail,” “satisfactory/unsatisfactory,” or some other non-numeric evaluation will not meet this requirement unless it can be shown that a “pass” or “satisfactory” grade has a numeric equivalent to a traditional 3.25 GPA (or higher) or that a student’s performance on tests and assignments yielded such a numeric equivalent.

Such a policy must be consistent with other grading scales that the school has developed for academic and other (including FSA) purposes—e.g., graduate school applications, scholarship eligibility, insurance certifications—to the extent that such scales distinguish between levels of student academic performance.

School without a traditional GPA example

At Sandberg University, instructors submit, at the end of the semester, an evaluation that the work a student does in a class is “satisfactory” or “unsatisfactory.” The catalog indicates that the evaluation is never translated into a grade by the registrar’s office. Neither the catalog, the faculty handbook, nor any other school publication differentiates levels of satisfactory student performance. Even though the state scholarship program accepts a “satisfactory” as the equivalent of a “B,” the university may not make such an assumption for the TEACH Grant program. Moreover, a “B” grade generally corresponds to a GPA of 3.0, while TEACH Grants require a GPA of 3.25 or better.

Eligibility Requirements for specific educational programs

See *Volume 2, Chapter 2* for more information on the topics below. Note that a school may not refuse to provide Title IV funds to a student because he is enrolled in correspondence or distance education courses unless they are not part of a Title IV-eligible program.

Correspondence courses

HEA Sec. 484(k)
34 CFR 600.2, 34 CFR 668.38

A correspondence course is one for which the school provides instructional materials and exams by mail or electronic means to students who are separated from the instructors. Interaction between instructors and students in a correspondence course is limited, and is primarily initiated by the student. Correspondence programs are the only type of program which is exempt from the requirement that all Title IV-eligible programs provide regular and substantive instruction via a human instructor. Generally, when a student completes a portion of the materials, he takes the related exam and returns it to the school for grading. If a course is part correspondence and part residential training, the course is considered a correspondence course. Distance education courses are not considered correspondence courses.

A student enrolled in a correspondence course can only receive Title IV funds if the course is part of a program that leads to an associate, bachelor's, or graduate degree; if the program leads to a certificate, the student is not eligible for aid for that course. There are also restrictions regarding cost of attendance for correspondence courses; see *Volume 3, Chapter 2*.

Students studying abroad

HEA Sec. 484(o)
34 CFR 668.39

A student in a study-abroad program is eligible for aid if the program is approved for academic credit toward her degree by the eligible homeschool at which she is enrolled as a regular student. The homeschool must have a written agreement with the foreign school (or with another U.S. school that contracts with the foreign school) or a single written arrangement with a study-abroad organization to represent an agreement between the homeschool and the foreign school. For more detail on requirements for awarding at foreign schools, see the Foreign School Handbook, available on FSA Partner Connect.

Distance education courses

HEA Sec. 103 and 484(l)
34 CFR 600.2, 34 CFR 668.38

Students can receive Title IV funds for distance education courses under these conditions: the courses must belong to an eligible program, and the school must have the capability to effectively deliver distance education programs as determined by an accrediting agency that is recognized by the Department and that has the evaluation of distance education programs within the scope of its recognition. Approved short-term certificate programs of less than one year offered via distance education are eligible for Title IV funds, and they are not considered correspondence programs.

A key distinction between correspondence and distance education courses is that Distance education courses require regular and substantive interaction between students and instructors.

For Title IV purposes, Distance education refers to instruction delivered to students who are physically separated from their instructor(s) and that supports regular and substantive interaction between student and instructor, whether in real

Eligibility Requirements for specific educational programs, continued

time or through time delay.

Distance education instructors are defined as individuals responsible for delivering course content and who meet the qualifications for instruction established by your school's accrediting agency.

Regular and substantive interaction in a distance education course/program requires instruction which engages students in teaching, learning, and assessment, and includes at least two of the following:

- Provides direct instruction;
- Assesses or providing feedback on a student's coursework;
- Provides information or responding to questions about the content of a course or competency;
- Facilitates group discussion regarding the content of a course or competency; or
- Other instructional activities approved by your school's or program's accrediting agency.

The technologies used in distance education courses may include:

- the internet;
- one-way and two-way transmissions through open broadcast, closed-circuit, cable, microwave, broadband line, fiber optics,

satellite, or wireless communications devices;

- audio conference; or
- other media.

A school administering a distance education course must ensure regular interaction between instructors and students by, prior to the student completing the course or competency:

- 1) providing the opportunity for substantive interactions with the student on a predictable and scheduled basis commensurate with the length of time and the amount of content in the course or competency; and
- 2) monitoring the student's academic engagement and by ensuring that an instructor is responsible for promptly and proactively engaging in substantive interaction with the student when needed on the basis of such monitoring, or upon request by the student.

Coursework which does not satisfy all of these conditions is considered correspondence coursework.