

Introduction



This volume of the Federal Student Aid (FSA) Handbook discusses how to calculate, award, and disburse aid under the various Title IV student financial aid programs.

Throughout this volume of the *Handbook*, the words “we,” “our,” and “us” refer to the United States Department of Education (the Department). The word “you” refers to the primary audience of the *Handbook*, school financial aid administrators. In other volumes of the *Handbook* we use “institution,” “school,” and “college interchangeably, unless a more specific meaning is provided. In this volume we consistently use the term “school.” “Federal student aid,” “FSA funds,” and “Title IV aid” are synonymous terms for the financial aid offered by the Department.

We revise and clarify the text of the *FSA Handbook* in response to feedback from the financial aid community, so if you have any comments or questions regarding the *Handbook*, please write to us at fsaschoolspubs@ed.gov.

COVID-19 GUIDANCE

This volume does not provide guidance on the special provisions applicable to the Title IV aid programs in connection with the ongoing COVID-19 pandemic. For this guidance please refer to the Department’s [COVID-19 Resources for Schools, Students, and Families website](#).

SIGNIFICANT CHANGES FOR 2021-22

The most significant changes and additions to *Volume 3* for 2021-22 are summarized below for each chapter. In places where we indicate that existing guidance has been revised or expanded for greater clarity, the changes do not reflect any changes in policy.

Chapter 1

- Added new guidance on academic calendars and disbursement timing requirements in subscription-based programs, including a new *Appendix B* with examples illustrating these requirements.
- Revised the definition of “week of instructional time” based on recent regulatory changes.

- Added new guidance on a limited exception to the general rule that if the combined length of a standard term (semester, quarter, or trimester) and an extended class or classes is greater than the maximum number of weeks allowed for a standard term, the program must be considered a nonstandard term program.
- Corrected existing guidance on the circumstances under which a school with a cohort default rate that is less than 5% may disburse a Direct Loan in a single installment by clarifying that this applies only if the loan is to cover a student’s cost of attendance in a study abroad program. This limitation was inadvertently deleted when *Chapter 1* was revised for 2020-21.
- Added guidance on Direct Loan disbursements when the loan period is a single payment period and more than half of the payment period has elapsed before the school has made a disbursement. This reflects a long-standing regulatory provision that was not previously covered in *Chapter 1*.
- Revised the existing guidance on retaking coursework in term programs to explain the requirements more clearly.
- Revised the existing guidance on students who complete an entire non-term credit-hour or clock-hour program and later re-enroll in the same program or another program to reflect longstanding policy that a student may be paid for repeating coursework in this circumstance only if the student had **successfully** completed the program.

Chapter 2

The only significant change in *Chapter 2* is the addition of a brief example to the discussion under “Costs for full program charged at start.”

Chapter 3

- Pell Grant amounts have been updated throughout chapter based on the Federal Pell Grant Program payment schedules for the 2021-2022 award year.
- Revised the section on “The Sequester and Iraq and Afghanistan Service Grants” by replacing references to the specific percentages of the sequester-required reductions with a link to the most recent Electronic Announcement that provides this information.
- Revised the discussion under “Prohibition on concurrent enrollment and Pell Grant” by removing language stating that a student may not receive Pell Grant payments concurrently “from the Secretary and a school.” This reflects a longstanding statutory provision in the Higher Education Act of 1965, as amended, that allows for the Department to pay Pell Grant funds directly to students if a school chooses not to participate in the Department’s method of delivering Pell Grant funds to schools. Since we are unaware of any case in which this provision has been applied, the language prohibiting students from receiving Pell Grant funds concurrently from the Secretary and a school isn’t needed.
- Replaced the section heading “Full-time enrollment status for students with intellectual disabilities enrolled in comprehensive transition and post-secondary programs” with “Determining enrollment status using credit

hour equivalencies,” and revised/expanded the guidance in this section for greater clarity.

- Revised the discussion of rounding under “Ground rules for Pell Grants” for greater clarity and added an example.
- For greater accuracy, replaced references to “children of soldiers” with “dependents of certain deceased veterans.”
- For greater clarity and conciseness, revised the discussion of the requirements that must be met for a program to use Pell Formula 1 to more closely follow the corresponding regulatory language.
- Revised the discussion under “Year-Round Pell and Iraq and Afghanistan Service Grant” and the “Year-Round Pell semester example” for greater clarity.
- Revised the “Transfer Student Remaining Eligibility Example” for greater clarity.
- Added a new heading “Change in enrollment status within a payment period after a student has begun attendance in all classes” preceding the discussion of that topic, revised and expanded the discussion for greater clarity, and added new guidance (with an example) on having more than one Pell recalculation date.
- Revised the example of enrollment change within a payment period for greater clarity and added a new second example to illustrate the treatment of a student who is not enrolled in any classes as of the school’s Pell recalculation date.
- Added new guidance on the recalculation of Pell Grant awards for students who graduate early from clock-hour programs.

Chapter 4

- Where necessary, updated language to reflect recent regulatory changes.
- Revised the section on “The Sequester and TEACH Grants” by replacing references to the specific percentages of the sequester-required reductions with a link to the most recent Electronic Announcement that provides this information.

Chapter 5

- Added a new section on the Direct PLUS Loan Application.
- In the discussion under “Resolving conflicting information in NSLDS,” added a reminder that schools must retain in a student’s file documentation showing that the student has made satisfactory arrangements to repay a defaulted loan.
- Revised the section on “Effect of the sequester on loans” by replacing references to the specific percentages of the sequester-required loan fee increases with a link to the most recent Electronic Announcement that provides this information.

- Where applicable, added language to clarify that existing guidance also applies to subscription-based programs.
- Under “Criteria for additional Direct Unsubsidized Loans,” added language to reflect longstanding policy that if only one of a dependent student’s parents has been denied a Direct PLUS Loan based on adverse credit, a school may award additional Direct Unsubsidized Loan funds to the student without first determining whether there is another parent who could take out a Direct PLUS Loan.
- In the chart showing the increased Direct Unsubsidized Loan amounts that are available to students enrolled in certain health professions programs, replaced “Graduate in Public Health” with “Graduate program in Public Health (including Masters and Doctoral degree programs in Public Health)” to clarify the types of programs that qualify.
- In the discussion of “Combined undergraduate/graduate program” under “Graduate vs. undergraduate annual loan limits: special cases,” added a summary of the regulatory definition of “undergraduate student” to provide additional context, clarified the guidance on programs that allow students to complete undergraduate and graduate degrees within the same program, and expanded the guidance to cover programs that lead only to a graduate or professional degree, but admit students who do not yet meet the regulatory requirements to be considered graduate or professional degree students.
- Added new guidance on proration of the annual loan limit for students who graduate early from clock-hour programs.
- In the example under “Transfer into a standard term or SE9W nonstandard term program,” added language in the last paragraph to clarify that the alternative approach of changing the student from an SAY schedule to a BBAY 1 schedule beginning with the Spring semester would not be considered to result in overlapping academic years at the new school in this limited circumstance.
- Added a new section titled “Treatment of Direct Subsidized Loans/Direct Unsubsidized Loans received for teacher certification coursework or preparatory coursework” to explain the Department’s longstanding policy in this area.
- Added new text explaining the repeal of the Direct Subsidized Loan eligibility time limitation (commonly referred to as the “150% rule” or “SULA”) and removed all previous guidance related to this provision.

Chapter 6

- Removed the section titled “No new Perkins Loans.” Because more than three years have elapsed since new Perkins Loan disbursements were allowed, this guidance is no longer needed.
- In the “Awarding FSEOG” section, added language to clarify that it is possible for a student to receive more than one full FSEOG award during the same award year period.

- In the “Awarding FWS” section, added language to explain the regulatory requirement that schools must generally use 7% of the sum of their initial and supplemental FWS allocations to compensate students employed in community service activities.

Chapter 7

- In the “Direct Loan Packaging Considerations” section, added language to remind schools that Direct PLUS Loans cannot be made for an amount that exceeds the student’s COA, less other financial aid received.
- Added language at the end of the “Estimated Financial Assistance (EFA)” section explaining recent policy guidance on the treatment of compensation that student athletes receive under name, image, and likeness contracts.
- For greater clarity, added new subheadings and reorganized the discussion under “Packaging Aid For Dependents of Deceased Iraq and Afghanistan Soldiers Or Public Safety Officers.”
- Revised the examples of using Direct Unsubsidized Loan funds to replace the EFC for greater clarity.
- In *Appendix A* at the end of the chapter, added Veterans Retraining Assistance Program (VRAP) and Veterans Rapid Retraining Assistance Program (VRRAP) to the list of federal veterans education benefits that are to be excluded from EFA.

