Volume 1

Student Eligibility

Introduction

This volume of the *Federal Student Aid Handbook* discusses the eligibility requirements for student and parent borrowers and your responsibilities to ensure that recipients qualify for their aid awards.

Sources of Information

There are many factors you must consider when reviewing an application for aid from the FSA programs, such as whether the student is a U.S. citizen or permanent resident, whether the applicant is making satisfactory academic progress, and whether he or she has a defaulted FSA loan. To answer these questions, you will receive information about the student from different sources, including the Department of Education's Central Processing System (CPS) for financial aid applications and the National Student Loan Data System (NSLDS).

Throughout the year, the Department of Education (The Department) provides updates for schools in the form of Dear Colleague Letters (DCLs). These and other releases, such as **Federal Register** notices and electronic announcements, contain system updates and technical guidance, and are available on the FSA Partner Connect website (**fsapartners.ed.gov**).

The FSA Handbook does not cover the operation of software. For schools using software provided by the Department, there are technical references on FSA Partner Connect that explain how the software operates. Schools using third-party software should consult the vendor's reference materials for technical guidance.

Program and systems information on the Knowledge Center

Knowledge Center's Software & Other Tools

Software:

- Direct Loan Tools
- EDconnect
- EDExpress for Windows
- SSCR for Windows

Technical References and User Guides for:

- CPS (ISIR, Summary of Changes, etc.)
- COD
- Electronic Data Exchange
- EDExpress Packaging
- Federal Registers
- Electronic Announcements
- Dear Partner/Colleague Letters
- FSA Assessment modules

COVID-19 Guidance and Waivers

The Department of Education recognizes that the ongoing COVID-19 pandemic has created many unique challenges for postsecondary institutions. The Department has provided a variety of special guidance and regulatory flexibilities due to the President's declaration of the COVID-19 national emergency on March 13, 2020. In addition, Congress has passed legislation offering relief from certain statutory requirements related to the Title IV, HEA programs.

Generally speaking, the COVID-19 flexibilities and waivers remain in effect until the COVID-19 national emergency is declared over. As of the date of publication of this Volume of the FSA Handbook, the COVID-19 national emergency is still in place. For more details, see the Electronic Announcement of January 15, 2021, and the websites listed below.

For COVID-19 related guidance, including waivers and exemptions of normally applicable Title IV rules, please see the following webpages:

- The Department of Education's COVID-19 Information and Resources for Schools and School Personnel: *https://www.ed.gov/coronavirus?src=feature*
- Office of Postsecondary Education COVID-19 Title IV FAQ: *https://www2.ed.gov/about/offices/list/ope/covid19faq.html*

FAFSA Simplification Act

In December, 2020, the FAFSA Simplification Act was enacted into law as part of the Consolidated Appropriations Act of 2021. The FAFSA Simplification Act amended Section 484 of the Higher Education Act of 1965 (HEA), making three important changes to student eligibility criteria:

- Elimination of the prohibition on receiving Title IV aid for students with drug-related convictions (for more on this change see chapter 1);
- Elimination of the requirement, for Title IV eligibility purposes, that male students register with the Selective Service system before the age of 26 (for more on this change, see chapter 1); and
- Elimination of the Subsidized Usage Limit Applies (SULA)/150% rule for Direct Loan eligibility (for more on this change, see chapter 5).

Recent Changes

Here are some of the significant changes to Volume 1 for 2022-2023:

Chapter 1:

- Clarified guidance on eligibility for students enrolled in graduate programs, including students enrolled in graduate programs who don't meet the regulatory definition of a graduate student, and dual degree/combined undergraduate/graduate level programs
- Updated citations to recent documents on the Knowledge Center describing passing scores on ATB tests
- Clarified SAP guidance on maximum timeframe and evaluation points
- Clarified Q&A items to SAP Practices FAQs—duration of warning or probation status and treatment of transfer students' accepted credits.
- Added citation and cross references to the new definition of full-time student
- Described special SAR codes involved in the elimination of the prohibition on receiving Title IV due to drug convictions and added updated citation of 2022-23 SAR Comment Code Guide
- Clarified and updated guidance on incarcerated students and the upcoming changes (not yet implemented as of the date of publication of this Volume) to restore Pell eligibility for certain incarcerated students.
- Added new section of guidance and citations on religious order student eligibility for Pell, Direct Loans and Campus-Based Programs, describing potential eligibility for students enrolled in religious orders due to the elimination of regulations which barred eligibility for such students.
- Selective Service guidance and DCL citation added. This is the remnant of relevant Selective Service guidance after the elimination of the requirement of students to register for Selective Service as a requirement for Title IV eligibility and the elimination of what had been chapter 5 of Volume 1.

Chapter 2:

- Updated and clarified guidance on the Battered immigrants-qualified aliens category of eligible noncitizen
- Updated guidance on “ineligible statuses” in the “Interpreting the SAVE response” section of the chapter
- Updated references for students who need to update or replace DHS documents
- Provided guidance for Afghan Special Immigrants

Chapter 3:

- Expanded upon existing guidance for handling UEH flag 2. Added DCL citation to GEN-15-05.

(Old) Chapter 5:

- Most of the guidance in this chapter has been invalidated due to the FAFSA Simplification Act—Male students who fail to register with Selective Service before the age of 26 are no longer ineligible to receive Title IV aid. The remaining discussion of relevant Selective Service considerations has been moved to Chapter 1 of this volume and the former Chapter 5 has been eliminated. The former Chapter 6 has been renumbered as the new Chapter 5.

(New) Chapter 5:

- The former chapter 6 has been renumbered chapter 5 due to the elimination of the former chapter 5 on Selective Service.
- Added note on Pell eligibility for incarcerated students:

  The FAFSA Simplification Act (part of the Consolidated Appropriations Act, 2021) made changes to the HEA that will restore Pell eligibility for certain individuals incarcerated in State and Federal penal institutions as of July 1, 2023. This change has not yet been implemented, and the Department will provide further guidance at a later date.
- Added note on an upcoming change to the age qualifier for CFH (from 24 to 33):

  The FAFSA Simplification Act, which passed as part of the Consolidated Appropriations Act of 2021 (December 2020) changes the age qualifier for CFH from 24 to 33; however, this change has not yet been implemented. We will provide guidance at a later date.
- Updated and clarified guidance on restoring semesters of Pell eligibility for students affects by a school closure.
- Updated and expanded guidance on updates to NSLDS per the elimination of SULA/the 150% rule. SULA repeal operational impacts described.
- Added note on the upcoming implementation of the Consider Teachers Act of 2021, which will provide up to a three year extension of the TEACH grant service obligation window for those whose service obligation begins during or includes the COVID-19 national emergency or period of economic downturn following the emergency.

Questions or comments?

We appreciate any comments that you have on Volume 1 of the FSA Handbook. We revise the text based on questions and feedback from the financial aid community, so please reach out to us about how to improve the Handbook through the “Contact Customer Support” feature in our Partner Connect’s Help Center, clicking on “FSA Handbook” under the Topic section.

Chapter 1

School-Determined Requirements

In this chapter, we discuss student eligibility requirements that don't require information from the Department's systems. The school determines on its own whether the student meets these eligibility requirements. In some cases, the financial aid office will need to get information from other school offices, such as the admissions office or the registrar, or from other organizations, such as high schools or testing agencies.

Regular Student in an Eligible Program

A person must be enrolled as a *regular student* in an eligible program to receive Federal Student Aid (FSA) funds (exceptions are discussed later in this chapter). A regular student is someone who is enrolled or accepted for enrollment in an eligible institution for the purpose of obtaining a degree or certificate offered by the school. The requirements for an eligible program are discussed in *Volume 2, Chapter 2*.

A school must document a student's enrollment in an eligible program at the time of admission, and it must have a system to notify the financial aid office if the student leaves the program. It must also document that an aid recipient is a regular student.

Conditional acceptance. Some schools admit students provisionally, for example, until they provide further documentation, such as academic transcripts or test scores, or demonstrate an ability to succeed in the program by receiving acceptable grades in program coursework. Typically, the school will limit these students' enrollment in terms of number of courses or enrollment status until they meet the necessary conditions.

Students admitted as conditional are regular students only if the school officially accepts them into the eligible degree or certificate program. The Department does not define official acceptance or admission. If the student is merely allowed to take some courses before being officially admitted to the program, she is not considered a regular student and is not eligible for Title IV funds until she is officially admitted.

Conditional acceptance examples

1. Waveland University allows students to take graduate courses before they have taken the GRE, but it limits them to no more than three courses and does not admit them into its graduate programs until they have submitted acceptable GRE scores. They aren't regular students, and because the school hasn't admitted them, they aren't eligible for Title IV funds.
2. When Wrigley University accepts students into its graduate programs, it requires that the students receive no grade lower than a "B" in the first three courses. During this time, the school considers students to be admitted into the program, so they are eligible for Title IV aid. If, however, students receive a grade lower than a B in any of the first three classes, their admittance will be withdrawn and they then will be ineligible for further Title IV funds.

Regular student example

Northside Community College (NSCC) allows anyone with a high school diploma or the equivalent to enroll in any course. Many of NSCC's students do not intend to receive a degree or certificate; they are not regular students. NSCC requires those who want to receive a degree or certificate to complete a form stating the degree or certificate for which they are studying and to meet periodically with an academic advisor. NSCC considers them to be regular students.

Regular students

HEA Sec. 101(a)(1),(b)(2)(A)

HEA Sec. 484(a)(1), (b)(3), (4)

34 CFR 668.32(a)(1)

34 CFR 668.24(c)(iii)

Student eligibility

34 CFR 668.32. See *Volume 2, Chapter 2* for eligible program requirements.

Schools may offer a trial or conditional period during which a student attends a program without incurring program charges or receiving Title IV funds. There are no restrictions as to program type (undergraduate vs. graduate level, program structure or academic level, etc.) for such students. If the student continues beyond the trial period and enrolls as a regular student, the school can pay him FSA grants for the entire payment period and loans for the period of enrollment. See Dear Colleague Letter GEN-11-12 for more information.

Continuing education. Regular students may receive aid for classes they take in a school's continuing education department as long as the classes apply to their degree or certificate program.

Continuing education examples

Sheffield University has a continuing education department that offers many online courses that students enrolled in other programs at the school may take and that apply to the degree or certificate program in which the students are enrolled as regular students.

Windy City University has a continuing education department that offers many courses. Some students enroll in these courses without being admitted to the university. These students are not regular students and are not eligible for Title IV funds.

Remedial coursework

Remedial coursework prepares a student for study at the postsecondary level (as opposed to preparatory coursework, which prepares a student for a given program). A student enrolled solely in a remedial program is not considered to be in an eligible program. If acceptance into an eligible program is contingent on completing remedial work, a student cannot be considered enrolled in that program until she completes the remedial work.

However, if the student is admitted into an eligible program and takes remedial coursework within that program, they can be considered a regular student, even if he is taking all remedial courses before taking any regular courses. You may count up to one academic year's worth of these courses in his enrollment status for Title IV funds. For the purpose of this limit, that is 30 semester or trimester hours, 45 quarter hours, or 900 clock hours. If the remedial classes are non-credit or reduced-credit, you must determine how many credit hours they are worth to count toward the student's enrollment status (see "Enrollment status" section in this chapter).

A remedial course cannot be below the educational level needed for a student to successfully pursue their program after one year in that course. Also, remedial courses must be at least at the high school level, as determined by the institution (i.e. your school), its state legal authority and its accrediting agency, or state agency recognized for approving public postsecondary vocational education. If any of those parties determine that a remedial class is below the secondary level, the school must abide by that determination, and the class cannot be included for FSA purposes. Additionally, Title IV funds cannot be used for any remedial course that uses direct assessment of student learning instead of credit or clock hours.

You cannot use non-credit remedial hours to determine a student's enrollment status if the course is part of a program that leads to a high school diploma or its recognized equivalent. A student is never permitted to receive funds for training or for coursework prior to the completion of high school, even if the high school equivalency training is offered at

postsecondary schools or is required for the postsecondary program.

Similar to other remedial coursework, a student may receive Title IV funds for English as a second language (ESL) courses that are part of a larger eligible program. There are differences though: ESL courses don't count against the one-year limitation on remedial coursework, and they need not be at the secondary school level.

If your school permits a student to enroll in ESL or other remedial courses that don't apply to his degree or certificate, be aware that awarding FSA loans or Pell Grants over a series of semesters for such work can exhaust his eligibility for Pell Grants and/or FSA loans before he completes his program.

Remedial coursework

34 CFR 668.20

Preparatory coursework

A student not enrolled in a degree or certificate program is eligible for Direct Subsidized/Unsubsidized Loans (and a parent may receive Direct PLUS Loans on behalf of a dependent student) for up to one year if she is taking coursework necessary for enrollment in an eligible program. See the discussion under Direct Loans in *Chapter 6* of this volume.

Teacher certification coursework

A student may receive Federal Work-Study (FWS), as well as Direct Subsidized/Unsubsidized Loans (and a parent may receive Direct PLUS Loans on behalf of a dependent student) if he or she is enrolled at least half time in required teacher certification coursework, even if it does not lead to a degree or certificate awarded by the school. For more details on Direct Loan eligibility criteria, see *Chapter 6* of this volume.

To qualify, the coursework must be required for elementary or secondary teacher certification or recertification in the state where the student plans to teach and must be offered in credit or clock hours. Courses using direct assessment in lieu of credit or clock hours are not eligible. An otherwise eligible student may also receive a TEACH Grant. Optional courses that the student elects to take for professional recognition or advancement, and courses recommended by your school but not required for certification, do not qualify. You should document that the courses are required by the state for teacher certification.

A student with a bachelor's degree who is enrolled in a post baccalaureate teacher certification program can receive a Pell Grant in limited situations. See *Chapter 6* of this volume.

Teacher certification coursework

34 CFR 668.32(a)(1)(iii)

DCL GEN-16-10

HEA Sec. 484(b)(4)

HEA Sec. 401(c)(4)(B)

Graduate or professional student definition

For Title IV student eligibility purposes, a graduate or professional student is defined as a student who is enrolled in a program or course above the baccalaureate level or in a professional program and has completed the equivalent of three academic years of full-time study, either prior to entering the program or as part of the program itself. Also, a student who is receiving Title IV aid as an undergraduate student cannot be considered a graduate/professional student for that same period of enrollment.

A student in a graduate program who does not meet the regulatory definition of a graduate student (see below) can't get any Title IV aid until they meet the regulatory definition of a graduate student, unless they are enrolled in a dual degree/combo program in which they will receive a bachelor's degree, for which they can receive undergraduate aid until they complete the undergraduate portion of the program.

For programs which only lead to a graduate or professional degree, but admit students who do not yet meet the regulatory requirements to be considered graduate/professional degree students, students enrolled in such programs who do not yet qualify as a graduate/professional student are not considered enrolled in an undergraduate program of study, and therefore are ineligible to receive any Title IV aid until they have completed at least three years of full-time study. Once this type of student has completed at least three years of full-time study, they are eligible to receive graduate-level Title IV aid.

For more detail, see *Volume 3, Chapter 5* of the *FSA Handbook*, and 34 CFR 668.2(b).

Students with intellectual disabilities

Students with an intellectual disability (see definition below) can receive funds from the Pell Grant, FSEOG, and FWS programs. They must be enrolled or accepted for enrollment in a comprehensive transition and postsecondary program (as defined in 34 CFR 668.231) for students with intellectual disabilities and must maintain satisfactory academic progress as determined by the school for this program. These students:

- do not have to be enrolled for the purpose of obtaining a degree or certificate, and
- are not required to have a high school diploma or its recognized equivalent.

Students who meet both of the following conditions may be considered students with intellectual disabilities for Title IV purposes:

- have a cognitive impairment characterized by significant limitations in intellectual and cognitive functioning and adaptive behavior as expressed in conceptual, social, and practical adaptive skills; and
- are currently or were formerly eligible for special education and related services under the Individuals with Disabilities Education Act (IDEA) (20 U.S.C. 1401), including students who were determined eligible for special education or related services under the IDEA but were homeschooled or attended private school. See 668.233(c) for documentation requirements.

Except for the provisions governing need analysis, the Secretary has the authority to waive any Pell Grant, FSEOG, FWS, or institutional eligibility provisions necessary to ensure that programs enrolling students with intellectual disabilities are eligible for these three types of federal student aid and that eligible students receive those funds.

Students with intellectual disabilities

HEA Sec. 484(s), 34 CFR 668.230–233, 20 U.S.C. 1091, 1140

Elementary or Secondary Enrollment

A student enrolled in elementary or secondary school is not eligible for aid from the FSA programs, even if she is simultaneously enrolled in an eligible college program. A student is considered to be enrolled in secondary school if she is pursuing a high school diploma or if she has completed the requirements for a diploma, has not yet received it, and either

she is taking college coursework for which her high school gives credit or her high school still considers her to be enrolled there.

An adult pursuing a high school equivalency certificate (not a high school diploma) is not considered to be enrolled in secondary school. However, as stated earlier, a student cannot get aid for high school equivalency training. However, an adult can take a course offered by a high school, such as a driver's education course, without being considered enrolled there.

Secondary school enrollment examples

Marie is a junior in high school and enrolls in an electronics technician program at Lakeshore Community College (she is above the age of compulsory school attendance for her state and therefore can be admitted as a regular student). The coursework is offered evenings and weekends, so she can still attend her high school classes. The electronics technician program is an eligible postsecondary program, and Marie will receive a certificate from Lakeshore when she completes the program. However, she is not eligible for aid because she is still enrolled in high school.

Elementary/secondary enrollment

HEA Sec. 484(a)(1), 34 CFR 668.32(b)

Academic Qualifications

To receive Title IV funds, a student must be qualified to study at the postsecondary level. A student qualifies if she:

- has a high school diploma (this can be from a foreign school if it is equivalent to a U.S. high school diploma);
- has the recognized equivalent of a high school diploma, such as a general educational development (GED) certificate or other state sanctioned test or diploma-equivalency certificate;
- has completed homeschooling at the secondary level as defined by state law;
- has completed secondary school education in a homeschool setting which qualifies for an exemption from compulsory attendance requirements under state law, if state law does not require a homeschooled student to receive a credential for their education; or
- has completed one of the ability-to-benefit (ATB) alternatives and is either currently enrolled in an eligible career pathway program or first enrolled in an eligible postsecondary program prior to July 1, 2012.

A student may self-certify on the FAFSA that he has received a high school diploma or high school equivalency certificate or that she has completed secondary school through homeschooling as defined by state law. If a student indicates that he has a diploma or high school equivalency certificate, your school isn't required to ask for a copy (except as noted below), but if your school requires a diploma for admission, then you must rely on that copy of the diploma or high school equivalency certificate and not on the student's certification alone.

Awards submitted to the Common Origination and Disbursement (COD) system for all students require a Student Eligibility Code (previously Ability to Benefit Code) to report how the student (including graduate and professional students) is qualified to study at the postsecondary level (e.g. by obtaining a high school diploma or its recognized equivalent). For more detail on submitting the appropriate Student Eligibility Code, see the COD Technical Reference on FSA Partner Connect.

Academic qualifications

HEA Sec. 484(d), 34 CFR 668.32(e), COD Technical Reference

Checking the validity of a high school diploma

If your school or the Department has reason to believe that the high school diploma is not valid or was not obtained from an entity that provides secondary school education, you must evaluate the validity of the student's high school completion. In order to satisfy the requirements of the regulation on this issue (34 CFR 668.16(p)), your school may:

1. check with the high school to confirm the validity of the student's diploma; and
2. confirm with the relevant department or agency in the state in which the secondary school is located that the secondary school is recognized as a provider of secondary school education.

The above two-part description satisfies the high school validity requirement. Other approaches used by schools are also valid if they comply with the language of 34 CFR 668.16(p). Students who indicate on their FAFSA that they graduated high school must give the name, city, and state of the high school. FAFSA on the Web will not allow students to skip these items, and it will have a drop-down list of both public and private high schools populated by the National Center for Education Statistics (NCES). Inclusion on the list does not mean that a diploma from the school is valid, nor does exclusion from the list mean that the diploma is invalid. Acceptable documentation for checking the validity of a student's high school completion can include the diploma and a final transcript that shows all the courses the student took.

Diplomas from unaccredited high schools can be valid and qualify students to receive Title IV funds, as well as to meet college admission standards. One resource that a school may consider using to determine if a high school diploma is valid is the department of education of the state in which the high school is located, if that agency has jurisdiction over the high school. Colleges are also free to consult with each other as they develop their procedures for checking the validity of high school diplomas. For students who completed their secondary schooling outside the United States, comparable documents can help, as can the services of companies that determine the validity of foreign secondary school credentials.

A student's self-certification is not sufficient to validate a high school diploma that is in question. If there is conflicting information between the student's certification on the FAFSA and other documentation or information obtained from the student, the institution must resolve this conflict. For an institution to be a Title IV eligible institution, it must admit as regular students only those with a high school diploma or the recognized equivalent and/or those who are beyond the age of compulsory school attendance in the State where the institution is located. As in other areas of FSA administration, schools have final authority in meeting this requirement. The Department does not plan to have an appeal process or to intervene in reasonable judgments of school administrators, such as a decision to move a high school from a college's acceptable to unacceptable list or a case where one school has different lists than another.

Checking the validity of high school completion

E-Announcement July 23, 2019, 34 CFR 668.16(p)

Foreign high school diplomas

High school diplomas/transcripts from other countries are acceptable toward the student eligibility general requirement, as long as the diploma is equivalent to a U.S. high school diploma.

A school that is qualified to evaluate the credential may do so. A school that is not qualified or chooses not to evaluate the credential can instead require students to have their credential evaluated by a company that offers such a service. The school may pay for the evaluation, but if it does so, it can only have students reimburse it for the cost if it requires the evaluation as part of its admission process for all students who have a foreign credential.

You may not require only students who are applying for federal student aid to pay the school to have their credential evaluated because that would amount to the school charging a fee to complete the FAFSA, which is prohibited under HEA

483(a)(6). In such cases, because the cost of evaluating a foreign credential is incurred as a charge of admission prior to enrollment in an eligible program, it cannot be included in students' cost of attendance (COA).

You may accept self-certification that a student has completed a foreign high school (or equivalent) education if:

- The student is selected for verification tracking groups V4 or V5 (see the Application and Verification Guide for more information), in which the student must provide proof of high school completion; and
- It is impossible for a refugee, asylee, or victim of human trafficking to obtain documentation of his or her completion of a secondary school education in a foreign country.

  In these cases, the applicant must:
- Present their entry status documentation that demonstrates their current or prior status as a refugee, asylee, or victim of human trafficking who entered the U.S. after the age of 15; AND
- Provide proof of their attempt to obtain documentation of their completion of a secondary school education in a foreign country, i.e. a copy of an e-mail or letter (including proof of mailing) (see item FHD-Q2/ A2 at www2.ed.gov/policy/highered/reg/hearulemaking/2009/hsdiploma.html).

Foreign diplomas

www2.ed.gov/policy/highered/reg/hearulemaking/2009/hsdiploma.html

Recognized equivalents of a high school diploma

The Department recognizes several equivalents to a high school diploma:

- A GED certificate;
- a certificate or other official completion documentation demonstrating that the student has passed a state-authorized examination (such as the Test Assessing Secondary Completion (TASC) the High School Equivalency Test (HiSET), or, in California, the California High School Proficiency Exam) that the state recognizes as the equivalent of a high school diploma (certificates of attendance and/or completion are not included in this qualifying category);
- an associate's degree;
- successful completion of at least 60 semester or trimester credit hours or 72 quarter credit hours that does not result in the awarding of an associate's degree, but that is acceptable for full credit toward a bachelor's degree at any institution; or
- enrollment in a bachelor's degree program where at least 60 semester or trimester credit hours or 72 quarter credit hours have been successfully completed, including credit hours transferred into the bachelor's degree program.
- for a student who enrolls without completing high school, a transcript indicating the student has excelled in high school. The student must no longer be enrolled in high school, must satisfy your school's written policy for admitting such students, and must be starting a program that leads at least to an associate's degree or its equivalent.

Note that merely possessing a certificate of attendance and/or high school completion is **not** sufficient for a student to be Title IV aid eligible. Such a certificate may be issued without a student having completed all of the academic graduation requirements, including passing any required examinations. A state must consider a certificate or high-school-completion-equivalency test as equivalent to a high school diploma in that state in order for it to be considered equivalent to a high school diploma for Title IV aid eligibility purposes.

High school documentation not yet received

Kris enrolls in the bachelor's degree program at Maddon College. Kris completes his high school requirements early, but the high school does not formally issue the high school diploma until a later time. Maddon can award Kris Title IV funds if Maddon obtains a statement signed by an official from Kris's high school attesting that Kris has completed all of the required coursework and has successfully passed any required proficiency examinations for the high school diploma. The

statement must include the date when the actual high school diploma will be issued. For more detail, see 34 CFR 600.2, DCL GEN 16-09 and *https://www2.ed.gov/policy/highered/reg/hearulemaking/2009/hsdiploma.html*.

When a student incorrectly states diploma status

When a student incorrectly states an eligible diploma status, for example, stating one year that they had a high school diploma, and in a subsequent year either notifying you that the previous submission was a mistake, or simply answering "no" to the high school diploma question, then the student was ineligible for all Title IV aid in the prior award year, and is ineligible for all Title IV aid going forward. Before removing all aid, you should verify their answer.

In this case, the student is responsible for any overpayment they received when ineligible, including aid received for completed award years. You (the school) must communicate to the student that they have the responsibility for repaying the overpayment(s). You may also be required to report the overpayment to NSLDS; for more details, see Volume 4, Chapter 3. You may refer the case to the Department for collection if the student does not repay the overpayment(s). See Volume 4, Chapter 3 for a sample report form.

Homeschooling

Though homeschooled students are not considered to have a high school diploma or equivalent, they are eligible to receive Title IV funds if their secondary school education was in a homeschool that state law treats as a home or private school.

Some states issue a secondary school completion credential to homeschoolers. If this is the case in the state where the student was homeschooled, he/she must obtain this credential to be eligible for Title IV funds if the state requires it. You may rely on a homeschooled student's self-certification that they completed secondary school in a homeschool setting. The student can include in his/her homeschooling self-certification that he/she received this state credential.

An eligible *institution* is defined in part as one that admits as regular students only those who have a high school diploma or equivalent, are beyond the compulsory age of attendance for the school's state, or are dually enrolled at the college and a secondary school. For students who finish homeschooling at a younger age, the Department considers them to be beyond the age of compulsory attendance if:

- your school's state would not require them to obtain a secondary completion credential as provided under state law; or
- the student has completed a secondary school education in a homeschool setting that qualifies as an exemption from compulsory attendance under state law.

See also *Volume 2, Chapter 1*.

Homeschooled students and institutional eligibility

HEA Sec. 102(a)(b)(c)

Homeschooled students

HEA Sec. 484(d)(3), 34 CFR 668.32(e)(4)

State regulations (for home-schooling and other purposes)

www2.ed.gov/admins/comm/choice/regprivschl/index.html

Ability-To-Benefit (ATB) Alternatives & Eligible Career Pathway programs (ECPP)

Students may become eligible for Title IV aid through the ATB alternatives in one of two ways. If a student first enrolled in an eligible postsecondary program prior to July 1, 2012 (regardless of receipt of any Title IV aid), the student may enroll in any eligible program and can become eligible through one of the ATB alternatives. However, if a student first enrolled in an eligible postsecondary program on or after July 1, 2012, the student may only become eligible through one of the ATB alternatives if the student is enrolled in an “eligible career pathway program” (see below for more details about eligible career pathway programs). An ATB student need not be enrolled concurrently in both the eligible postsecondary program and the component for attaining a high school diploma or its recognized equivalent.

The ATB alternatives include:

- Passing an independently administered Department of Education approved ATB test (see chart at the end of this section).
- Completing at least six credit hours or 225 clock hours that are applicable toward a Title IV-eligible degree or certificate offered by the postsecondary institution (neither remedial nor developmental coursework count toward this requirement). The coursework must demonstrate that the student has the ability to benefit from the postsecondary program in which the student is enrolled or intends to enroll, but need not be applicable to the specific degree or program in which the student is enrolled.
- Completing a state process approved by the Secretary of Education. Note: To date, state processes have been approved by the Secretary for the states of Washington, Illinois, Iowa, Mississippi, and Wisconsin.

Eligible Career Pathway Programs. An eligible career pathway program is a program that combines rigorous and high-quality education, training, and other services that:

1. Align with the skill needs of industries in the economy of the state or regional economy involved;
2. Prepare an individual to be successful in any of a full range of secondary or postsecondary education options, including apprenticeships registered under the Act of August 16, 1937 (commonly known as the “National Apprenticeship Act”; 50 Stat. 664, chapter 663; 29 U.S.C. 50 et seq.);
3. Include counseling to support an individual in achieving the individual’s education and career goals;
4. Include, as appropriate, education offered concurrently with and in the same context as workforce preparation activities and training for a specific occupation or occupational cluster;
5. Organize education, training, and other services to meet the particular needs of an individual in a manner that accelerates the educational and career advancement of the individual to the extent practicable;
6. Enable an individual to attain a high school diploma or its recognized equivalent, and at least one recognized postsecondary credential; and
7. Help an individual enter or advance within a specific occupation or occupational cluster.

You must make a determination on whether a program meets these criteria, and you are responsible for documenting that your career pathway program(s) meet each of the requirements described above. The Department does not require that you receive approvals or endorsements from a State or local workforce agency to fulfill these requirements, although that may be one way that you document your compliance.

You must maintain documentation that each eligible career pathway program that you use as a basis for determining a student’s eligibility under the ATB alternatives meets the above requirements. This must include documentation that the program(s) in question include workforce preparation activities and training for a specific occupation or occupational cluster, and that the program is aligned with the skill needs of the U.S. state or regional economy in which your school is

located.

Additional information regarding the requirements for eligible career pathway programs can be found in Dear Colleague Letter GEN-16-09.

Eligibility of Other Students Without a High School Diploma (Grandfathered Students). As discussed in Dear Colleague Letter GEN-12-09, students who were enrolled in an eligible program of study prior to July 1, 2012 may continue to establish Title IV eligibility in any eligible program under one of the ATB alternatives by using the following grandfathering test:

Question 1: Did the student attend an eligible program at any Title IV institution prior to July 1, 2012? If yes, the student may use any of the ATB alternatives (as described above) to become eligible for Title IV funds. If no, continue to Question 2.

Question 2: Did the student, prior to July 1, 2012, officially register at a Title IV institution, and was the student scheduled to attend an eligible program? If yes, the student may use any of the ATB alternatives (as described above) to become eligible for Title IV, HEA student assistance. If no, the student may not use the ATB alternatives to become eligible for Title IV, HEA student assistance, unless the student is enrolled in an eligible career pathway program.

For a student who qualifies to use one of the ATB alternatives through enrollment in an eligible program prior to July 1, 2012, you must document that the student successfully completed one of the approved ATB alternatives described above. Such documentation could include documentation from NSLDS that shows a student's prior receipt of Title IV funds, or a transcript or other receipt that demonstrates enrollment in an eligible program.

ATB & ECPP Eligibility timing

When a student becomes eligible through enrollment in an Eligible Career Pathway program or by completing "at least 6 credit hours or 225 clockhours that are applicable to a degree or certificate offered by your school," as an ATB alternative, the student does not gain eligibility during the period in which he/she is completing those hours. The student only becomes eligible for Pell Grants and Campus-Based aid in payment periods following the period in which the hours were completed, and a school may only originate a Direct Loan for a period which follows the period in which the hours were completed.

Ceasing to be an ATB student

A student who gained Title IV eligibility under one of the ATB alternatives ceases to be an ATB student when they obtain a high school diploma or its recognized equivalent. At that point, the student is no longer subject to the restrictions on ATB students, including that the student be enrolled in an eligible career pathway program in order to be (potentially) Title IV-eligible.

ATB options & Eligible Career Pathway Programs

34 CFR 668.32(e)(2,3,5) Consolidated Appropriations Act of 2016 (Public Law 114-113)

DCL GEN-16-09

HEA Sec. 484(d)

Workforce Innovation and Opportunity Act (29 U.S.C. 3102(7))

ATB tests

34 CFR Part 668 Subpart J (Sections 141–156),

Electronic Announcement June 24, 2015

Federal Register November 9, 2020

Approved ATB Tests

Approved ATB Tests	Publishers & Passing Scores
Wonderlic Basic Skills Test (WBST) Verbal Forms VS-1 and VS-2, Quantitative Forms QS-1 and QS-2. This is a paper test.	Wonderlic, Inc., 400 Lakeview Parkway, Suite 200, Vernon Hills, IL 60061 Contact: Chris Young, 847-247-2544 Passing Scores: Verbal 200, Quantitative 210
Wonderlic Basic Skills Test (WBST) Verbal Forms VS-1 and VS-2, Quantitative Forms QS-1 and QS-2. This is an online version of the tests.	Wonderlic, Inc., 400 Lakeview Parkway, Suite 200, Vernon Hills, IL 60061 Contact: Chris Young, 847-247-2544 Passing Scores: Verbal 200, Quantitative 210
Spanish Wonderlic Basic Skills Test (Spanish WBST) Verbal Forms VS-1 and VS-2, Quantitative Forms QS-1 and QS-2. This is a paper test.	Wonderlic, Inc., 400 Lakeview Parkway, Suite 200, Vernon Hills, IL 60061 Contact: Chris Young, 847-247-2544 Passing Scores: Verbal 200, Quantitative 200
Spanish Wonderlic Basic Skills Test (Spanish WBST) Verbal Forms VS-1 and VS-2, Quantitative Forms QS-1 and QS-2. This is an online version of the tests.	Wonderlic, Inc., 400 Lakeview Parkway, Suite 200, Vernon Hills, IL 60061 Contact: Chris Young, 847-247-2544 Passing Scores: Verbal 200, Quantitative 200
Combined English Language Skills Assessment (CELSA), Forms 1 and 2.	Association of Classroom Teacher Testers (ACTT), 1187 Coast Village Road, Suite 1, 378 Montecito, CA 93108 Contact: Pablo Buckelew, 805-965-5704 Passing Scores: CELSA Form 1: 97, Form 2: 97.
ACCUPLACER Computer-adaptive tests and Companion ACCUPLACER Forms J & K: Reading, Writing, Arithmetic	The College Board, 250 Vesey Street, New York, NY 10281 Contact: The ACCUPLACER Program, 800-607-5223 Passing Scores: Reading 233, Writing 235, and Arithmetic 230.
Texas Success Initiative (TSI) Assessment Computer-adaptive tests and COMPANION TSI Forms T and V: Reading Placement Test, Writing Placement Test, Mathematics Placement Test	The College Board, 250 Vesey Street, New York, NY 10281 Contact: The TSI Assessment, 800-607-5223 Passing Scores: Reading Placement Test 336, Writing Placement Test 345, Mathematics Placement Test 326

To refer to ATB tests which were approved in the past, see the June 24, 2015 E-Announcement on FSA Partner Connect

Satisfactory Academic Progress (SAP)

To be eligible for Title IV funds, a student must make satisfactory academic progress, and your school must have a reasonable policy for monitoring that progress. The Department considers a satisfactory academic progress policy to be

reasonable if it meets both the qualitative and quantitative criteria explained in this section.

Your SAP policy must be at least as strict (in terms of the qualitative and quantitative standards discussed below, not the frequency with which these are checked) as your SAP policy for students enrolled in the same program of study who are not receiving Title IV funds at your school, and it must apply equally to all students within categories, e.g., full-time, part-time, undergraduate, and graduate students. A school may create different SAP policies for different categories or groups of students, e.g. full-time vs. part-time, undergraduate vs. graduate students, and students enrolled in different academic programs.

You may use standard rounding rules on any SAP measurements for both qualitative and quantitative components (i.e. round up .5 and higher, round down if below .5). If you choose to round any SAP measurements, your policy for doing so must be included in your school's general SAP policy. A student is either making SAP for all Title IV programs, or is not. You cannot say a student is making SAP for Pell but not for Direct Loans.

Your policy(ies) must include an academic progress evaluation at the end of each payment period for students in programs lasting one year or less. For all other programs, the policy must include annual reviews which must correspond with the end of a payment period. For programs greater than one year, your policy may also call for progress reviews after each payment period. If you review at each payment period, you must review SAP after every term, (including any summer terms) the student was enrolled. You may have reasonable rules for students who initially enroll in specific courses but modify that enrollment within a limited time.

Grades and pace of completion

Your school's policy must specify that both the **quantitative (pace)** and **qualitative (grade-based)** standards are reviewed at each evaluation point, if required for that program (nonterm credit, subscription-based and clock-hour programs are now exempt from the quantitative/pace evaluation, see discussion of the quantitative standard below). Each component *may* include a payment period-based standard but are *required* to include a cumulative standard. You may review SAP via satisfactory progress checks more frequently, (for example, monthly), but the more frequent reviews are considered informal checks and cannot replace the review that is required to be conducted at the end of the payment period.

Your policy must specify the *qualitative* standard (grade point average or GPA) that a student must have at each evaluation or, if GPA is not an appropriate qualitative measure, a comparable measure against a norm. In addition, the HEA requires a specific qualitative review at the end of the student's second academic year. Students enrolled in a program of more than two academic years must have a GPA of at least a "C" or its equivalent or must have an academic standing consistent with your school's graduation requirements.

Having a standing consistent with the requirement for graduation means you could use an escalating GPA instead of a fixed one. For example, if your school uses a 4-point scale, it could require students to have a 2.0 average by graduation but allow their average to be lower earlier in their program. If your policy permits such a progression and a student falls below a C average, you must be able to document that her average is consistent with the academic standard required for graduation.

Remedial coursework **must** be included in the qualitative assessment of SAP. The courses need not be included in the student's GPA; however, your school must have some means of assessing a student's qualitative academic progress in remedial coursework. Similarly, you must have a means of assessing student progress in programs comprised entirely of pass/fail coursework.

Courses attempted on a pass/fail basis count as attempts for SAP purposes (see the guidance below on pace), but are not factored into a student's GPA for SAP purposes. When there are just a few pass/fail courses in the overall program, such courses do not have to be included in the qualitative/grades SAP component as long as they are counted in the quantitative/pace component. However, a program comprised primarily or 100% of pass/fail coursework must be counted in both qualitative and quantitative components.

Your SAP policy must also specify the quantitative standard (pace) at which students must progress through their program to ensure that they will graduate within the maximum timeframe (see below for full definition of maximum timeframe), and each satisfactory progress check must measure this. Nonterm credit, subscription-based and clock-hour programs are now exempt from the quantitative/pace evaluation. For these exempt programs, your school may, at its

option, include them in an SAP calculation for the quantitative component of SAP (see the 9/2/20 final regulation).

For credit-hour programs using standard or nonstandard terms that are not subscription-based programs, you calculate the pace at which a student is progressing by dividing the total number of hours the student has successfully completed by the total number they have attempted, or by determining the number of hours that the student should have completed by the evaluation point in order to complete the program within the maximum timeframe. You may include, but aren't required to include, remedial courses when making the assessment of the quantitative component of SAP.

As noted above, subscription-based programs are exempt from including a quantitative/pace component as part of SAP, however, a student in a subscription-based program is not eligible to receive a subsequent disbursement until the credit hours (or equivalent) associated with all prior payment periods have been completed. Students are allowed one additional subscription period to catch up without losing eligibility for Title IV aid. For more detail on subscription-based programs, see *Volume 3*.

You may exclude from the SAP quantitative/pace calculations any credits a student attempted, but could not complete due to the COVID-19 national emergency. It is not necessary for a student to have filed a SAP appeal for a school to exercise this flexibility, but you must have reasonably determined that the student's failure to complete those credits was the result of a COVID-19 related circumstance. Allowable circumstances include, but are not limited to: illness of the student or family member, need to become a caregiver or first responder, economic hardship, added work hours, loss of childcare, inability to continue with classes via distance education, and inability to access wi-fi due to closed facilities. Please note that this flexibility is applicable for SAP assessments made through the end of the payment period that includes the last date that the national emergency is in effect.

Checking a student's pace of completion allows for variations of enrollment status since you look at the percentage of classes successfully completed rather than a time-frame in which courses are taken. Also, you can use a graduated completion percentage for each year of a program. For instance, your policy can permit students to complete a lower percentage of their classes in the first academic year but require them to complete an increasing percentage in subsequent years so that they finish their program in time. A student becomes ineligible (via the maximum timeframe element) at the point at which it becomes mathematically impossible for them to complete the program within 150% of its length if it is an undergraduate program, or within the maximum timeframe established by the school if it is a graduate program (for more on maximum timeframe, see the maximum timeframe definition below). In this situation, an appeal would be possible if your school allows appeals.

Your policy must explain how GPA and pace of completion are affected by incomplete courses, withdrawals, and repetitions, and by transfer credits from other schools. Generally, all periods of the student's enrollment count when assessing progress, even periods in which the student did not receive Title IV funds. However, only transfer credits that count toward the student's current program must be counted (as both attempted and completed hours; credits not counted toward the student's program may also be counted at your school's discretion, as described in your SAP policy). Your policy may permit that for students who change majors, credits and grades that do not count toward the new major will not be included in the satisfactory progress determination. You may limit how many times a student can change majors, for SAP purposes.

Your SAP policy cannot exclude from the satisfactory progress check courses in which a student remained past the add/drop period and earned a grade of "W" (or its equivalent), nor can it exclude a specific type of hours attempted, such as those taken during a summer session. A review of SAP is not complete until both the qualitative and quantitative measures have been reviewed. If a satisfactory progress check shows that a student does not have the required GPA or is not maintaining the required pace, she becomes ineligible for Title IV funds unless your school reviews SAP after every payment period or permits SAP appeals, as explained below.

You may monitor SAP throughout the payment period, for example, at the end of each month, but an official review (i.e., for Title IV eligibility purposes) may only occur at the end of a payment period. A monthly evaluation that contains the end of a payment period (such as hour 450) cannot count as the official evaluation for the entire payment period. After an official evaluation, a student not meeting SAP standards must be placed on termination (i.e., immediate loss of Title IV eligibility), warning, or probation (if the student submits a successful appeal) status. You may not put someone on warning or probation for less than a payment period.

SAP matching progress and published length of program

A school's attendance policy may be more strict than the quantitative (pace) standard for SAP. However, if the standards do not match, a student may continue to meet SAP progress requirements for one standard and not for the other, which can result in the student being charged over-contract hours due to failing to meet the stricter standard. If, in a program to which these standards apply, a substantial majority of students graduate after the published length of the program (while retaining Title IV eligibility & incurring overtime charges), ED would expect the school to revise the published length of the program.

Satisfactory progress definitions

Appeal—A process by which a student who is not meeting SAP standards petitions the school for reconsideration of his eligibility for Title IV funds.

Financial aid probation—A status a school assigns to a student who is failing to make satisfactory academic progress and who successfully appeals. Eligibility for aid may be reinstated for one payment period.

Financial aid warning—A status a school assigns to a student who is failing to make satisfactory academic progress. The school reinstates eligibility for aid for one payment period and may do so without a student appeal. This status may only be used by schools that check SAP at the end of each payment period and only for students who were making SAP in the prior payment period for which they were enrolled or who were in the first payment period of their program.

Maximum timeframe:

- For an undergraduate program measured in credit hours, a period no longer than 150 percent of the published length of the program, as measured in credit hours, or expressed in calendar time. If your school chooses to use calendar time to measure maximum timeframe, you evaluate a student's pace by determining the number of hours that the student should have completed at the evaluation point in order to complete the program within the maximum timeframe. Measuring credits completed over calendar time may be considered a stricter method of evaluation, as it holds a student to the same pace regardless of the student's enrollment status in any given payment period. Note that evaluating SAP progress via calendar time for credit hour programs is optional; you may still evaluate progress for these programs by measuring credit hours.
- For an undergraduate program measured in clock hours, a period no longer than 150 percent of the published length of the program as measured by the cumulative number of clock hours the student is required to complete and expressed in calendar time. (Note that a student in a clock hour program cannot receive aid for hours beyond those in the program; the maximum timeframe applies to the amount of calendar time the student takes to complete those hours.)
- For a graduate program, a period the school defines that is based on the length of the program. Credit hour graduate programs may also measure maximum timeframes either in credit hours or calendar time.

  At each official SAP evaluation point, (at the end of a payment period) you must evaluate whether it is possible for students to complete their program within the maximum timeframe. Students fail the maximum timeframe measure at the point at which it is determined that it is not possible for them to complete their program within the maximum timeframe, not at the point they actually reach the maximum timeframe.

SAP new/conflicting information requirements

SAP calculations are to be performed at established intervals which must coincide with the end of a payment period as prescribed in 34 CFR 668.34(a) (3). You are not required to recheck SAP and/or recalculate as the result of grade changes that occur between formal SAP evaluations.

However, a school may have a policy of recalculating to account for subsequent grade changes. If your school has a policy to recalculate, you may make disbursements of Title IV aid for which the student becomes eligible as a result of the grade changes. However, there are limitations on when a school can make a disbursement in these circumstances:

- For Pell and TEACH Grants, you may only make a disbursement based on a grade change during the payment period immediately following the SAP evaluation that was affected by the change.
- For all other types of Title IV aid, you may only make a disbursement based on a grade change during the academic year in which the SAP evaluation takes place, or, if the evaluation takes place at the end of an academic year, during the academic year following that SAP evaluation.

For example, consider a student who was deemed ineligible for Title IV aid in the spring term due to failing an SAP evaluation at the end of the fall. If the school changes the student's grades during the spring term, it could pay the student Pell or TEACH Grant funds for the spring. However, if the school decided to change the student's grades after the spring term ended, it could not disburse Pell or TEACH Grant funds to the student for the spring term.

Schools should **not** alter aid already disbursed to students based on SAP evaluations that were accurate at the time they were performed. For example, consider a student who was deemed eligible for Title IV aid in the spring term after passing a SAP evaluation that included incomplete classes, but the school changes those incomplete grades to failing grades during the spring term. Had the student failed those courses prior to the SAP evaluation, he or she would have failed the evaluation and been ineligible for aid during the spring term. However, in this situation, the school should not return the student's Title IV aid for the spring term because the student was eligible on the basis of a SAP evaluation that was accurate at the time it was performed.

Whether or not your school has a policy of rechecking SAP between evaluation points, any grade changes must be accounted for in the next scheduled SAP evaluation. Although schools have the option of recalculating SAP due to grade changes, these changes should be a rare occurrence. If changes to student eligibility on the basis of grade changes occur on a regular, consistent basis, FSA may have compliance concerns.

Financial aid warning

Only schools that check satisfactory progress at the end of each payment period may place students on financial aid warning as a consequence of not making satisfactory progress. A school may use this status without appeal or any other action by the student. Warning status lasts for one payment period only, during which the student may continue to receive Title IV funds. Students who fail to make satisfactory progress after the warning period lose their aid eligibility unless they successfully appeal and are placed on probation. Schools do not need to use the warning status; they can instead require students to immediately appeal to be placed on probation.

Appeals, financial aid probation, and academic plans

All schools may use financial aid probation as part of their satisfactory progress policy. When a student loses FSA eligibility because he failed to make satisfactory progress, if the school permits appeals, he may appeal that result on the basis of: his injury or illness, the death of a relative, or other special circumstances. His appeal must explain why he failed to make satisfactory progress and what has changed in his situation that will allow him to make satisfactory progress at the next evaluation.

If you determine, based on the appeal, that the student should be able to meet the SAP standards by the end of the subsequent payment period, you may place him on probation without an academic plan. You must review the student's progress at the end of that one payment period, as probation status is for one payment period only. If you determine, based on the appeal, that the student will require more than one payment period to meet progress standards, you may place him on probation and develop an academic plan for the student. You must review the student's progress at the end of one payment period as is required of a student on probation status, to determine if the student is meeting the requirements of the academic plan.

If the student is meeting the requirements of the academic plan (or the universally applicable SAP requirements, outside of any individualized academic reinstatement plan), the student is eligible to receive Title IV aid as long as the student continues to meet those requirements and is reviewed according to the requirements specified in the plan.

Your school determines the process and documentation required for an appeal. It may decide to require more extensive information on an initial appeal and some type of an update statement on a subsequent appeal. The regulations do not specify what must be included in an academic plan. The school and the student must develop a plan that ensures that the student is able to meet the school's satisfactory progress standards by a specific time, though an academic plan could instead take the student to successful program completion. Students must also appeal to change their plan. They must explain what has happened to make the change necessary and how they will be able to make academic progress.

Reestablishing aid eligibility

Your policy, even if it does not permit appeals, must explain how students who are not making satisfactory academic

progress can restore their eligibility for Title IV funds. Other than when a student is placed on financial aid warning or probation or has agreed to an academic plan as outlined above, he can regain eligibility only by taking action that brings him into compliance with your school's satisfactory progress standards. The requirement that a student complete a number of credits or enroll for a number of academic periods without receiving Title IV funds, or that he interrupts his attendance for one or more academic periods, may be part of your academic progress policy. However, paying for one's classes or sitting out for a term does not affect a student's academic progress status, so neither is sufficient to reestablish aid eligibility.

Grades and SAP: Academic amnesty/renewal

Some schools have academic amnesty/renewal procedures through which a student can apply to have credits attempted and grades earned in previous semesters excluded from the calculation of the student's grade point average. The FSA program regulations make no provision for the concept of academic amnesty or academic renewal. Therefore, a school must always include courses applicable to a student's major (whenever taken) in evaluating a student's satisfactory academic progress (both quantitative and qualitative components) except as permitted under their SAP policy for handling repeat coursework. However, a student may be able to appeal loss of eligibility due to special circumstances.

Completed program, no degree

A student who completes the academic requirements for a program but does not yet have the degree or certificate is not eligible for further additional Title IV funds for that program.

SAP for test-based credits

Some schools have developed tests in accord with their academic standards, such as language proficiency tests, which students can take and receive course credit. If such credits count toward the student's program, the grades for those credits count in the student's GPA for all FSA purposes. Such credits must be counted towards SAP for quantitative/pace purposes, and may, according to the school's written policy, be counted towards the student's qualitative/grades SAP measurement.

Satisfactory Academic Progress

HEA Sec. 484(c), 34 CFR 668.16(e), 34 CFR 668.32(f), 34 CFR 668.34

Q&A: *www2.ed.gov/policy/highered/reg/hearulemaking/2009/sap.html*

Satisfactory Academic Progress Examples: Four-Year Programs

Four-year credit-hour program with appeal Students in a bachelor's degree program at National College must complete 120 credits and may attempt up to 180 credits (120 x 150%). National reviews a student's academic progress once per year and has a pace of completion of 2/3 or 66.67% of the classes that students attempt; it requires a cumulative GPA of 1.50 after the first year, 1.75 after the second year, and 2.0 after the third year and beyond.

In his first semester, Danny fails one course and

4-year credit-hour program with warning and appeal Krieger University checks SAP every quarter, which permits it to use financial aid warnings. Students must complete 144 credit hours to receive a BA or BS degree, and they may attempt up to 216 credit hours to complete a program. Students must complete at least half of the credits they attempt in their first year and 75% of their credits in each year after that. They must have no less than a 2.0 GPA at all times.

Gina finishes her first year at Krieger with a 2.25

withdraws (late in the term) from one of his five courses (15 credits). He takes four courses in his second semester and again fails one and withdraws from one. Though his GPA is 1.71, he isn't making SAP by the end of the first year because he completed only 15 credits out of the 27 he attempted, and two-thirds (2/3) of 27 is 18. Danny applies for an appeal, but because his only reason for not making SAP is that he wasn't able to concentrate on college after being in high school, and because he doesn't offer evidence showing what has changed, the aid administrator at National denies his appeal, and he is ineligible for aid in his second year.

Even if Danny had a more convincing reason for failing at SAP, such as being injured and being rendered unable to participate effectively in his normal activities, the administrator might still have denied his appeal because she saw little improvement or variation in Danny's pace of completion and did not determine that he would likely be making SAP a year later. If Danny's academic performance improves by the end of his second year so that he is meeting the SAP criteria, he can again receive Title IV funds.

GPA and completes all of the credits that she attempts, so she is making SAP. After the first quarter in her second year, she again completes all of her classes but poor grades leave her with a 1.94 GPA. The aid administrator places her on financial aid warning for one quarter and informs her that she is not meeting the SAP standards. Gina does poorly in the next quarter as well, and her GPA drops to 1.85. The aid administrator informs her that she can't continue on warning status and needs to submit an appeal explaining why she is failing to make SAP and why she thinks that will change and allow her to again make SAP.

Gina brings the administrator an obituary showing that her mother died recently, which required that she help with family affairs and caused her to lose her focus at school. She asserts that is over now. The administrator places her on probation and suggests that she might take fewer courses. But Gina enrolls full time and again receives poor grades, causing her GPA to drop to 1.80. The administrator informs Gina that she has become ineligible for Title IV funds but that she can become eligible again if she raises her GPA to 2.0 or that she can submit another appeal (the latter appeal must be based on a reason different from the first appeal) and this time request to be placed on an academic plan.

Satisfactory Academic Progress Examples: One-Year Programs

1-year credit-hour program with financial aid warning Carver University has a program that a full-time student can complete in 24 semester hours. Because this is a one-year program, Carver must check SAP every payment period. Their policy is that students must complete the program by the time they have attempted 36 (150% of 24) hours, and the pace of completion is 2/3 or 66.67%. They require a 2.0 GPA at all times.

Suzie plans to take two classes (eight hours) each semester. In the first term, she fails one class and gets a B in the other. Her GPA is 1.5 and her pace of completion is 50%, so Carver automatically places her on financial aid warning and informs her of this. In her second semester, Suzie gets a C (in the class she failed in the first semester) and an A, raising her GPA to 2.25 (Carver counts all grades for retaken classes), and she has completed 75% of her classes,

academic performance until late in (or the end of) the program, Fowler decides not to use warnings. Instead, it requires students to submit an appeal when they are not meeting SAP standards.

After the first four months, Anthony's GPA is 3.0, but he completes only 250 of the 300 clock hours that were required for the payment period. Fowler informs him that he must submit an appeal to continue to receive Title IV funds. Anthony tells the administrator that he was diagnosed with depression, which prevents him from doing as much as he'd like. He provides a note from his psychiatrist and affirms that he is doing better since he has received regular treatment. The administrator grants his appeal and puts him on financial aid probation since she determines that Anthony can finish the program in the remainder of the year. She drafts a plan that allows him some flexibility in his pace of

so she restores her aid eligibility.

Clock-hour program with appeal Fowler Community College has a 900-clock-hour program that normally takes eight months to complete. Fowler allows a maximum timeframe of 12 months to complete the program, and students must complete at least 300 clock hours out of the 450 clock hours of each payment period (four months) and maintain a 2.0 GPA. Because the program is so short and financial aid warnings would delay a rigorous review of students' completion and that requires him to check with her once a month to inform her of his progress in his classes.

After four more months, Anthony's GPA is 3.3, and he has completed 580 hours out of the 600 required under Fowler's published SAP policy, which would normally make him ineligible for Title IV funds. But because he is progressing according to his personal SAP plan and is predicted to complete the program within the maximum timeframe, he may continue to receive aid.

SAP Practices FAQs

Q. If a student fails SAP at the end of a payment period and becomes ineligible for aid in the next payment period, can the school still provide a late disbursement of aid for eligible coursework associated with the previous payment period?
A. Yes, if the student meets all of the late disbursement requirements (and was in all other ways eligible at the time). SAP is forward looking and impacts student eligibility in subsequent payment periods.

Q. After my school makes an SAP evaluation, can a student be placed on warning or probation status (if the appeal is successful) for a period that is shorter than a payment period?
A. No, the warning or probation period must last for at least one payment period.

Q. When determining SAP, is it permissible to only include coursework applicable to the student's program in the qualitative calculation, while including all coursework in the quantitative calculation?
A. Normally, coursework assessed must be the same for both qualitative and quantitative measures.

However, in the case of a transfer student, all of a student's credits accepted towards the new program must be counted in the quantitative measurement, but transfer credits are optional in the qualitative measurement. You are not required, for instance, to factor in grades from other institutions into students' GPA at your school.

Q. May we have a policy in our larger SAP policy that when a student changes majors or program, only the credits still applicable to the student's new major count towards SAP?
A. Yes. The treatment of a student who changes majors is determined by the school. You must specify in your SAP policy whether or not you will include all coursework acceptable towards the degree in which the student is now enrolled.

Enrollment Status

A student must be enrolled at least half time to receive aid from the Direct Subsidized/Unsubsidized and Direct PLUS Loan programs. The Pell, TEACH Grant, and Campus-Based Programs don't require half-time enrollment, with three exceptions:

- students must be enrolled at least half-time in the payment period(s) for which the student receives the additional Pell Grant funds in excess of 100 percent of the student's Pell Grant Scheduled Award;
- students must be enrolled at least half-time in a teaching credential program to be eligible for Federal Work Study (FWS).
- students must be enrolled at least half-time in a post-baccalaureate program for teacher education; and

Enrollment status does affect the amount of Pell a student receives; see *Volume 3, Chapter 3*. Students in nonterm

programs are always considered full-time for Pell purposes.

To be enrolled half time, a student must be taking at least half of the course load of a full-time student. Your school defines a full-time workload, but it must meet the minimum standards in the FSA regulations. The definition of full time for FSA purposes can differ from that used for other purposes at your school, such as the definition used by the registrar's office. Your definition of a full-time workload for a program must be used for all students in that program and must be the same for all FSA-related purposes, including loan deferments. You can't accommodate a student with a learning disability or other handicap by allowing her a full-time enrollment status lower (for Title IV financial aid purposes) than the minimum standard (see the section earlier in the chapter on students with intellectual disabilities). Note that for students in Comprehensive Transition and Postsecondary (CTP) programs, the scope of activity that may be counted for full-time status is broader than it is for students in traditional programs.

A school may choose to define half time as half of the minimum fulltime standard established in the regulations even if this is less than half the full-time standard established by the school. For example, if a school sets 14 semester hours as full time, it could use 6 semester hours (one-half of the regulatory full-time minimum of 12) as half time instead of 7.

Minimum standards for full-time enrollment

A student's workload may include any combination of courses, work, research, or special studies that your school considers sufficient to classify them as full time. This includes, for a term-based program that is not subscription-based, no more than one repetition of a previously passed course that is not due to the student failing other coursework. The regulations specify a minimum standard for undergraduate students but not for graduate students. For undergraduates, full-time status must be at least:

- 12 semester hours or 12 quarter hours per academic term in an educational program using a semester, trimester, or quarter system;
- 24 semester hours or 36 quarter hours per academic year for an educational program using credit hours but not using terms, or the prorated equivalent for a program of less than one academic year;
- 24 clock hours per week for an educational program using clockhours;
- A series of courses or seminars equaling 12 semester or quarter-hours over a maximum of 18 weeks;
- For a program that measures credit hours and uses nonstandard terms, the number of weeks of instruction in the term divided by the number of weeks of instruction in the academic year, multiplied by the number of credit hours in the program's academic year;
- The work portion of a cooperative education program in which the amount of work performed is equivalent to the academic workload of a full-time student; or
- For correspondence coursework, a courseload commensurate with the full-time definitions listed here, and at least half of that load must be non-correspondence coursework that meets half of the school's requirement for full-time students.
- For subscription-based programs, a full-time course load commensurate with the full-time definitions for standard and nonstandard term programs listed here. For a full discussion of subscription-based programs and terms, see *Volume 3*.

Note that the definition of full-time student, upon which all enrollment statuses are based, has changed. Please refer to the revised 34 CFR 668.2(b). The regulatory definitions of credit-hour, clock-hour and academic year have also been updated. For more details, see *Volume 2, Chapter 2* (clock hour and credit hour), Volume 3, Chapter 1 (academic year), and the September 2, 2020 *Distance Education and Innovation* regulatory package (34 CFR 600.2).

Your school must have a written policy stating what enrollment status the work portion of a co-op program is equivalent to. If it equals or exceeds a full-time academic load, the co-op student is considered full time regardless of how many credits are earned for the co-op work. A student taking only correspondence courses is never considered to be enrolled more than half time. See *Volume 3* for more on Pell and enrollment status and correspondence courses. If a student is enrolled in courses that do not count toward his degree, certificate, or other recognized credential, they cannot be used to determine enrollment status unless they are eligible remedial courses.

This means you cannot award the student aid for classes that do not count toward his degree, certificate, or other recognized credential. Also, federal student aid can be awarded only for learning that results from instruction provided or overseen by the school. It cannot be awarded for any portion of a program based on study or life experience prior to

enrollment in the program, or based on tests of learning that are not associated with educational activities overseen by the school.

Eligibility and enrollment status for retaking coursework

The regulatory definition for full-time students allows a student, in a term-based (not subscription-based or nonterm) program only, to retake any previously passed course a maximum of once per course. For this purpose, passed means any grade higher than an “F,” regardless of any school or program policy requiring a higher qualitative grade or measure to have been considered to have passed the course. This retaken course may be included in the student’s enrollment status, and would count toward the student’s eligibility for Title IV aid.

SAP regulations allow a student to receive Title IV funds for retaking a course he or she failed, and if a student withdraws before completing the course that he or she is being paid Title IV funds for retaking, that is not counted as his or her one allowed retake for that course. However, if a student passed a class once, then is repaid for retaking it, and fails the second time, that failure counts as their paid retake, and the student may not be paid for retaking the class a third time.

If your school has a policy that requires students to retake all of the coursework for a term in which a student fails a course, only the first retake of any previously passed course is eligible for Title IV aid (see the preamble to the October 15, 2015 Program Integrity regulation; page 67127). If a student withdraws from all Title IV eligible courses in the payment period or period of enrollment and continues to attend only the course(s) that they are completing or repeating for which they may not receive Title IV aid during that period, the student is a withdrawal for Title IV purposes. This is because a student is considered to be attending a Title IV eligible program only if he or she is attending one or more courses in that program for which the student is receiving Title IV funds. For more details on eligibility for retaking coursework, see 34 CFR 668.2(b).

Counting non-credit or reduced-credit remedial work in enrollment status

A student can receive aid for a limited amount of remedial coursework that is included as part of a regular program. As long as the student qualifies for aid for remedial courses, you must include the remedial courses in the student’s enrollment status.

Some schools give no credit or reduced credit for remedial classes. To determine enrollment status, credit hours for the remedial class should be the same as for the comparable full-credit class. If you’re using credit hours, you can compare the number of classroom and homework hours of study that the remedial course requires with the hours required for similar courses offered for full credit. Clock-hour schools should use the number of classroom hours attended in the remedial program. For more details, see 34 CFR 668.20.

Enrollment status for students with intellectual disabilities

Because a comprehensive transition and postsecondary (CTP) program for students with intellectual disabilities can include work for which the school awards no credit, such as audited courses, the school must develop equivalencies in credit hours for such work, just as it must do with non-credit remedial coursework. This will allow the school to determine the enrollment status for students in these programs.

Full-time student definition

34 CFR 668.2(b)

Half-time enrollment

HEA Sec. 428(b)(1)(A), 34 CFR 668.2(b)

Students Convicted of Possession or Sale of Drugs

In December 2020, the FAFSA Simplification Act was enacted into law as part of the Consolidated Appropriations Act of 2021. The FAFSA Simplification Act amended Section 484 of the Higher Education Act of 1965 (HEA), making several important changes to student eligibility criteria. One of these is the elimination of the prohibition on receiving Title IV aid for students with drug-related convictions.

For the 2022-2023 award year, the Selective Service and drug conviction questions will remain on the FAFSA. However, having a drug conviction while receiving Title IV aid will no longer impact a student's Title IV aid eligibility, and a student who has a drug conviction may be eligible to receive Title IV aid if they meet all other eligibility criteria. For the 2022-23 award year, you will continue to see comment codes 53, 54, 56, and/or 58, but the Department will include language in the comment codes indicating that no further action needs to be taken by the student or school, and such students are eligible for Title IV aid if they meet all other eligibility requirements. Please see Dear Colleague Letter GEN-21-04 for more information about the implementation of these changes.

Drug convictions

HEA Section 484, DCL GEN-21-04

Federal Register Notice June 17, 2021

Incarcerated Students

No student who is incarcerated in a Federal or State penal institution may be eligible to receive Pell Grant funds, however, such students may still be potentially eligible for FSEOG and FWS. Halfway houses, periods of home detention, and/or serving only weekends are not considered incarceration for Title IV eligibility purposes.

The FAFSA Simplification Act (part of the Consolidated Appropriations Act, 2021) made changes to the HEA that will restore Pell eligibility for certain individuals incarcerated in State and Federal penal institutions as of July 1, 2023. This change has not yet been implemented, and the Department will provide further guidance at a later date.

A student is considered to be incarcerated if he or she is serving a criminal sentence in a federal, state, or local penitentiary, prison, jail, reformatory, work farm, or similar correctional institution (whether it is operated by the government or a contractor).

An incarcerated student is still potentially eligible for Pell, FSEOGs, and FWS, but not Direct Loans, if he or she is incarcerated in a juvenile justice facility, a local or county jail, or a local or county penitentiary or correctional facility, regardless of which governmental entity operates or has jurisdiction over the facility. However, 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 (See *Volume 3, Chapter 2* for more on COA).

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). See *Chapter 6* for more information on this and on sex offenders who were incarcerated but are now subject to an involuntary civil commitment.

Incarcerated students

HEA Sec. 401(b)(6) and 484(b)(5), 34 CFR 600.2 and 668.32(c)(2), DCL GEN-14-21 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.

Conflicting Information

In addition to reviewing data provided by the Department's application system and NSLDS (as discussed in the rest of this volume), your school must have an internal system to share information relevant to the student's eligibility, such as his or her academic standing. The FSA program regulations require a school to develop an adequate system to ensure the consistency of any data related to a student's application or eligibility for Federal Student Aid regardless of the source of that data.

The best way to avoid generating conflicting information is to encourage those filing FAFSAs to use the IRS Data Retrieval Tool (DRT); for those items which can be transferred.

If your school has conflicting information for a student or you have any reason to believe his application is incorrect, you **must** resolve such discrepancies before disbursing Title IV funds. If you discover a discrepancy after disbursing Title IV funds, you **must** reconcile the conflicting information and require the student to repay any aid for which he wasn't eligible, unless he is no longer enrolled for the award year and will not re-enroll. Your school is responsible for reconciling all inconsistencies that it receives with one exception: if the student dies during the award year, you aren't required to resolve conflicting information.

In addition to efforts your school undertakes to identify and eliminate conflicting information, there is one additional type of potential conflicting information which will be identified automatically by the CPS. On 2022-23 ISIRs, when a potential conflict in parent or student data is detected, the CPS will issue a "400" or "401" code. When a 400 or 401 code is issued, you will need to determine if the code represents conflicting information and, if so, resolve the conflict and repackage any affected 2022-23 aid.

If you are unable to resolve the conflicting information, you must consider the student to be in overaward status for any need-based aid (i.e., Title IV grants and Direct Subsidized Loans) that was disbursed. FWS money does not need to be repaid, but you must immediately cease paying any further unearned FWS funds.

For more information on conflicting information, please refer to the *Application and Verification Guide and Volume 2*.

Resolving 400 & 401 SAR codes

July 31, 2019 E-Announcement
2022-23 SAR Comment Code Guide

Conflicting information

34 CFR 668.16(b)(3) and (f)

Change in Eligibility Status

A student's eligibility status can change during the award year, which almost always affects whether he can be paid. The special rules for changes in satisfactory academic progress status were discussed in the SAP section. For more details on Pell Grant status changes within and between terms, see *Volume 3, Chapter 3*.

Gaining eligibility

A student who *gains eligibility* is one who was previously ineligible for some reason. In general, a student who gains eligibility may receive Pell Grant, TEACH Grant, and Campus-Based funds for the entire payment period and Direct Loan funds for the period of enrollment in which he or she becomes eligible.

A student is eligible for Pell Grant, TEACH Grant, and Campus-Based aid for the entire award year, not just the payment period, in which he or she becomes eligible by meeting the requirements for citizenship (including becoming an eligible noncitizen), having a valid Social Security number, or being registered for Selective Service.

When a student regains Title IV eligibility after a loan default is resolved, the borrower regains Title IV grant eligibility beginning with the payment period in which the default was resolved and regains Direct Loan eligibility beginning with the period of enrollment in which the default was resolved.

To illustrate how students can gain eligibility, we can look at two hypothetical students, Roy and Leon. Roy enrolls in a one-year certificate program at Carver University. Carver won't officially admit Roy before he provides an academic transcript from his previous school, but it lets him start classes in the fall. Carver receives Roy's transcript after he's attended for a month and officially admits him. He's still in his first payment period when admitted, so he can receive Pell and Campus-Based funds for his entire period of enrollment. The school can also use the program length of one year as the period of enrollment for which Roy can receive a loan.

Leon is finishing his senior year in high school; his classes end June 4. He decides to start classes in the winter at Carver on January 11. The second payment period begins on May 17. Leon isn't eligible for aid when he first starts classes at Carver. However, when he becomes eligible after June 4, Carver can disburse Pell and Campus-Based funds to Leon retroactively for the current payment period that started on May 17 (but not for the payment period that started in January) and a Direct Loan for the current period of enrollment, which does include the payment period that began in January.

Losing eligibility

A student cannot receive any federal student aid after losing eligibility for it unless he or she qualifies for a late disbursement.

To illustrate the rule on losing eligibility, we'll look at a student named Steve. Steve is a student at Waveland University. At the end of September, after the start of the fall term, he defaults on a Direct Loan. Waveland gave Steve his first Direct Subsidized loan disbursement at the beginning of the semester in September and was going to disburse a Direct Unsub Loan to him in October.

Now Waveland can't disburse the Direct Unsubsidized Loan, since the first disbursement was scheduled after he lost eligibility. Steve doesn't have to pay back the first disbursement of his Direct Loan immediately (though he will have to pay it back once he enters repayment), and he can't receive additional Title IV funds until he makes satisfactory repayment arrangements to repay his defaulted loan.

Religious Order Student Eligibility

Effective July 21, 2021, previous regulations (see below), which considered students attending religious orders to have no need for Title IV aid, 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, Direct Loan, FWS, and FSEOG funds, if they meet all other student and program-specific eligibility criteria. This change is discussed more fully in chapter 6 of this Volume, where we discuss program-specific eligibility criteria.

Pell: 34 CFR 690.75 (d) eliminated Direct Loans: 34 CFR 685.200(a)(2)(ii) eliminated
Campus-Based Programs: 34 CFR 675.9(c) and 34 CFR 676.9(c) eliminated

Selective Service

On December 27, 2020, the FAFSA Simplification Act was enacted into law as part of the Consolidated Appropriations Act, 2021. That law amended Section 484 of the HEA to remove the requirement for male students to register with the Selective Service before the age of 26 to be eligible for Title IV aid. Therefore, failing to register with the Selective Service will no longer impact a student's Title IV aid eligibility.

During the 2022-2023 award year, the Selective Service questions will remain on the FAFSA and schools will continue to see Comment Codes 30, 33, and 57 for Selective Service issues. Although these Comment Codes will still appear, the Department will include language in the Comment Codes stating that no further action is necessary on the part of the student or institution. You must award and disburse aid to these students if they meet all other eligibility criteria.

For additional details about this change and its implementation, see Dear Colleague Letter GEN-21-04 on the Knowledge Center.

Defense of Marriage Act

DCL-GEN-13-25, DCL-GEN-14-14

For purposes of Title IV aid, the Department considers any legal marriage which was recognized by the jurisdiction in which it was performed as recognized without regard to whether the marriage is between persons of the same or opposite sex, and without regard to where the couple resides.

This has implications for dependency status and will impact how applicants fill out the FAFSA. For more details, see the *Application and Verification Guide, Chapter 2*.

Chapter 2

U.S. Citizenship & Eligible Noncitizens

A student has to be a U.S. citizen, a citizen of the Freely Associated States, or an eligible noncitizen to be potentially eligible for federal student aid. In this chapter we describe how the student's FAFSA information is matched with other agencies to determine citizenship status. We also describe the immigration documents that you may need to collect to ensure the student's eligibility.

U.S. Citizenship and Eligible Categories

A student must be one of the following to be eligible to receive federal student aid:

- **A U.S. citizen or national;**
- **A citizen of the Freely Associated States: the Federated States of Micronesia and the Republics of Palau and the Marshall Islands.** (These students can only receive aid from some of the FSA programs and do not have an A-number/ARN, see "Citizens of the Freely Associated States" section later in this chapter); or
- **A U.S. permanent resident or other eligible noncitizen.**

The Department of Education (The Department) matches all applications with the Social Security Administration (SSA) on U.S. citizenship status. If the status cannot be confirmed, the student must provide documents proving U.S. citizenship, citizenship of the Freely Associated States, or eligible non-citizen status in order to be potentially eligible for Title IV aid. If the student provides an alien registration number (ARN) on the FAFSA, their record is also sent to DHS to check noncitizen immigration status. The results of both matches appear on the Institutional Student Information Report (ISIR), and a failed match with either agency will produce a "C code" on the student's ISIR.

A student's U.S. citizenship (or eligible noncitizen) status only needs to be checked once for the award year; if the status is eligible at that time, it remains so for the rest of the award year (with the exception of parolees; see the "Third-Step Verification" section below).

If a parent wants to take out a PLUS loan for a dependent undergraduate student, both the parent and the student must be a U.S. citizen, national or eligible noncitizen.

U.S. citizenship

A person is a U.S. citizen by birth or by naturalization or by operation of law. Persons (except for the children of foreign diplomatic staff) born in the 50 states, the District of Columbia, and, in most cases, Puerto Rico, the U.S. Virgin Islands, Guam, and the Northern Mariana Islands are U.S. citizens, as are most persons born abroad to parents (or a parent) who are citizens. All U.S. citizens are considered U.S. nationals, but not all nationals are citizens. Persons who are not U.S. citizens, but were born in American Samoa, Swains Island, or the U.S. Minor Outlying Islands are not U.S. citizens but **are** U.S. nationals, and therefore may also receive Title IV funds.

Child Citizenship Act (CCA)

The CCA became effective on February 27, 2001. As of that date, foreign born children who are not U.S. citizens at birth become citizens once these conditions are met:

- At least one parent (biological or adoptive) is a U.S. citizen;
- the children live in the legal and physical custody of that parent;
- they are under 18 years of age; and
- they are admitted as immigrants for lawful permanent residence.

Children newly entering the country who are adopted abroad prior to the issuance of their IR-3 visa (for orphans) or IH-3 visa (for children from Hague Convention countries) become citizens upon arrival. They should receive a Certificate of Citizenship within 45 days instead of receiving a permanent resident card and then filing Form N-600 to request a certificate.

Children who are adopted after being admitted to the U.S. with an IR-4 visa (for orphans) or IH-4 visa (for children from Hague Convention countries) become citizens once their adoption is full and final. Parents of these and other children who do not automatically receive a certificate of citizenship can get one by filing Form N-600. For more information, contact the USCIS, visit the website at *www.uscis.gov*, or see the State Department's inter country adoption website at *http://adoption.state.gov/*.

If a student who falls under this category fails the citizenship match, the student would need to provide acceptable proof of citizenship by providing documents such as those listed below under the U.S. citizenship documentation section.

Citizenship

HEA Sec. 484(a)(5), 34 CFR 668.32(d), 34 CFR 668.33, and Subpart I of Part 668.

U.S. Citizenship Match With the SSA

All applications are matched with SSA records to verify U.S. citizenship status, name, date of birth, and Social Security number (SSN) (see *Chapter 4*). The Central Processing System (CPS) will reject the application for insufficient information if name, date of birth or SSN is not provided. The student's match result is reported in the "SSA Citizenship" field on the SAR, and on the Match Flags section of the SAR and ISIR. If the student leaves the citizenship question on the FAFSA blank, the CPS will still attempt the citizenship match with the SSA. If there is a complete match with the student's SSN, name, date of birth, and U.S. citizenship, the CPS will report the student to be a U.S. citizen.

- **Successful match.** The SAR and ISIR will have a match flag (but no comment) indicating that the student's U.S. citizenship status was confirmed.
- **Data doesn't match.** If the student's SSN, name, or date of birth doesn't match SSA records, his/her U.S. citizenship status can't be confirmed and a C code and a comment will appear on the output document (SAR or ISIR). If the student misreported their SSN, name, or date of birth (see Chapter 4 for more on SSN match problems), they should correct the appropriate field and re-submit it. The CPS will perform the match again, and you must see if the new ISIR confirms the student's U.S. citizenship status; if it does, the C code will no longer appear.
- **U.S. citizenship not confirmed.** The SAR and ISIR will include a C code and a comment (**code 146**) explaining that the SSA was unable to confirm the student is a U.S. citizen and that they need to provide their financial aid office with documents proving U.S. citizenship (see below). If the student provides eligible noncitizen documentation, you or the student must make a correction by entering his/her Alien Registration Number (ARN) on the ISIR (Question 15), and changing his/her citizenship status to "No, but I am an eligible noncitizen" (Question 14). If you are making the correction, also click "yes" on the drop-down box in the "Resend Record to Matches" field before clicking the "submit" button. CPS will attempt a match with DHS records to confirm the student's immigration status.

Note that U.S. citizens born abroad might fail the citizenship check, unless they have updated their citizenship information with SSA (see "Updating status for U.S. citizens born abroad" later in this chapter).

U.S. citizenship documentation

If a student must prove their status as a U.S. citizen or national, only certain types of documentation are acceptable. The Department doesn't specify all of the **acceptable** documents, but here are some documents you might choose to use to prove U.S. citizenship:

- **A Certificate of Naturalization (N-550 or N-570)** issued by USCIS (or, prior to 1991, a federal or state court), or through administrative naturalization after December 1990 to those who are individually naturalized. You must copy this document for the student's file and tell the student to update their status with DHS, see *https://uscis.gov/about-us/contact-us*.
- **A Certificate of Citizenship (N-560 or N-561)** is issued by USCIS to individuals who derive U.S. citizenship through a parent.

- **A copy of the student's birth certificate** showing that the student was born in the U.S., which includes Puerto Rico (on or after January 13, 1941), Guam, the U.S. Virgin Islands, American Samoa, Swains Island, or the Northern Mariana Islands, unless the person was born to foreign diplomats residing in the United States. If a student has a birth certificate from a U.S. jurisdiction showing that the student was born abroad (i.e., not in the U.S. or its territories), that birth certificate is not acceptable documentation. See below for acceptable State Department documentation.
- **A U.S. passport,** current or expired, (except "limited" passports, which are typically issued for short periods such as a year and which don't receive as much scrutiny as a regular passport when applying). In the case of nationals who are not U.S. citizens, the passport will be stamped "Noncitizen National" (keeping in mind that nationals are potentially eligible for Title IV aid). Five-year-duration U.S. passports (commonly issued to younger students) are considered acceptable documentation, and are not considered "limited". Passport cards are also acceptable; however, one-year-duration U.S. passports are NOT acceptable documentation.
- **A wallet-sized passport card,** issued by the State Department, is a fully valid attestation of the U.S. citizenship and identity of the bearer, but can only be used for land and sea travel between the U.S. and Canada, Mexico, the Caribbean, and Bermuda.
- **A copy of Form FS-240 (Consular Report of Birth Abroad), FS545 (Certificate of Birth Issued by a Foreign Service Post), or DS1350 (Certification of Report of Birth).** These are State Department documents.

Before you can disburse aid, the student must present documentation that verifies that they are a U.S. citizen. If the documents indicate that the student is a U.S. citizen or national, you may award and disburse aid to the student and the C-code may remain on the student's ISIR. Keep a copy of the documentation in the student's file, even though older versions of the Certificate of Citizenship and of the Certificate of Naturalization instruct the holder not to photocopy them. Citizenship documentation must be kept in the student's file but does not need to be verified by any outside agency. Handling of documents for eligible noncitizens differs, and is discussed later in this chapter. The student can also contact the Social Security Administration to update the student's record. This updating is not required to receive aid, but may prevent issues with SSA matching in the future.

At your school's discretion, you may permit U.S. citizen and U.S. national students to photocopy, scan, or otherwise image their citizenship documents, and submit either electronic images or paper copies of the same to the school's financial aid office for the purpose of determining their eligibility for Title IV funds. For more information, see DCL GEN-15-18.

Updating status for U.S. citizens born abroad

Students born abroad to U.S. citizen parents are U.S. citizens if they meet certain requirements, and their status is usually noted in the SSA's database when they receive an SSN. But occasionally, a student may not have provided sufficient proof of U.S. citizenship to SSA in order for the record to be updated. Therefore, these students will fail the U.S. citizenship match even if they have an SSN. If this occurs, the student must provide the school proof of U.S. citizenship as outlined below. The student should contact the SSA to have their record corrected, however, this update is not required to receive aid.

Such students can document US. citizenship by providing a **"Consular Report of Birth Abroad" (Form FS-240,** which is *proof* of U.S. citizenship), a **"Certification of Report of Birth" (Form DS-1350,** which is *evidence* of U.S. citizenship and equivalent to a birth certificate), or a **Certificate of Citizenship** issued by USCIS. The DS-1350 is no longer issued, but is still accepted as documentation of U.S. citizenship. If the birth of the student was registered with the American consulate or embassy in a foreign country before they turn 18, they can request the FS-240 or Certificate of Citizenship by sending a written, notarized request to the U.S. Department of State's Passport Vital Records Section. The State Department does not reissue new DS-1350s. If the student had a DS-1350 and lost it, or never received a FS-240 or Certificate of Citizenship before turning 18, the student may apply for a Certificate of Citizenship using form N-600 at the State Department webpage: *https://www.uscis.gov/n-600*.

For pictures of the U.S. citizen documents listed above, see the end of this chapter.

Passport cards & passports

A student may apply for a U.S. passport card, which may be considered acceptable documentation of U.S. citizenship, at the U.S. State Department website: *https://travel.state.gov/content/travel/en/passports/apply-renew-passport/card.html*.

For more detail, see 22 CFR 51.4(b)(2).

Example: citizenship not confirmed

Anthony is a U.S. citizen, but SSA doesn't confirm his U.S. citizenship status. The aid administrator asks him to submit documentation of his status. Anthony first submits a Social Security card, but the administrator explains that the card doesn't document his status because noncitizens can have Social Security cards. Anthony then brings in his Certificate of Naturalization. The administrator makes a copy of the certificate for his file and tells Anthony his citizenship has been documented. She also advises Anthony to have the SSA correct its database so that he won't have this problem again.

Suspect documents

If you are able to discern that a document is fraudulent, you must deny the student Title IV aid. If the student submits conflicting information regarding immigration status on the FAFSA, you must resolve any discrepancies before disbursing Title IV aid. Report altered or misreported information to the Department's Office of Inspector General at 1-800-MIS-USED or the OIG's website at: *www2.ed.gov/about/offices/list/oig/index.html*.

Mandatory name changes

Whenever a student legally changes their name because of marriage, divorce, court order or any other reason, they must tell the Social Security Administration so they can get a corrected card and have correct SSN matches in the future. The student must bring the appropriate documents to prove the change to their local SSA office. See *https://secure.ssa.gov* for more information.

Parent signature on certificate

Because documents such as a certificate of citizenship can go to minors, they may be signed by a parent or guardian instead of the minor child. This does not affect the legitimacy of the document.

Citizens of the Freely Associated States

The Compact of Free Association (P.L. 99-239) created three political entities from the former Trust Territory of the Pacific Islands. Two of these entities, the Marshall Islands and the Federated States of Micronesia, voted in 1986 to end political ties with the U.S. The third entity, Palau, voted to ratify the compact in 1994; its independence was effective October 1, 1994. These three entities are the Freely Associated States. See 34 CFR 600.2.

Students who are citizens of the Freely Associated States—the Federated States of Micronesia and the Republics of Palau and the Marshall Islands—are eligible for Pell Grants (citizens of Palau are also eligible for FWS and FSEOG; see below) but are not eligible for Title IV loans. These students should have a passport from the Freely Associated States or an I-94.

The student should indicate on the FAFSA that he/she is an eligible noncitizen and leave the ARN item blank. If the student doesn't have an SSN, he/she enters 666 and ED will give him/her a number to use, or if he/she was given a number in the previous year, he/she must continue to use the same ED-assigned pseudo-SSN due to Pell Lifetime Eligibility Used (LEU) rules (see the November 20, 2013 Electronic Announcement for more details).

Because he/she isn't providing an ARN, the student's application won't go through the DHS match. Do not complete a third step verification for these students—they will fail the match. Instead, request documentation of his/her Freely Associated States citizenship. Once you have received the student's document establishing his/her status, as a citizen of the Freely Associated States, make a copy of the document and place it in the student's file. You can reuse the original document in future years if it hasn't expired.

No FSEOG and FWS/Compact Amendments Act

The Compact of Free Association Amendments Act of 2003, or the Compact Amendments Act, eliminated eligibility for citizens of the Republic of the Marshall Islands (RMI) and the Federated States of Micronesia (FSM) for FSEOG and FWS funds. To mitigate this loss, the Compact Amendments Act authorizes Supplemental Education Grants (SEGs) that are awarded to the FSM and RMI. For more information, students of the FSM and RMI should contact their local education

authority. Also, under the Compact Amendments Act and the Palau Compact Review Agreement, students who are citizens of the Republic of Palau continue to be eligible for FWS and FSEOG funds through the 2022-23 award year.

Eligible Noncitizen Match With DHS

The DHS assigns to all legal aliens an Alien Registration Number (ARN), which FSA uses to identify which applications must be sent to DHS for immigration status verification. **If the applicant indicates on the FAFSA that he/she is an eligible noncitizen and provides an ARN, identifying information is sent to the DHS for eligible noncitizen matching.**

The results of the match are shown by a match flag in the “FAA Information” section of the output document, under the headings “DHS Match Flag,” “DHS Sec. Conf. Flag" (Secondary Confirmation Flag), and “DHS Verification Number” on the ISIR and SAR. There will also be a comment about the results on the output document.

Because all applications are matched with the SSA, an application with an ARN will be matched with both DHS and SSA records. When results are received from both matches, a positive SSA match will indicate that the student is a U.S. citizen. If the SSA match is negative, the DHS match flag will determine the student’s eligible noncitizen status.

- **Successful match.** (Y Flag) If the match confirms the student’s immigration status as an eligible one, he/she can receive aid if the other eligibility criteria are also met. **Comment code 143** will appear on the SAR and ISIR, and the successful match results are documentation of the student’s eligibility. Of course, if you have other information about his/her status that seems to contradict the successful match result, you must resolve the conflict before paying the student (see “Conflicting Information” in *Chapter 1*) by going through the third-step verification process.
- **Record was not sent to DHS due to data entry errors.** (Blank flag) The match won’t be attempted if the student left the citizenship question blank (**code 068**), if the student said they were an eligible noncitizen but provided either no ARN or an illegible or invalid one (**code 142**), or if they changed their response to the citizenship question or changed his/her ARN after previous verification by the DHS (**code 141**). Instead, the student will receive a C code and a comment explaining the problem and directing them to provide the school with his/her most recent immigration documentation to support their eligibility. Compare the student’s immigration document with the SAR/ISIR to determine the appropriate resolution action. If you or the student corrects the ARN and resubmits it so that the match can be conducted, and his/her eligibility is confirmed as an eligible noncitizen, the C code will not appear on the new ISIR. To match the corrected ISIR with DHS, click “yes” on the drop-down box in the “Resend Record to Matches” field before submitting the correction. If the student’s eligibility is not confirmed, (**match flag = N**), check their DHS secondary Confirmation Flag to determine how to proceed.
- **Student’s noncitizen status has not yet been confirmed.** _ secondary confirmation. The SAR and ISIR will have comment **code 144** and a DHS match flag of “N” (indicating that the procedure is still in process). Within three to five business days, the CPS should generate a SAR and ISIR indicating the result in the “DHS Sec. Conf.” Flag field. The “DHS second-step verification match flags...” subsection below explains each flag, its translation and how to proceed.

A correction to the student’s name, date of birth, or ARN made while the DHS is conducting the automated secondary confirmation may start the process over, i.e., the correction may be sent through primary confirmation. Though unlikely, if the new primary confirmation match yields a “Y,” the transaction can be used to award aid. The new transaction may have a new DHS verification number assigned. A correction made to a transaction that contains secondary confirmation results of “Y” or “C” (or a transaction with a primary confirmation result of “Y”) will not be sent through the DHS match again. Otherwise, the record will be re-sent for matching.

DHS second-step verification match flags and comment codes

- Y, 120: Student’s eligibility confirmed. You can process his/her aid.
- C, 105: Student’s eligible noncitizen status has not yet been verified. You must wait 10 business days for another ISIR with an updated match result. If there is no update, begin the third-step verification process.
- N, 046: The student’s immigration status was not confirmed. The school must now perform third-step verification.
- X, 109: The DHS did not have enough information to determine the student’s status. The school begins third-step verification.

Example of eligible noncitizen status not confirmed

On his original application, Theo didn't give his ARN and reported that he was a citizen. When the SSA didn't confirm this, Theo told the aid administrator at Fowler University that he was a permanent resident. He added his ARN and changed his citizenship status to eligible noncitizen, but SAVE didn't confirm his status as an eligible noncitizen. He explained to the aid administrator that he had applied for permanent resident status but didn't have documentation yet. The aid administrator told him that when he received documentation that his application was approved, he should bring it to Fowler so that it could be submitted to the USCIS for confirmation. The aid administrator told him to bring any information supporting his current immigration status to Fowler so that it could be submitted to the USCIS for confirmation. Depending on the documentation Theo provides, it's possible he will be considered an eligible noncitizen in a class other than permanent resident.

DHS verification number on the ISIR

When a record is processed through the CPS match with DHS, a 15-digit verification number is assigned to the student and printed in the "FAA Information" section of the SAR and ISIR. This 15-digit number is needed to access the student's SAVE record, and to submit a third-step verification request through SAVE.

ARN corrections and additions to the FAFSA

- **If the citizenship question is blank but there is an ARN**, the CPS will send the record to DHS for matching.
- **If both the citizenship question and the ARN are blank**, the record will not be sent to DHS. The output document will explain that SSA was unable to confirm that the student is a U.S. citizen. The student must submit a correction to the citizenship status and ARN if he/she is an eligible noncitizen.
- **If U.S. citizen or national is selected, but the student provides an eligible noncitizen document**, correct question 14 on the ISIR to "eligible noncitizen" and enter the ARN in question 15 and click "yes" on the drop-down box in the "Resend Record to Matches" field. This correction will tell CPS to send the record to the DHS Primary match (for the first time). Ignore comment code 146 from SSA on the current ISIR. Wait for the DHS Match flags on the student's next ISIR to determine if the student is an eligible noncitizen or if a third-step verification is necessary.
- **If the ARN on the ISIR does not match the ARN on the student's immigration document**, correct the ARN in field 15 and click "yes" on the drop-down box in the "Resend Record to Matches" field. This will send the corrected record (which DHS considers a new record because of the new ARN) to the DHS Primary match. Ignore DHS comment codes **046, 105,** and **109** on the current ISIR. Do not complete third-step verification unless the DHS Match flags on the resulting ISIR indicate that third-step verification is necessary. For more detail on these codes, see the *2022-23 SAR Comment Code and Text* guide on FSA Partner Connect.

Conditions requiring secondary confirmation

34 CFR 668.133(a)

School policies and procedures on secondary confirmation

34 CFR 668.134–135

Third-Step Verification

If the student didn't pass secondary confirmation or if you have conflicting information about his/her immigration status

after receiving a primary or secondary match result, you must review the record for third-step verification.

Third-step verification preparation

1. Request the student's most current, unexpired immigration document. When it is submitted, make a copy of it.
2. Carefully review the student's immigration documentation against the status and document descriptions below.
3. Determine whether the student's immigration documentation supports eligibility for Title IV aid. If it does not support an eligible status, you can tell the student that he/she is not eligible now, but may be eligible if/when he/she provides eligible noncitizen documentation. You should not complete third-step verification for this student.

For more on using the SAVE system to complete third-step verification, see the section titled "Using the SAVE System for third-step verification" later in this chapter.

Eligible Noncitizens and Documentation

Certain non-U.S. citizens may be eligible for Title IV aid. The following types of "eligible noncitizens" are among the classes of persons who may be eligible (see bulleted list below).

For classes of eligible noncitizens other than permanent residents, evidence of their status is typically on the **I-94**, but other documentation may also be acceptable. Customs and Border Protection (CBP) no longer issues a paper I-94 form, with the exception of asylees and certain parolees. In September 2015, CBP automated the refugee admission process. Refugees will no longer receive a paper form I-94, but will have access to an electronic form. Students without paper I-94 documentation may have their status confirmed by the electronic I-94 printout and/or a CBP stamp, showing class of admission and date admitted or paroled in their passport to confirm this status.

Form I-797 is USCIS's formal communication with customers, and is issued when an application or petition is received or approved or to confer an immigration benefit.

Only when students fail the citizenship match or have conflicting information must you perform third-step verification using the SAVE system to confirm that their documentation supports one of the following noncitizen status categories:

- **Lawful permanent residents (LPRs)** are noncitizens who are legally permitted to live and work in the U.S. permanently. The standard document is the **Permanent Resident Card (Form I-551 since 1997) or Resident Alien Card (Form I-551 before 1997)**. Both forms are referred to colloquially as "green cards," though they have changed colors over the years. Possessors of the older **Alien Registration Receipt Card (Form I-151**, issued prior to June 1978) should have replaced it with a newer card, but for receiving Title IV funds it is acceptable as evidence of permanent residence. In general, students whose LPR card has expired may still be considered lawful permanent residents for FSA eligibility purposes; therefore, if they submit expired documentation, submit it to SAVE and base eligibility on the response.

  Permanent residents may also present an **Arrival/Departure Record (Form I-94)** or the Departure Record (**Form I-94A**), with the endorsement "Processed for I-551. Temporary Evidence of Lawful Admission for Permanent Residence. Valid until _____. Employment Authorized." This is used at land border ports of entry. If available, an I-551 (also known as a "green card") is preferable to establish LPR status. The form will have an ARN annotated on it and is acceptable if the expiration date has not passed.

  The U.S. Department of State issues a **machine readable immigrant visa (MRIV)** in the holder's passport. The MRIV will have a U.S. CBP inspector admission stamp, and the statement "UPON ENDORSEMENT SERVES AS TEMPORARY I-551 EVIDENCING PERMANENT RESIDENCE FOR 1 YEAR" will appear directly above the machine readable section. An MRIV with this statement, contained in an unexpired foreign passport and endorsed with the admission stamp, constitutes a temporary I-551, valid for one year from the date of endorsement on the stamp.

  The USCIS issues the **U.S. Travel Document** (mint green cover), which contains the Reentry Permit (**Form I-327**) and the Refugee Travel Document (**Form I-571**). It is used by lawful permanent residents, as well as refugees and asylees, and is annotated with "Permit to Reenter Form I-327 (Rev. 9-2-03)."

  If the student has an **I-551 with a baby picture,** they should update the I-551 with the USCIS. Permanent residents are expected to get a new picture and be fingerprinted at the age of 14. But you can submit the documents to USCIS and pay a student who has an I-551 with a baby picture as long as you can confirm that it belongs to the student.

You can do this by comparing the I-551 to a current photo ID that has the student's name, date of birth, and signature. The current ID must also be consistent with any identifying information in the student's file.

A student who has an approved application for permanent residence on file with the USCIS and who is waiting for a permanent resident card should have an **I-797, Notice of Action from USCIS** with "Notice Type: Approval Notice," as well as an alien number, which will give notice of current status. Note that an **application** for permanent resident status alone is not sufficient for determining eligibility for Title IV funds.

If a person is applying to suspend deportation, they must request a hearing before an immigration law judge who will render an oral or written decision. If that is favorable, the USCIS will give the applicant a **Form I-551,** which will certify lawful permanent resident status. There is no special category for persons who have been granted suspensions of deportation.

Some applicants from Afghanistan may be eligible as **Afghan Special Immigrant Lawful Permanent Residents (SI LPRs)**. These applicants may have Machine Readable Immigrant Visas (MRIVs) and/or foreign passports with a DHS, U.S. Customs and Border Protection (CBP) stamp admitting them with an SQ1, SQ2, or SQ3 Class of Admission (COA). Others may have a temporary Form I-551 stamp in their passport or on a Form I-94. Others may have a Permanent Resident Card, whose expiration date may be extended by a Form I-797 Notice of Action. Eligible SI LPRs will receive the "Lawful Permanent Resident" response in SAVE. Note that some SI LPRs may not have a physical immigrant visa in their passport and may not have a temporary Form I-551 stamp. For more details, see DCL GEN-22-08.

- **Conditional resident aliens** are eligible for aid if their documentation has not expired. They may have a valid **I-551, I-94, I-94A, or a passport with an MRIV** bearing the statement, "Upon endorsement serves as temporary I-551 evidencing permanent residence for 1 year.

  The Marriage Fraud Amendments established a two-year conditional permanent resident status for alien spouses of U.S. citizens or legal immigrants whose marriage took place less than two years before the spouse applied for permanent resident status. This status may also apply to any of the spouse's children who are aliens.

  A **Form I-551** of a conditional permanent resident alien is the same I-551 that is issued to regular permanent residents, except that the card for a conditional permanent resident expires in two years, as opposed to 10 years for the regular card. A conditional permanent resident must file a petition for removal of this restriction in the 90 days before the end of the two years. The USCIS will review the petition and, if the result of the review is satisfactory, drop the restriction and issue new documents.

  Some applicants from Afghanistan may be eligible as **Afghan Special Immigrant Conditional Permanent Residents (SI CPRs)**. These applicants may have a foreign passport with MRIVs and a DHS, CBP stamp admitting them with a CQ1, CQ2, or CQ3 Class of Admission (COA). These applicants may also have a temporary Form I-551 stamp in their foreign passport or on a Form I-94. Others may have a Permanent Resident Card. Eligible SI CPRs will receive the "Conditional Resident" response in SAVE. For more details, see DCL GEN-22-08.

- **Conditional entrants** are refugees who entered the U.S. under the seventh preference category of P.L. 89-236 or whose status was adjusted to lawful permanent resident alien under that category. Students may have an **I-94** with a stamp displaying "**Section 203(a)(7)**" and indicating that the person was admitted to the U.S. as a conditional entrant. **Because DHS stopped using this category after enacting the Refugee Act on March 31, 1980, you should not disburse Title IV funds if the student has an I-94 with conditional entrant status granted after that date.**

  The stamps mentioned use blue security ink. The stamp contains three codes: the first is a two-digit code to the left of the date that designates the field office with jurisdiction over the port of entry. On most stamps, this code will be two numbers and no letters. Letters are currently only used on HQ stamps. The three-letter code located under the word "ADMITTED" shows the port of entry. The third code, to the right of the date, is the unique four-digit number. When referring to a particular stamp, the port of entry code and the stamp's unique number should be used.

  The endorsement or stamp can be placed anywhere on the I-94. If the original stamp does not copy well due to the ink color, you should replicate it by hand on the photocopy. Because CBP offices don't have uniform procedures or stamps, you should contact the local office with questions regarding acceptable immigration documents.
- **Refugee** status continues unless revoked by DHS. Refugees are required to apply for Lawful Permanent Residency (LPR) status after one year, and continue to be refugees even after they are granted LPR status. In September 2015, CBP automated the refugee process. A refugee will have an electronic **I-94** showing "RE" as the class of admission and "DS" as the "admit until" date. The **refugee travel letter** provided by the Department of State will be annotated with a stamp showing admission under Section 207 of the Immigration and Nationality Act (INA). While the

form is now automated, a refugee may be in possession of an older paper I-94 or I-94A form or be provided a paper form upon request. The paper form I-94 or **I-94A** is annotated with a stamp showing admission under Section 207 of the Immigration and Nationality Act (INA). They may also have the old **Refugee Travel Document (Form I-571)** or the newer **U.S. Travel Document** annotated with "Refugee Travel Document Form I-571 (Rev. 9-2-03)."

- **Persons granted asylum** can apply for permanent residence after one year. Asylee status continues unless revoked by DHS or until permanent resident status is granted. Asylees will have an I-94 or I-94A with a stamp showing admission under Section 208 of the INA. They may also have the same travel documents described for refugees. Asylees who leave the U.S. for an extended amount of time without USCIS approval forfeit their current immigration status, therefore it may be difficult for them to be considered an eligible non-citizen for FSA purposes.
- **Persons paroled into the U.S. for at least one year** must provide documentation of their parole status (such as an I-94) and it must have a stamp indicating that the student has been paroled into the U.S. for at least one year, with a date that has not expired (Title IV funds cannot be disbursed after the document has expired). They also must provide evidence (such as having filed an Application to Register Permanent Residence or Adjust Status [**I-485**] or being the named alien relative from a petitioner, [**I-130**]) from the DHS that they are in the U.S. for other than a temporary purpose and intend to become a citizen or permanent resident. DHS will usually respond to the filing of an I-485 with an I-797 and a parolee must provide this I-797C or any other immigration document from DHS showing the student is in the U.S. for other than a temporary purpose and intends to become a citizen or LPR.

  If the student does not submit an I-797C, send his/her alternative documentation to SAVE and ensure that the SAVE response is "Parolee-Expires" or "Parolee-Indefinite" and that the Pending Applications or DHS Comments sections indicate one of the documents mentioned above. (Form I-485 is an application for Lawful Permanent Resident status). Note that one particular type of parolees, Advance parolees, are never considered potentially eligible for Title IV aid.

- **Afghan citizens and nationals paroled into the U.S. between July 31, 2021 and September 30, 2022** may be eligible as Afghan Special Immigrant Parolees or Non-Special Immigrant Afghan Parolees. SI Parolees may have a separate Form I-94 with the following notation:

  > Special Immigrant Status (SQ/SI) Parolee
  > Sec 602(b)(1) AAPA / Sec 1059(a) NDAA 2006
  > Date ___ USCIS officer: _____

  SI Parolees may also have a Form I-766, Employment Authorization Document (EAD), with a C11 parolee category. SI Parolees will receive the "Parolee-Expires" or "Parolee-Indefinite" response in SAVE, with SQ4 or SQ5 as the Class of Admission (COA).

  Other applicants from Afghanistan may be eligible as Non-Special Immigrant Afghan Parolees. These students may have a Form I-766, Employment Authorization Document (EAD), with a C11 category or a CBP "PAROLED" stamp in their passport. Some of these passports may have an "OAR" notation in the parole stamp. DHS recently began using this code to help distinguish these Afghans from other parolees. Non-SI Afghan Parolees will receive the "Parolee-Expires" or "Parolee-Indefinite" response in SAVE, with OAR, PAR, or DT as the Class of Admission (COA).

  Unlike other Parolee applicants, SI Afghan Parolees and Non-SI Afghan Parolees are not required to have been paroled into the U.S. for at least one year (although they generally have been), nor are they required to have additional documentation in order to show that they are "in the U.S. for other than a temporary purpose with intent to become a U.S. citizen or Permanent Resident." This flexibility is a result of the Afghan Supplemental Appropriations Act and only applies to Afghans paroled between July 31, 2021 and September 30, 2022. This flexibility lasts until March 31, 2023, or the term of parole granted, whichever is later, unless the parole is terminated by the Secretary of Homeland Security. After that time, the Afghan arrival will be required to comply with the standard parolee requirements. For more details, see DCL GEN-22-08.

- **Cuban-Haitian Entrant** (CHE) as defined by Section 501(e) of the Refugee Education Assistance Act of 1980. All Cuban-Haitian entrants are potentially eligible for Federal Student Aid. Note that certain documents showing that the holder is a Cuban-Haitian entrant continue to convey CHE status even if the expiration date has passed. Please see Information for SAVE Users: Cuban-Haitian Entrants for examples of documentation, SAVE verification procedures, and other information regarding CHEs. If you are not sure whether documentation establishes that someone is a CHE, submit it as part of a third-step verification request following the instructions in the SAVE CHE information sheet. The SAVE response will let you know whether the submitted information and documentation is sufficient to verify that the

student is a CHE. **Remember to click on the Cuban/Haitian Entrant Button to verify CHE status. DHS will not verify this status if you do not click on the button.**

- **Victims of human trafficking** have the same eligibility for federal benefits as refugees under the Victims of Trafficking and Violence Protection Act, though the Department of Health and Human Services (HHS), rather than the DHS, is responsible for certifying this status. Because of this, these students will not pass the DHS match, and the normal paper third-step confirmation does not apply. These individuals may have an **I-94 with a T1, T2, T3, or T COA code** for principal, spouse, child, or parent, respectively. You must instead review the student's certification or eligibility letter from the HHS and call the Office on Trafficking in Persons at 1-866-401-5510, as noted on the letter, to verify its validity and confirm that the eligibility has not expired. You must note the date, time, and results of the call and retain a copy of the letter. If the student applies for federal student aid in a subsequent year at your school, you must call again to ensure that the student's status is still in force.

  The spouse, child, or parent of a trafficking victim might be eligible for aid. They will not have a certification letter but will have a **T-visa (e.g., T2 or T3)**. They will also likely fail the DHS match; if so, you must call the same office as noted above, verify the validity of the T-visa as well as the victim's certification letter, note the time and results, and save a copy of both documents.

Victims of human trafficking

DCL GEN-06-09

- **Battered immigrants-qualified aliens** are victims of domestic violence by their U.S. citizen or lawful permanent resident (LPR) spouses or parents. They may, with their designated children, be eligible under the **Violence Against Women Act (VAWA)** for federal public benefits, including federal student aid. Note that both men and women may be approved as victims under VAWA.

  These applicants can indicate on the FAFSA that they are eligible noncitizens, though they will not pass the automated DHS match. Instead, they will need to obtain and provide you with documentation based on their case type: self-petition, prima facie suspension of deportation, or cancellation of removal. Check the student's documentation carefully. If the immigration documents match the description below for an approval of petition or a prima facie case, the student should be considered an eligible noncitizen. Third-step verification through the SAVE system is not required.

  If you have reservations about the documentation provided, or are unclear about the outcome reflected in the documentation, you must submit the student's documentation for third-step verification through the SAVE system. In SAVE, click on the "VAWA" button (in the "Agency Requests" section) for VAWA Verification. You will determine the student's eligibility for aid based on the result of the submission.

  In **self-petitioning cases** under VAWA, the immigrant submits a petition (form I-360) to USCIS, which will then either deny the petition, approve it, or make a finding that a "prima facie" case has been established. Either an approval or a prima facie finding potentially makes a student eligible for Title IV aid. In some cases, the USCIS will acknowledge receipt of a petition, which does not establish eligibility for Title IV aid.

  With an **approval of a petition**, the USCIS will provide a **Form I-797**, which will indicate it is an approval notice (with "Notice Type: Approval Notice") for a self-petitioning spouse of a U.S. citizen or LPR (with Section: Self-Petitioning Spouse of U.S.C. or L.P.R.), and that the petition has been approved. A separate I-797 will be issued with the names and dates of birth of children listed by the applicant, and it will indicate that they are named on the approved petition. These children are potentially eligible for Title IV aid, and because their USCIS status continues after reaching the age of majority, their eligibility for aid continues as well. In some cases, a dependent child can petition for battered immigrant status; the I-797 would then indicate a self-petitioning child of a U.S. citizens or LPR.

  If you submit prima facie documentation for third-step verification, SAVE may return the "VAWA Self-Petitioner" response. SAVE may provide a different response so you must also check the "Victim of Abuse" field. Below this field, you will see "**VAWA Application Status**" followed by "Pending Prima Facie VAWA Self-Petition." This text indicates that the student can be considered eligible even if the SAVE response is not "VAWA Self-Petitioner." If you have questions about the response, contact applicationsystemsdivision@ed.gov.

With a **prima facie case**, the USCIS will sometimes issue an **I-797**, which indicates the establishment of a prima facie case. Notice of a prima facie determination may be for a period of up to one year, though the USCIS may extend that period until the case is approved or denied. Petitioners can submit a written request for extension.

If the student's documentation for the applicable award year is unexpired when you receive it, the student can be considered eligible for the entire award year. The student will remain eligible even if their documentation expires during the award year. Note that the student would be ineligible for a subsequent award year if the student's documentation is still expired. Also, if the documentation is expired when you receive it, the student is ineligible unless they provide you with documentation showing that their determination has been extended.

Children may be included on the I-797, though their eligibility is subject to the same expiration date. If a spouse is ultimately denied approval, their children on the I-797 would also be denied and be ineligible for aid.

If you submit prima facie documentation for third-step verification, SAVE may return the "VAWA Self-Petitioner" response. SAVE may provide a different response so you must also check the "Victim of Abuse" field. Below this field, you will see VAWA Application Status (in bold) and additional text underneath. If the text indicates "Pending Prima Facie VAWA Self-Petition." Then the student can be considered eligible even if the SAVE response is not "VAWA Self-Petitioner." If you have questions about the response or Victim of Abuse field, contact applicationsystemsdivision@ed.gov.

An immigration judge may issue a **suspension of deportation** or cancellation of removal of the abused person under the VAWA. For a suspension of deportation, the applicant will receive a **copy of the court order.** As long as it has not expired and clearly indicates suspension of deportation by the judge, an otherwise eligible person can receive Title IV funds. For a cancellation of removal, the applicant will receive a **copy of the court order.** As long as it has not expired and clearly indicates cancellation of removal by the judge, an otherwise eligible person can receive Title IV funds. Suspension of deportation or cancellation of removal documentation alone does not make a student eligible for Title IV funds. The documentation must reference a self-petition or prima facie determination for the student to be considered potentially eligible.

You must carefully examine the USCIS document and keep a copy in the student's file. If it indicates that the student is an approved self-petitioner or has an unexpired prima facie determination, you may award aid if the student is otherwise eligible. If a self-petitioner applies for Title IV funds in a subsequent year, you may rely on their original document. For a student with a prima facie determination, you may rely on their document as long as it is still unexpired. If the documentation has expired, the student is ineligible unless they provide you with documentation showing that their determination has been extended.

- **Jay Treaty students.** Section 289 of the Immigration and Nationality Act (INA) gives persons with at least 50% Native American blood who were born in Canada the legal right to live and work indefinitely in the U.S. This is based on the Jay Treaty of 1794 and subsequent court decisions. Such individuals are not subject to the legal restrictions typically imposed on aliens by the DHS, are not required to obtain documentation from the DHS, and are considered "lawfully admitted for permanent residence." They must obtain an SSN for purposes of applying for Title IV aid.

  Students who may be eligible for Title IV funds should enter their valid ARN (or a A999999999 if they don't have an ARN) on the FAFSA and indicate they are eligible noncitizens. If they fail the DHS match, you must submit a third-step verification with the documentation. If they fail third-step verification, they can still be considered eligible if they meet the documentation requirements below for students without an ARN. Students who enter all 9's for their ARN will receive **comment 144** on the output document. The school must obtain proof that such a student has 50% Native American blood and was born in Canada. To do so, the student should provide one or more of the following documents:

  - **A "band card"** issued by the Band Council of a Canadian Reserve, or by the Department of Indian Affairs in Ottawa;
  - **Birth or baptism records;**
  - **An affidavit** from a tribal official or other person knowledgeable about the applicant's or recipient's family history;
  - **Identification** from a recognized Native American provincial or territorial organization.

  If the student can provide this documentation and is otherwise eligible, the school must note this in the student's file and can award Title IV funds.

I-94 website

Customs and Border Protection (CBP) creates admission records electronically. The I-94 website allows travellers (and schools, if the traveller grants permission) to access admission records online (the website contains records from April 2011 to present). Legacy paper I-94s are also still valid.

DHS-Customs and Border Patrol began issuing I-94s with an alpha character in the 10th position of the 11-character identifier beginning in May, 2019. See *https://i94.cbp.dhs.gov/I94*.

Photocopying immigration docs

In most cases you will examine and copy original immigration documents, and you must keep a copy in the student's file with the results from the third step verification/SAVE. While generally not permitted, for the purpose of applying for Title IV aid, institutional policy may permit students to legally photocopy, scan, or otherwise image immigration documents (such as Forms I-551 or I-94) and submit either electronic images or paper copies of the same to the institution's financial aid office to facilitate the confirmation of their status and to complete the third-step verification process. See DCL GEN-15-08.

Eligible noncitizen name changes

When an eligible noncitizen student changes his or her name, the student needs to update it with SSA and DHS. To update their name with DHS, students can schedule an appointment by contacting their local USCIS office or by scheduling appointment online at *https://my.uscis.gov*. For the SSA update, the student must bring the appropriate documents to substantiate the change to their local SSA office. Visit *https://ssa.gov*.

SAVE Guide to Immigration Documents

The USCIS's Systematic Alien Verification for Entitlements (SAVE) Program office publishes the SAVE Guide to Immigration Documents. To access the Guide, go to:
https://save.uscis.gov/web/media/resourcesContents/SAVEGuideCommonlyusedImmigrationDocs.pdf

Use of I-94 or I-94A copy

Note that a refugee or an asylee may apply for permanent resident status. During the period in which the application is being reviewed, the student may have a copy of the I-94 that includes the endorsement "209a (or 209b) pending. Employment Authorized." Students with this form of documentation are eligible for Title IV funds as long as the I-94 has not expired. For more sample citizenship documents which may be used to substantiate various types of citizenship status, see the end of this chapter.

USCIS retires red ink

U.S. Citizenship & Immigration Services (USCIS) uses blue colored ink for its secure stamps. The red ink previously used for such stamps has been retired and is no longer used (note also that some stamps still use black ink).

Ineligible statuses and documents

Several types of documentation do not substantiate a student's eligible noncitizen status. Below, we list a variety of forms and their related statuses which are ineligible. If a student does not provide a document that substantiates his/her eligibility for Title IV aid, he/she is not eligible with these documents alone. Generally, if a student has both an eligible noncitizen status as well as an ineligible status, the eligible status will trump the ineligible status, and the student will be potentially eligible for Title IV aid (pending other aspects of student eligibility as discussed in this Volume).

- **A Social Security card** or **driver's license** isn't acceptable for documenting U.S. citizenship or national status since ineligible individuals can also have these forms of identification. "Enhanced" driver's licenses (provided by a limited number of states to permit non-air travel entry to the U.S. from Canada, Mexico, and the Caribbean) are also not acceptable.
- Someone who has only a **"Notice of Approval to Apply for Permanent Residence (I-171 or I-464)"** cannot receive Title IV funds. The State Department publishes a list of nonimmigrant visas at:

https://travel.state.gov/content/travel/en/us-visas/tourism-visit.html.

- **Employment authorization card.** Employment authorization alone does not support Title IV eligibility. However, a student with another eligible status and employment authorization can, potentially, be eligible.
- **Nonimmigrant visas** include those with work visas, students, visitors, and foreign government officials. Someone with a nonimmigrant visa isn't eligible for Title IV funds unless he/she has a **Form I-94** with one of the endorsements given in the eligible document section. Nonimmigrant visas include (but are not limited to) the:
  - **F-1, F-2, or M-1 Student Visa,**
  - **NATO Visas (NATO),**
  - **A2 and A3 Visas (foreign official, including attendants),**
  - **B-1 or B-2 Visitor Visa,**
  - **J-1 or J-2 Exchange Visitors Visa,**
  - **H series or L series Visa (which allow temporary employment in the U.S.), or**
  - **G series Visa (pertaining to international organizations).**
- Form **I-817**, Application or approval for Family Unity Benefits. These students are ineligible.
- Temporary residents are allowed to live and work in the U.S. under the Legalization or Special Agricultural Worker program. This usually is recognized on an **I-688** form. These residents are no longer eligible for Title IV funds.
- Illegal aliens under the legalization (also called the amnesty) program established by the Immigration Reform and Control Act of 1986 (IRCA). These individuals were given documentation that allowed them to work while their application for permanent resident status was being processed, but they aren't eligible for aid unless their application was approved.
- **I-94** forms stamped with "Temporary Protected Status." Students with this documentation are ineligible.
- Deferred Action for Childhood Arrivals (DACA) status is conferred by the USCIS office of DHS. Students granted **DACA** often are assigned an SSN, and they are not eligible for Title IV aid, but may be eligible for state or college aid, and submitting a FAFSA can help them access those other types of aid. To complete the FAFSA, **DACA** status students must enter their SSN and answer the "Are you a U.S. citizen?" question as "No, I am not a U.S. citizen or eligible noncitizen." After submitting the FAFSA, the student should check with the school's financial aid office to see what types of non-federal financial aid they may be eligible to receive.
- "Withholding of removal" order issued by an immigration judge or by the Board of Immigration Appeals. This is used to protect a person from return to a country that threatens the person's life or freedom. It does not make the student eligible for Title IV aid.
- "U-Visa" holders are not designated as qualified aliens under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) and are therefore not eligible for Title IV program funds. However, U-Visa holders may convert to lawful permanent resident (LPR) status after they have physically been present in the U.S. for a continuous period of at least three years after the date of admission given on their U-Visa. Documentation is usually on a form **I-797**. It is important for you to inspect the content of the document since the **I-797** is used for a variety of purposes.

  If the student becomes an LPR, he or she becomes a qualified alien under the PRWORA (see above), and thus potentially eligible for Title IV funds (assuming they meet all other eligibility requirements. U-Visa holders should be encouraged to explore non-federal aid options to help them pay for school while waiting for their application for LPR status (**I-485**) to be approved. FSA's studentaid website contains information to help students search for possible scholarships and other resources.
- An I-797C, Notice of Action that shows a receipt of the student's application, or instructs the student to schedule a biometrics appointment with USCIS, does not support eligibility for Title IV aid (with the exception of Parolee students who have applied for certain immigration statuses, see the **Persons paroled into the U.S. for at least one year** section above). These documents indicate "THIS NOTICE DOES NOT GRANT ANY IMMIGRATION STATUS OR BENEFIT" at the top. An I-797 (no "C") with Notice Type: "Approval Notice" may be an eligible form of documentation if it approves the student's application for one of the eligible statuses listed above.
- Form I-512, Advance Parole. This status allows aliens with pending applications for certain immigration benefits to re-enter the U.S. after traveling abroad. Students with Advance Parole status are not eligible for Title IV funds.

If the document a student submits is for an ineligible status, you shouldn't submit the documentation for third-step verification, unless you have conflicting information or the student compels you to do so. USCIS will only confirm current immigration status based on the document presented; it doesn't determine whether the student is eligible for Title IV

funds. Unless the student can submit documentation for an eligible status, as described above, or USCIS verifies the student's immigration status, the student can't receive aid.

U-Visa information

More information on U Visas may be found on the following website: *www.uscis.gov/green-card/other-ways-get-green-card/green-card-victim-crime-u-nonimmigrant*.

Using the SAVE System for Third-Step Verification

If the student's immigration documentation appears to support an eligible noncitizen status, or if you have conflicting information after receiving a secondary match result, you must complete a third-step verification request through the SAVE system. USCIS now returns third-step verification responses via the SAVE system.

To access the SAVE system, go to: https://save.uscis.gov/web/vislogin.aspx?JS=YES. If you have issues accessing SAVE with that link, try this one: https://save.uscis.gov/save/app/client/ui/home/?JS=YES.

In a collaborative effort, DHS and the Department of Education designed and implemented special functionality for schools to submit third-step verification requests through the SAVE system to check students' eligibility for Title IV aid. To access the SAVE system, a unique SAVE user ID and password is issued to the Primary Destination Point Administrator (PDPA) at each school when they update their school's SAIG Enrollment form.

All the instructions you need to access and navigate the SAVE system are available on the *DHS-SAVE, Eligible Noncitizen* page on the Knowledge Center. **Click on the "DHS-SAVE Electronic Third-Step Verification" link.**

Third-step verification preparation & submission

1. Request the student's most current, unexpired immigration document. When it is submitted, make a copy of it.
2. Carefully review the student's immigration documentation against the status and document descriptions above.
3. Determine whether the student's immigration documentation supports eligibility for Title IV aid. If it does not support an eligible status, you can tell the student that he/she is not eligible now, but may be eligible if/when they provide eligible noncitizen documentation. You should not complete third step verification for this student.

Resend record to matches process

If you determine that third-step verification cannot be completed for a student, for example, when the case status is "closed," or the SAVE response doesn't match the immigration documentation provided by the student, you must complete the "resend record to matches" process in the FAA Access to CPS Online system. This replaces the "requesting a new DHS verification number" process. For the full instructions, see the "Resend Record to Matches to Generate a new ISIR with a new DHS Verification Number" section of the SAVE instructions for U.S. Department of Education (School) Users Version 3.0 document.

Third-Step Processing Delays

SAVE may take longer than normal to process automated second-step verification and school-intitiated third-step verification. To mitigate delay, please do not complete the "resend record to matches" process if you receive a "No Cases Found" message when searching for the student's case in SAVE. Instead, wait for SAVE to provide a response. If the response is "resubmit doc," submit the student's documentation for third-step verification. SAVE

will provide a response. For additional guidance on the DHS-SAVE system and DHS Match Flags, see the SAVE Instructions for U.S. Department of Education (School) Users 3.0 document on the DHS-SAVE Electronic Third-Step Verification page.

SAVE Third-Step Responses

A USCIS status verifier will search the SAVE databases, and enter the student's immigration status in the SAVE system within three to five business days of the request. If you don't receive a response from the USCIS after **at least 15** business days from the date you sent the third-step verification request, if you have sufficient documentation to make a decision, and if you have no information that conflicts with the student's documents or claimed status, you should review his file and determine whether he meets the eligible noncitizen requirements. If he does meet the requirements, make any disbursement for which he is eligible and note in his file that SAVE exceeded the time allotment and that noncitizen eligibility was determined without their verification.

When third-step verification results in an eligible status, you must keep a copy of the SAVE response screen. If the confirmation process indicates a discrepancy, you must ask the student to correct the discrepancy with the USCIS. No certification of loans or further disbursement of funds can be made until the discrepancy is corrected. If the discrepancy isn't reconciled, the student must repay all aid except wages earned under FWS. Whenever the student is able to provide new information, it must be submitted to the USCIS as a third-step verification request.

If you have followed the procedures outlined here, including notifying the student of the discrepancy and withholding further payments and loan certifications as soon as a discrepancy is found, your school isn't liable for aid disbursed prior to third-step verification. This assumes that you had no other conflicting information prior to making the disbursement and had reviewed the available documentation and concluded that the student was otherwise eligible.

Lack of response example

Javier is a refugee and received aid from Schwarber University. His status wasn't confirmed through the DHS match, so Schwarber performed third-step verification. The DHS didn't respond in time, so Schwarber paid Javier without any response. When Javier applies again, the CPS still doesn't confirm his status. Even though Schwarber began third-step verification for Javier last year and his documents haven't expired, because the school never received a DHS response, it must perform third-step verification again.

15 business day USCIS timeframe

34 CFR 668.136(b)(3)

Interpreting the SAVE response

SAVE is responsible for verifying the student's immigration documentation. The SAVE response does not directly state whether the student is eligible for Title IV funds. It is the school's responsibility to determine if the student is eligible, based on the student's immigration documentation and the SAVE response. When you receive the SAVE response, compare it with the list of responses below. If it matches with a response, and the student's documentation, but does not support an eligible status tell the student they are ineligible until/unless they can provide documentation that supports an eligible status.

If the student's documentation supports an eligible noncitizen status but the SAVE system response shows an ineligible status, read the DHS comments and resolve issues raised there (for example, provide a cleaner copy of the student's documentation if instructed by USCIS). Once resolved, check the bottom of the SAVE response. If you see a "Still not sure? Institute Additional Verification" link, click the link and submit the student's new documentation on the next page. If you

do not see this link or the student's case is closed, use the Resend to Matches process (see above) and resubmit third-step verification. If you have questions about the SAVE response or about the student's documentation, contact applicationsystemsdivision@ed.gov and briefly describe your issue.

The following list explains whether a response means the student is eligible or ineligible for Title IV aid. For descriptions of the following immigration statuses, see the earlier sections on eligible and ineligible noncitizens and their documentation:

Potentially eligible statuses:

"Lawful Permanent Resident"

"Conditional Resident"

"Asylee or Refugee"

"Parolee-Expires or Parolee-Indefinite" The student is eligible for aid if paroled into the U.S. for at least one year. The SAVE response will include Pending Applications or DHS Comments sections indicating one of the documents mentioned in the "Persons paroled into the U.S. for at least one year" section above.

"U.S. citizen" Third-Step Verification is for verifying immigration documentation for eligible noncitizens. If the student provided U.S. citizen documentation, do not complete third-step verification. If you accidentally submitted U.S. citizen documentation to SAVE, proceed with verifying the student as a U.S. citizen as instructed in the "U.S. Citizenship Match with the SSA" section earlier in this chapter.

"Cuban/Haitian Entrant" Before submitting documentation for these students through SAVE, click the "Cuban-Haitian Entrant" button under the "Additional Requests" section. A Cuban/Haitian Entrant student may be eligible without this response so you must also check the "Cuban/Haitian Immigration Details" section of the response. An eligible student will have the comment, "Applicant is a Cuban/Haitian Entrant."

"American Indian born in Canada" For details, see the Jay Treaty section earlier in this chapter.

"Texas or Oklahoma Band of Kickapoo Indians" If this response is received, the financial aid administrator must contact U.S. Department of Education staff by emailing applicationsystemsdivision@ed.gov.

"VAWA Self-Petitioner" Before submitting documentation for these students through SAVE, click the "VAWA" button under the "Additional Requests" section. A VAWA student may still be eligible without this response, so you must also check the Victim of Abuse section of the response. See the information for battered immigrations-qualified aliens earlier in this document for additional guidance. If you have questions about VAWA status, contact applicationsystemsdivision@ed.gov.

Ineligible statuses:

Each of the following statuses are by themselves insufficient to make a student eligible for Title IV funds. If the SAVE response is an eligible status, followed by an ineligible status (for example, Lawful Permanent Resident - Employment Authorized), ignore the ineligible status portion of the response. Unless an eligible status is also submitted, or the student can provide other documentation that can be confirmed by the USCIS, students with the following types of status are not Title IV eligible:

"Employment Authorized"

"Not Employment Authorized"

"Application Pending" In the majority of cases, a student with only a pending application for an eligible noncitizen status will not be eligible for Title IV aid. The student must have documentation showing that their status is approved in order to be considered eligible.

"Nonimmigrant"

"Deferred Action for Childhood Arrivals (DACA)"

“Family Unity”

“Temporary Protected Status (TPS)”

“Deferred Action Status”

“Withholding of Removal”

“Document Expired, Altered, or Counterfeit.” Notify the student that unless corrective action is taken with the USCIS, the case will be submitted to the Office of Inspector General (OIG). Until this is resolved, no further aid may be disbursed, awarded, or certified. If the student does not take corrective action in a timely manner, you must report the case to the OIG (part of which will include resubmitting the document).

“Unable to verify status based on the document provided.” DHS-USCIS was not able to verify the student’s status based on the documentation provided. Carefully read the SAVE response and the DHS Comments section to determine why the student’s status could not be verified and proceed according to the information provided. For example, SAVE may indicate:

- **Resubmit request with both sides of the applicant’s immigration document.** Click the “Still not sure? Institute Additional Verification” link or perform the “Resend Record to Matches” process in FAA Access to CPS Online and resubmit the student’s immigration documents through SAVE with copies of both sides of each document.
- **Applicant’s Immigration document is illegible.** Resubmit the student’s immigration documents with higher quality copies of the original documentation.

If you see the “Resubmit Doc” response, this means that this case is available for you to submit the student’s immigration documentation for third-step verification. If you have questions about how to proceed, contact applicationsystemsdivision@ed.gov and provide a brief description of the issue and the student’s DHS Verification Number.

Student rights

You must allow the student at least 30 days from the time you receive the SAVE response to provide documentation of his/her immigration status. During this period and until the results of the third-step verification are received, you can’t deny, reduce, or terminate aid to him/her. Unless you can determine that the documentation doesn’t support an eligible noncitizen status, you must submit the student’s immigration documents within ten business days of receipt. If the documentation supports the student’s status as an eligible noncitizen, and if at least 15 business days passed since the date on which the documentation was submitted to the USCIS, you can disburse aid to an otherwise eligible student pending the USCIS response.

Your school isn’t liable if you erroneously conclude that a student is an eligible noncitizen, provided that you had no conflicting data on file and you relied on:

- A SAR or ISIR indicating that the student meets the requirements for federal student aid;
- A USCIS determination of an eligible immigration status in response to a request for third-step verification; or
- An immigration document, submitted by the student, that supports an eligible status, if the USCIS did not respond in a timely fashion.

The student (or parent borrower of a PLUS loan) is liable for any Title IV funds received if he/she is ineligible. If you made your decision without having one of the documents above, your school is held responsible for repaying Title IV funds to the Department. Your school should establish procedures to ensure due process for the student if Title IV funds are disbursed but the aid office later determines (using third-step verification) that the student isn’t an eligible noncitizen.

The student must be notified of his/her ineligibility and given an opportunity to contest the decision by submitting to your school any additional documents that support his/her claim to be an eligible noncitizen. If the documents appear to support the student’s claim, you should submit them to USCIS using third-step verification. You must notify the student of your office’s final decision based on the third-step verification results.

For every student required to undergo third-step verification, you must furnish written instructions providing:

- An explanation of the documentation the student must submit as evidence of eligible noncitizen status;
- Your school's deadline for submitting documentation (which must be at least 30 days from the date your office receives the results of the primary confirmation);
- Notification that if the student misses the deadline, they may not receive Title IV funds for the award period or period of enrollment; and
- A statement that you won't decide the student's eligibility until they have a chance to submit immigration status documents.

Documenting Immigration Status in Later Award Years

There are several cases in which **you must document** a student's immigration status in a subsequent award year if that student is not confirmed as an eligible noncitizen on the SAR/ISIR. For example, a student who presented a **Temporary Form I-551** in a prior award year should have received a permanent I-551 by the next year and shouldn't still have a temporary card. You should refer the student to USCIS to obtain a permanent I-551 or an updated endorsement on the previous card.

You must also document the eligible noncitizen status each award year for a **conditional permanent resident, a refugee, a Cuban-Haitian entrant, or a person granted asylum.** Students in any of these categories may have been redesignated to permanent-resident status or may have had their status revoked. You will have to send the documents for third-step verification if the student's status isn't confirmed through the DHS match. Also note that VAWA prima facie status generally expires after 1 year, and that parolees can potentially become Lawful Permanent Residents if their I-485 is approved.

You don't have to document a student's eligible noncitizen status in subsequent award years if you've documented that the student is:

- a U.S. citizen or national;
- a citizen of the Freely Associated States;
- has a Form I-551 or I-151; or
- if the SAVE response indicates that for the previous award year, the student was an eligible noncitizen and the documents supporting the status in question have not expired.

You must also have no conflicting information or reason to doubt the student's claim of having eligible noncitizen status. Also note that you must have confirmed the status in a previous award year. You may disburse aid without the USCIS response if the USCIS doesn't respond in time for that award year, but you can't count that lack of response as confirmation for the following year.

Exclusion from subsequent confirmation

34 CFR 668.133(b)

Procedures when ineligibility is determined after disbursement

34 CFR 668.136(c)

Replacing Lost DHS Documents

If a student can't locate his/her official USCIS documentation, the student must request that the documents be replaced

because noncitizens who are 18 years and older must have immigration documentation in their possession at all times while in the United States. Requests for replacement documents should be made by the student to the nearest USCIS District Office.

The student will be asked to complete a **Form I-90, "Application to Replace Alien Registration Card"** or a **Form I-102, "Application for Replacement/ Initial Nonimmigrant Arrival-Departure Document."** PDF versions of these forms can be downloaded from the USCIS website at *uscis.gov*. A temporary I-94 may be issued while the replacement documents are pending. If the student needs to replace other documentation, they should go to *uscis.gov* or contact their local USCIS office.

In cases of undue hardship, where the student urgently needs documentation of his/her status, the Freedom of Information Act (FOIA) allows him/her to obtain photocopies of the documents from the USCIS District Office that issued the original documents. The student can submit a Form G-639 to make this request or can simply send a letter to the district office. If they are not sure which district office issued the original documents, they can submit the request to the field office nearest to his/her place of residence.

A naturalized U.S. citizen student who lost documents or surrendered them when entering prison is responsible for getting copies of them so you can verify their status. You can request copies of immigration documents directly from penal institutions at the request of the student.

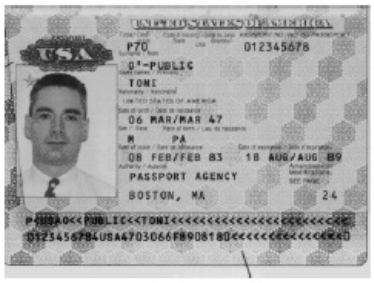
Examples of U.S. Citizenship and Eligible Noncitizen Documents

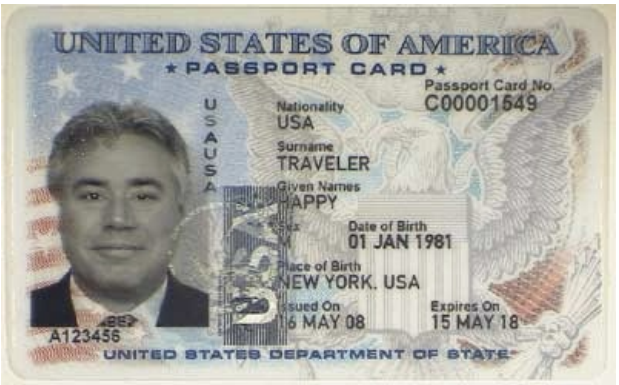
The next few pages show some common documents used to demonstrate citizenship for various categories/types of citizenship and eligible noncitizenship. Note that not all documents shown satisfy citizenship requirements in all cases. See the specific notes on each document shown, and also refer to the discussion of citizenship requirements described in detail earlier in this chapter.

U.S. Passport

Can be used to document citizenship for citizens born at home or abroad.

For a noncitizen national, must be stamped "Noncitizen National." (Note that a passport issued by another country may be used to document U.S. permanent resident status if it has the endorsement "Processed for I-551" and has a currently valid expiration date.)





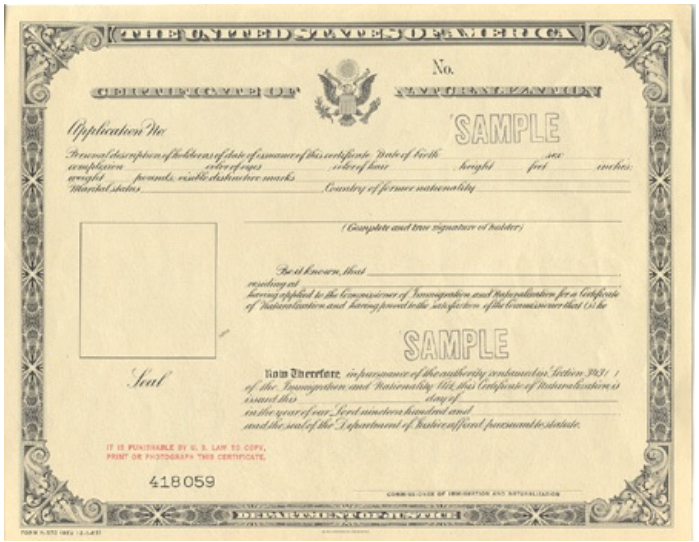
U.S. Passport Card

This resembles a credit card in size and form. Though it cannot be used for international air travel, it is, like the passport book, proof of U.S. citizenship.

Certificate of Naturalization

The Certificate of Naturalization is issued to naturalized U.S. citizens A revised version of the Certificate of Naturalization (Form N-550) was created in 2010.

All previously issued certificates remain valid.



Certificate of Citizenship

The Certificate of Citizenship is issued to persons who were born abroad of U.S. parent(s), who became citizens when their parents were naturalized, or who were adopted by U.S. parents.

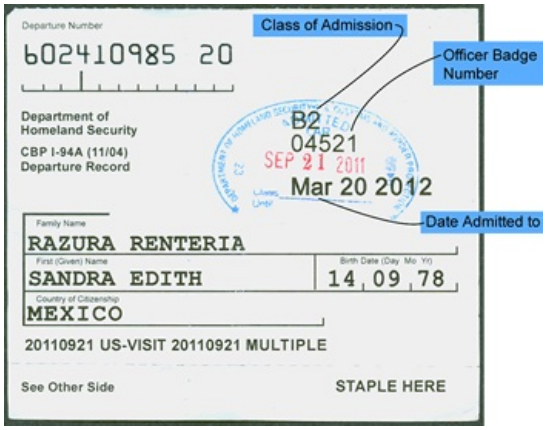
Certification of Birth Abroad

Issued to U.S. citizens born abroad. Must have embossed seal of the State Department.

Form CBP I-94

Here is a sample paper form. Although such are no

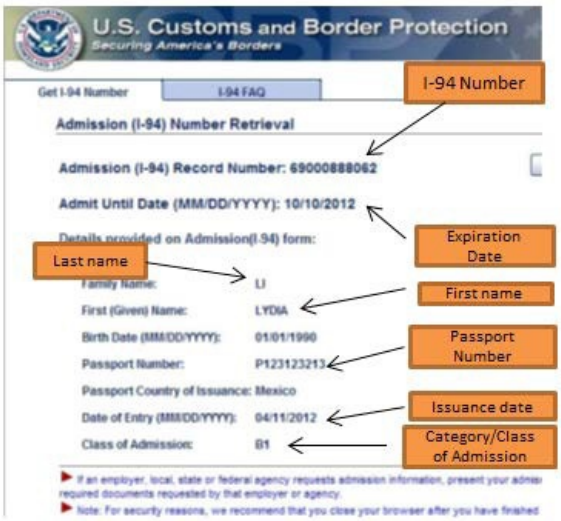
longer normally issued for air and sea arrivals, legacy paper forms are still valid and in use, and one may still encounter recently issued valid paper forms.



Form CBP I-94A

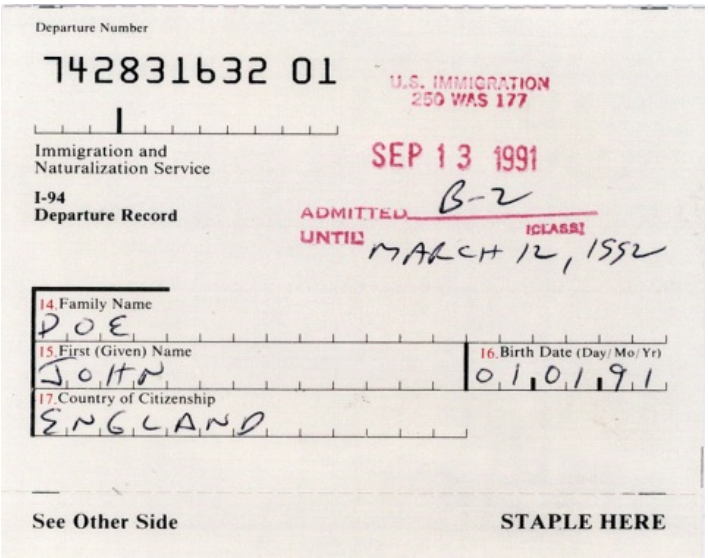
The computer-generated Form CBP I-94A replaces the paper Form I-94 that was completed manually. For eligible noncitizens, it must be annotated as described earlier in this chapter.

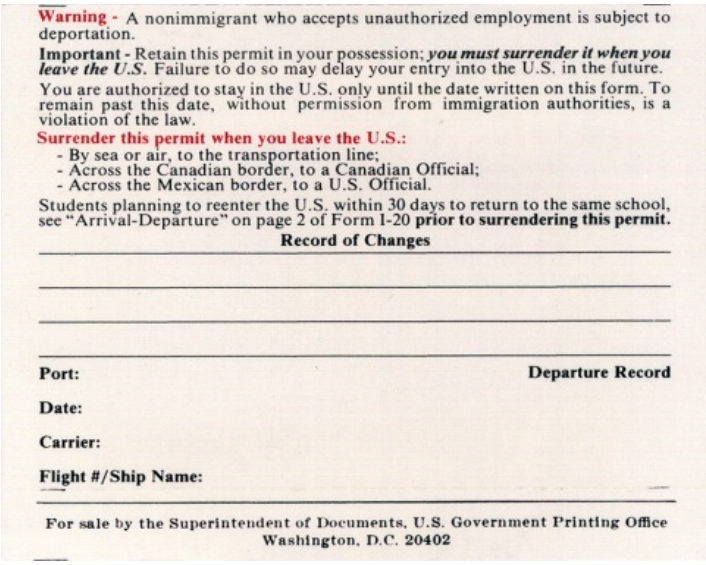
See also the I-94 website at: https://i94.cbp.dhs.gov/I94/#/home. The website allows you to look up I-94 student data, if the student grants you permission to do so.



For permanent resident status, must be stamped "Processed for I-551" with expiration date or "Temporary Form I-551" with appropriate information filled in. For other eligible noncitizens, must be stamped with the proper information as described for Refugee, Asylum Status, Conditional Entrant (before April 1, 1980), Parolee, or Cuban- Haitian Entrant.

I-94 Arrival-Departure Record





Warning - A nonimmigrant who accepts unauthorized employment is subject to deportation.

Important - Retain this permit in your possession; ***you must surrender it when you leave the U.S.*** Failure to do so may delay your entry into the U.S. in the future.

You are authorized to stay in the U.S. only until the date written on this form. To remain past this date, without permission from immigration authorities, is a violation of the law.

Surrender this permit when you leave the U.S.:

- By sea or air, to the transportation line;
- Across the Canadian border, to a Canadian Official;
- Across the Mexican border, to a U.S. Official.

Students planning to reenter the U.S. within 30 days to return to the same school, see "Arrival-Departure" on page 2 of Form I-20 **prior to surrendering this permit.**

Record of Changes

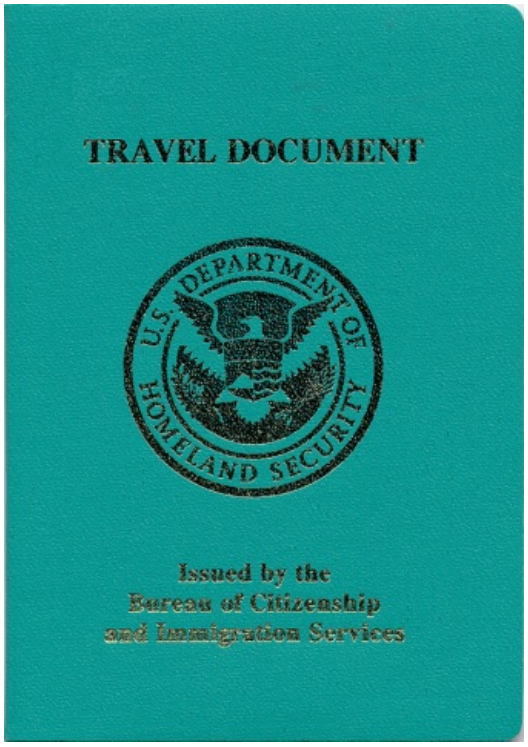
Port: **Departure Record**

Date:

Carrier:

Flight #/Ship Name:

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, D.C. 20402



United States Travel Document

(front cover) *This contains the Reentry Permit (Form I-327) and the Refugee Travel Document (Form I-571). It is used by lawful permanent residents, refugees, and asylees.*

Machine Readable Immigrant Visa (MRIV)

The MRIV will appear in the holder's (foreign) passport. If the passport is unexpired and endorsed with an admission stamp and the statement, "Upon endorsement serves as temporary I-551 evidencing permanent residence for 1 year," it serves as a temporary I-551 and as valid documentation for establishing aid eligibility.

I-571 Refugee Travel document

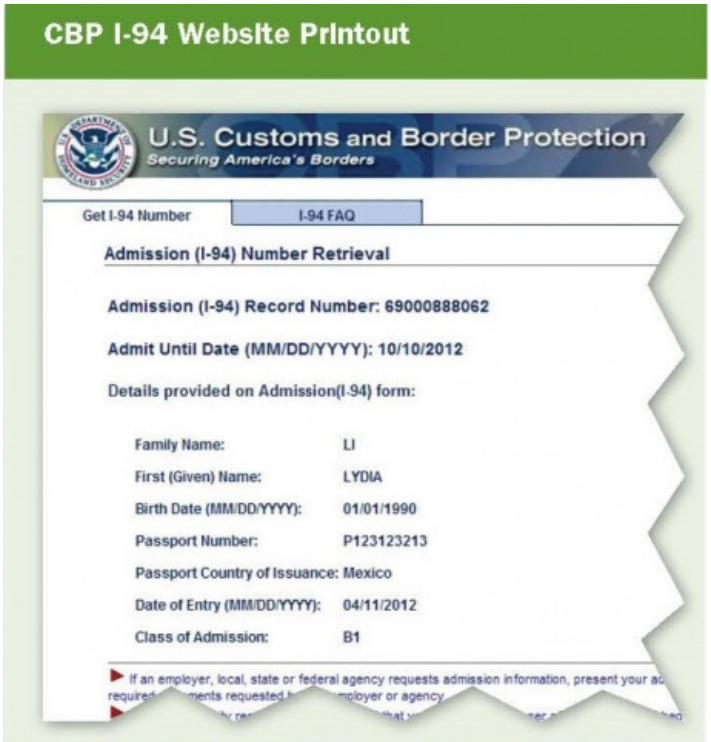
Contained in the U.S. Travel document, the I-571 helps document the status of refugees.

Re-entry permit

USCIS issues the Form I-327, Re- Entry Permit to permanent residents and conditional residents to allow them to re-enter the U.S. for a period of two years. The re-entry permit is found in the U.S. Travel Document.

CBP I-94 Website Printout

Travelers have access to their electronic I-94 via DHS's I-94 website. The website printout serves the same purpose as any other I-94. A sample of what the printout looks like is shown here.



CBP I-94 Website Printout

U.S. Customs and Border Protection
Securing America's Borders

Get I-94 Number | I-94 FAQ

Admission (I-94) Number Retrieval

Admission (I-94) Record Number: 69000888062

Admit Until Date (MM/DD/YYYY): 10/10/2012

Details provided on Admission(I-94) form:

Family Name:	LI
First (Given) Name:	LYDIA
Birth Date (MM/DD/YYYY):	01/01/1990
Passport Number:	P123123213
Passport Country of Issuance:	Mexico
Date of Entry (MM/DD/YYYY):	04/11/2012
Class of Admission:	B1

If an employer, local, state or federal agency requests admission information, present your ad

Permanent residents *are issued identification cards that they are required to have in their possession at all times. The first Alien Registration Receipt Card was introduced in 1946 and through various revisions was primarily green, which caused it to be known as a "green card." This term is still used, though the cards have changed color over the years.*

Alien Registration Receipt Card

(front and back) *Issued prior to June 1978 to permanent residents. Form I-151 is no longer accepted by USCIS as evidence of permanent residence, though it may be used to receive Title IV funds.*

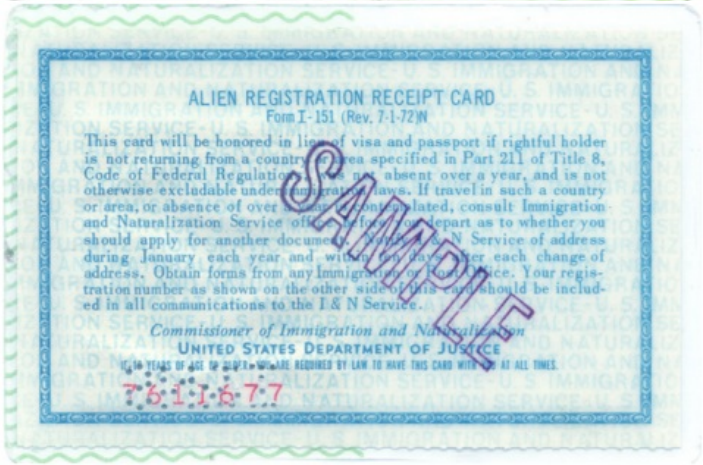
This is to certify that
[redacted], Elsa L.

(REGISTRATION NUMBER)
A31 [redacted]

MO-DAY-YR OF BIRTH | SEX
03-25-[redacted] F

has been duly registered according to law and was admitted to the United States as an immigrant at

PORT | MO-DAY-YR OF ENTRY
08 NYC 04-13-76



ALIEN REGISTRATION RECEIPT CARD
Form I-151 (Rev. 7-1-72)N

This card will be honored in lieu of visa and passport if rightful holder is not returning from a country or area specified in Part 211 of Title 8, Code of Federal Regulations, is not absent over a year, and is not otherwise excludable under immigration laws. If travel in such a country or area, or absence of over a year, cannot be regulated, consult Immigration and Naturalization Service office before you depart as to whether you should apply for another document. Notify I & N Service of address during January each year and within ten days after each change of address. Obtain forms from any Immigration or local office. Your registration number as shown on the other side of this card should be included in all communications to the I & N Service.

Commissioner of Immigration and Naturalization
UNITED STATES DEPARTMENT OF JUSTICE
IF 14 YEARS OF AGE OR OLDER YOU ARE REQUIRED BY LAW TO HAVE THIS CARD WITH YOU AT ALL TIMES.

SAMPLE

7-6-1-1-6-7-7

Resident Alien Card

(two versions, front only) *The I-551, Resident Alien Card is a revision of the Alien Registration Receipt Card.*

It was phased in beginning in January 1977 and was revised in 1989. The "Conditional Resident Alien Card" is identified by a "C" on the front and an expiration date on the back.

(1989)

Permanent Resident Card

(front only for older versions, front and back for the current version) *The Permanent Resident Card (I-551) was introduced in December 1997 and revised in 2004 and 2010. The current version has returned to using green in the design of the front of the card.*

(1997)

(2004)

(2010 front)

(2010 back)

Chapter 3

NSLDS Financial Aid History

Students who have previously attended other colleges may have a financial aid history that affects their eligibility for FSA funds at your school. You can review a student's financial aid history by using the National Student Loan Data System (NSLDS) For Financial Aid Professionals online at https://nsldsfap.ed.gov; for questions call 1-800-999-8219. NSLDS will also help you track changes to the student's financial aid history through the post screening and transfer student monitoring processes.

A person generally isn't eligible for Title IV funds if he is in default on an FSA loan or he owes an overpayment on an FSA grant and has not made a repayment arrangement for the default or overpayment. Also, for a parent to receive a PLUS Loan, neither the parent nor the student may be in default on an FSA loan or owe an overpayment on an FSA grant (though a parent in default on a PLUS loan does not make a student ineligible for Title IV aid). Exceptions to these general rules are noted in the discussion below.

Any student applying for Title IV funds must certify that he isn't in default on any FSA loan and doesn't owe an overpayment on any FSA grant, or that he has made satisfactory arrangements to repay the overpayment or default. This certification statement is printed on the *Free Application for Federal Student Aid* (FAFSA). Parent PLUS borrowers make this certification on the PLUS Master Promissory Note (MPN).

A student is also ineligible if he inadvertently exceeded annual or aggregate loan limits. When this occurs, you must identify the loan(s) that resulted in the overborrowing and discuss the overborrowing with the student. The student can regain eligibility by repaying the extra amount borrowed or making arrangements, satisfactory to the loan holder, to repay it. See Dear Colleague Letter GEN-13-02 and *Volume 4* for more details.

A student is ineligible if his property is subject to a judgment lien for a debt owed to the United States, and a parent can't receive a PLUS loan if either the student or parent is subject to such a lien. For example, if the Internal Revenue Service (IRS) has placed a lien on a student's property for failure to pay a federal tax debt or make satisfactory arrangements for repayment, the student would be ineligible for federal student aid.

A student who has been convicted of, or has pled no contest or guilty to, a crime involving fraud in obtaining Title IV funds must have completely repaid the fraudulently obtained funds to the Department or the loan holder before regaining aid eligibility. Any Perkins or Direct Loan so obtained is not eligible for rehabilitation. You can handle this requirement as you would a judgment lien—you don't need to collect certification from each student but can deal with the situation when you become aware of it.

When the FAFSA is processed, the Central Processing System (CPS) matches the student against the National Student Loan Data System (NSLDS) to see if she is in default, owes an overpayment, or has exceeded the loan limits. The CPS doesn't perform any matches to determine whether or not the student is subject to a judgment lien for a federal debt, and you aren't required to check for such liens. The CPS also doesn't check for fund fraud, however, if you know that the person in question is subject to such a lien or has committed fund fraud, you can't pay them Title IV funds.

Note that the CPS does not match ***parent*** Direct PLUS Loan applicants against NSLDS. However, if your school requires all Direct PLUS Loan applicants to complete the Federal Direct PLUS Loan Request for Supplemental Information (also referred to as the Direct PLUS Loan Application) on ED's StudentAid.gov website, ED will check NSLDS to determine if the applicant is in default on a Title IV loan and your school will be notified of the results of the default check. If the NSLDS match that is conducted as part of the Direct PLUS Loan Application process indicates that a PLUS applicant is in default, the individual is not eligible to receive any Title IV aid until the default is resolved. For more information about the Direct PLUS Loan Application and the notification of the default check result that is sent to schools, see *Volume 3, Chapter 5*.

Although a credit check is conducted on both student and parent Direct PLUS Loan applicants, if your school does not require Direct PLUS Loan applicants to complete the Direct PLUS Loan Application on StudentAid.gov, you cannot assume that an approved credit check for a parent Direct PLUS Loan applicant is sufficient to confirm that the parent is not in default on a Title IV loan. As we explain under "Adverse credit history and default" in Chapter 6 of this volume, having an adverse credit history and being in default on a Title IV loan are separate eligibility issues, and the Direct PLUS Loan credit

check cannot be relied upon to identify defaults.

If your school does not require Direct PLUS Loan applicants to complete the Direct PLUS Loan Application on StudentAid.gov, then for all ***parent*** Direct PLUS Loan applicants you must check NSLDS to confirm that the parent is not in default before you originate a Direct PLUS Loan for that individual.

Judgment lien example

When Jake provides his parents' tax return to the aid administrator at Hendricks College, he notices that they've reported business income but didn't report a business asset on the FAFSA. Jake explains that they didn't report the business as an asset because there's a lien against the business for a federal loan. The aid administrator tells him that the asset must still be reported, and also that his parents won't be able to borrow a PLUS Loan as long as they are subject to the lien.

FSA loans in NSLDS

The following current types of loans are listed in NSLDS:

- Direct Subsidized Loans and Direct Unsubsidized Loans
- Direct PLUS Loans (for parents or for graduate/professional students)
- Direct Consolidation Loans

The following loan types from earlier programs also appear in NSLDS:

- Federal Stafford Loans (subsidized and unsubsidized)
- Federal PLUS Loans
- Federal Perkins Loans
- Federal Consolidation Loans
- Federally Insured Student Loans (FISL)
- Guaranteed Student Loans
- Supplemental Loans for Students (SLS)
- National Direct Student Loans and National Defense Student Loans (predecessors of Perkins Loans)
- Income Contingent Loans (ICL)

No defense of infancy

Students who are minors may receive federal student loans, and they may not refuse to repay those loans based on a "defense of infancy," i.e., that they were too young to enter into the contract of signing the promissory note. See HEA Sec. 484A(b)(2).

Financial aid history

34 CFR 668.19, Dear Colleague Letter GEN-96-13

Loan limits and eligibility

See *Volume 3, Chapter 5* for loan limits

HEA Sec. 484(f), 34 CFR 668.32(g)(2), 668.35(d), DCL GEN-13-02

HEA Sec. 484(a)(3), 484(f), 34 CFR 668.32(g), 668.35

Resolving grant overpayments

Because FSA grants have priority in packaging, aid overpayments can often be resolved by adjusting other types of aid in the package. If necessary, you can also adjust later grant payments for the same award year. But if a student receives more grant money than she is eligible for and the excess can't be offset, she must return the overpayment. As noted at the beginning of the chapter, a student with an outstanding FSA grant overpayment is ineligible for aid until she repays it or makes satisfactory repayment arrangements. See *Volume 4, Chapter 3* for a complete discussion of resolving overpayments and overawards.

NSLDS Match

To help you identify students with problems such as defaulted loans or overpayments, the CPS matches the student against the NSLDS database to obtain her financial aid history. You must resolve any conflicts between NSLDS and other information you have about the student before disbursing Title IV funds (for example, if NSLDS shows that a student isn't in default but you have documentation showing that she is in default). The results of the NSLDS match are provided on the Student Aid Report (SAR) and Institutional Student Information Record (ISIR) (also referred to as "output documents") on the NSLDS Financial Aid History page. As with other matches, a "C" next to the student's expected family contribution (EFC) indicates problems that must be resolved. See Appendix B of the ISIR Guide for the complete tables of NSLDS match results.

Successful match

The SAR and ISIR will contain the NSLDS financial aid history only if the student's identifying information matches the database and there is relevant information for the student in the database. If the student has no defaults or overpayments or has made satisfactory repayment arrangements on a defaulted loan, the NSLDS match flag will be 1 and no C code will appear on the output document. A match flag of 2, 3, or 4 indicates that the student has defaulted loans, owes an overpayment, or both. You will need to document that the problem has been resolved before disbursing aid. Note that for "real-time" processing—if a student uses Corrections on the Web or an aid administrator uses FAA Access to CPS Online—the CPS does not match against the NSLDS database (except when a school is added), but the output document will show NSLDS data from the last transaction that did match against NSLDS. The ISIR might not, therefore, reflect the most current information.

Example of incorrect NSLDS data

Lydia is a first-year undergraduate at Turner College and has never attended college before. When Turner receives Lydia's ISIR, it shows that there was a partial match, and there is some data associated with her SSN. Turner checks with NSLDS and learns that a guaranty agency is reporting a loan made years ago (when Lydia was in elementary school) under her SSN but with a completely different name and birth date. Turner determines that this isn't Lydia's loan, so she has no financial aid history in NSLDS. Turner also suggests that Lydia provide documentation that the SSN belongs to her so the school can request that NSLDS data be corrected to prevent problems for her later.

Example of misreported information on the FAFSA

When Lester University receives Ben's ISIR, it shows that there was a discrepancy with the NSLDS database, so no financial aid history information is provided. The aid administrator at Lester asks Ben if he provided the correct name and birth date on the application. Ben says he wrote in the wrong month for his birth date, but his name is correct. The administrator checks the NSLDS database using Ben's first and last name, SSN, and date of birth. NSLDS shows the correct birth date, but the first name of the student is Warren, not Ben. She checks again with Ben, who explains that Ben

is a nickname and Warren is his real name. The administrator determines that the financial aid history associated with the SSN belongs to Ben. If the ISIR was not rejected, she could disburse aid without requiring a correction, but may also wait for the ISIR correction before disbursing aid.

No data from match

There are several reasons why an output document may not have financial aid history information: for example, if the application was rejected for lack of a signature or if identifying information was missing. For other cases, you can check the NSLDS flags reported in the “FAA Information” section.

- *Partial match.* If the student’s Social Security Number (SSN) is in the NSLDS database but the first name or date of birth don’t match what the student reported, no financial aid history will be reported and the output document will have an NSLDS match flag of “7” and a C code. There will also be a comment explaining why the financial aid history isn’t given and directing the student to work with the school to resolve any discrepancies. A partial match **requires resolution**; otherwise you won’t have information from the Department on defaults and overpayments. If the student originally reported incorrect identifying information, you can have them submit correct information, which will be sent through the match again. If the student did not submit incorrect identifying information, you can call the NSLDS customer support center for help with determining the identifiers associated with the SSN in the NSLDS database. If you discover the discrepancy is due to the student misreporting the name or date of birth on the FAFSA, you should have the student make a correction. However, you may use the NSLDS record to determine the student’s eligibility; you don’t need to wait for the corrected data to be reported.

  If you find that the financial aid history associated with the student’s SSN doesn’t belong to the student, you should assume that the student has no relevant financial aid information. You may request that the data in NSLDS be corrected by providing relevant supporting documents. NSLDS will work with the previous data providers to correct the identifiers. You aren’t required to request a correction; however, doing so will prevent the same FAFSA response in subsequent award years.

- *Student not in database.* If a match with NSLDS is completed but there’s no information on the student in the database, the output document will comment that the student’s SSN is not associated with any financial aid history. You can assume this is correct unless you have conflicting information. If you believe NSLDS should show a loan history, help the student by contacting the appropriate loan servicer or, for a Federal Family Education Loan (FFEL), guaranty agency.
- *No relevant history.* If a student’s SSN matches a record in the NSLDS database but there’s no relevant financial aid history to report, no information will be on the output document, because it isn’t needed to determine the student’s aid eligibility for the current award year. Conversely, if a student has relevant prior data, for example a prior Pell award, that will appear on the SAR/ISIR. The SAR and ISIR will have a comment that the student’s record was matched with NSLDS but no information was found to print on the NSLDS page.
- *Processing problem.* If there was a problem with the match, the SAR and ISIR won’t include financial aid history information. The output document will have a C code and a comment explaining that the CPS couldn’t determine whether the student has loans in default and will direct her to contact the financial aid administrator. You must get the student’s financial aid history before disbursing aid. If she has to make corrections of any kind, her information will go through the match again when the corrections are submitted, and you can use the results of that match to determine her eligibility.

Postscreening—changes after initial match

Once you receive the financial aid history through NSLDS, you aren’t required to check for changes to the data before disbursing funds to the student. But if you learn from NSLDS or another source that the student was not or is no longer eligible, you must not disburse any more Title IV funds and must help make sure the student arranges to repay the aid for which he/she wasn’t eligible.

NSLDS uses a postscreening process to let you know when there are significant changes (such as a defaulted loan or an overpayment) to a student’s financial aid history. If postscreening identifies changes that may affect the student’s eligibility, the CPS will generate new output documents so schools that are listed for receipt of the student’s FAFSA information will automatically be notified. Items that have changed since the last transaction are marked on the output document with a “#” sign, and the reason code for the postscreening will be given.

To help you identify when NSLDS data has changed, the document will include an NSLDS transaction number in the “FAA Information” section with the other match flags. This is the number of the last transaction on which NSLDS data changed, so if you receive an ISIR on which that number is higher than the one on the ISIR you used to determine the student’s eligibility, you must review the NSLDS data on the new ISIR to be sure there are no changes affecting the student’s eligibility (be aware of the Pell Lifetime Eligibility Used (LEU) limits and codes; for more on Pell LEU, see *Volume 3, Chapter 3*). There will be postscreening codes (see *The ISIR Guide* for the list) to help determine what changed.

NSLDS Support Center

1-(800)-999-8219

Checking Discharge Status with loan servicer

When it is not possible to determine the precise status of a potentially disbursed loan in NSLDS, you should contact the Department’s Total and Permanent Disability (TPD) servicer, Nelnet.

Phone: 1-888-303-7818
Fax: 303-696-5250

Nelnet is referred to in NSLDS as “DDP,” or the Disability Discharge Provider.

Unusual enrollment history (UEH)

There is a flag in NSLDS for students whose pattern of enrollment and/or award history for either Federal Pell Grants or Direct Loans (other than a Direct Consolidation Loan or Parent PLUS Loan) is identified as unusual. You are required to respond to the unusual enrollment history (UEH) status for Pell and/or Direct Loans as described below.

The CPS will flag the UEH on the student’s SAR/ISIR. A value of “N” requires no action, as it denotes no unusual history. A value of “2” or “3” in the UEH field (represented as SAR comment codes 359 and 360, respectively) requires review and resolution by your school (see below). UEH flags 2 and 3 do not necessarily mean the student has improperly received Pell or Direct Loan funds, but it is a sign of unusual activity, for example, receiving Pell and/or Direct Loans at multiple schools in the same semester, or receiving aid and then withdrawing before earning any credit.

To resolve a UEH flag of “2,” (SAR comment code 359) you must check the student’s enrollment and financial aid records to determine if, during any of the four award years prior to the current award year (i.e., 2018-19, 2019-20, 2020-21, and 2021-22), the student received a Pell Grant or Direct Loan at your school. If so, no further action is required unless you have reason to suspect that the student in question remains enrolled just long enough to collect student aid funds before withdrawing. In such a case, you must follow the guidance below for UEH flag “3.” If not, using information from NSLDS, you must identify all schools where the student received a Pell Grant or Direct Loan for any of the 2018-19, 2019-20, 2020-21, and 2021-22 award years. You must then determine whether academic credit was earned at each of those schools during the award year for which the student received a Pell Grant or Direct Loan. Based on those determinations, you may need to discuss further with the student. See Dear Colleague Letter GEN-15-05 for additional information.

To resolve a UEH flag of “3,” (SAR comment code 360) you must check the student’s academic records to determine if they received academic credit at the schools attended during any one of the four award years prior to the current award year (i.e., 2018-19, 2019-20, 2020-21, and 2021-22). Using data from NSLDS, you must determine, for each prior attended institution for each student, whether academic credit was earned during the award year in which the student received Pell or Direct Loan funds. Academic credit is considered for this purpose to mean completing one (or more) clock-hour or

credit-hour.

For UEH flag 3, if the student **did** earn academic credit at all of the schools previously attended for a relevant award year, no further action is required unless you have reason to believe that the student has had a practice of enrolling just long enough to receive credit balances before withdrawing. In such cases, follow the guidance below for cases when academic credit is not earned (next paragraph). Please note that when reviewing academic completion, you are not required to obtain official academic transcripts. You can use unofficial transcripts, letters from the school, grade reports, etc.

For UEH flag 3, when academic credit is **not** earned at a previously attended school, and, if applicable, at your school, you must obtain documentation from the student explaining why the student failed to earn academic credit. You must determine whether the documentation provided supports the reasons described by the student and that the student did not enroll only to receive credit balance funds. Acceptable reasons may include personal illness, a family emergency, a change in where the student lived, and military obligations, or an academic complication, such as unexpected academic challenges, or the student having determined that the academic program in question did not meet their needs. You should, to the maximum extent possible, obtain third party documentation to support the student's claim.

In similar fashion to the exercise of professional judgment, you must determine whether the circumstances of the failure of the student to receive academic credit, as evidenced by the student's academic records and documentation, support the continuation of Title IV eligibility. If the student with a UEH flag of 2 or 3 fails to provide compelling reasons and documentation for a failure to receive academic credit for a period for which they received Title IV funds, you must conclude that their eligibility is terminated. Your determination is final and is not subject to appeal to the Department. You must document and maintain a file of reason(s) for the decision for possible review.

When a student's eligibility is terminated in this way, you must provide information to the student on how they may subsequently regain eligibility, and the student must be given an opportunity to question and appeal the decision **to your school**, consistent with the opportunities to question and appeal similar determinations such as SAP and professional judgment determinations. Since the basis for denial is lack of academic performance, successful completion of academic credit may be considered basis for renewing the student's Title IV eligibility, assuming they are in all other ways eligible for the aid in question. This could include meeting the requirements of the plan that you established with the student, although such a plan is not necessarily required. When a student regains eligibility after losing it in this manner, the student's eligibility is retroactive to the beginning of the current period of enrollment, for Direct Loans, and for all other types of Title IV aid, retroactive to the beginning of the current payment period.

If you approve the student's continuing eligibility, you may choose to require the student to establish an academic plan, similar to the type of plan used to resolve SAP appeals. You may also wish to counsel the student about the Pell LEU limitation and the impact of the student's attendance pattern on future Pell Grant eligibility (see *Volume 3, Chapter 3* and DCL GEN-12-01 and GEN-12-18).

Resolving UEH flags in a subsequent award year

When a student receives a UEH flag that includes an award year(s) that was resolved by the reviewing school for a previous award year, that school must determine if there was a change in the schools the student attended for that award year(s). If there were no changes to the schools the student attended, no further action is necessary. If the student attended another school(s) that was not previously reviewed and received Pell Grant and/or Direct Loans at that school(s), the reviewing school must determine if the student earned academic credit at the additional school(s) under review. If the student did not earn academic credit at the additional school(s) under review, the student must provide documentation explaining why academic credit was not earned.

UEH change for Undergraduate to Graduate Student Progression

UEH is assessed separately for undergraduate enrollment and graduate enrollment. This reduces the number of UEH flags, but still correctly flags students whom the UEH flags are intended to flag for further scrutiny. For more details on UEH and graduate students, see the Electronic Announcement of Jan 20, 2016.

Unusual enrollment history

Electronic Announcement Jan 10, 2017, DCL GEN-15-05, DCL GEN-13-09

Adding a school and the NSLDS match

When a school is added after the FAFSA has been submitted, it goes through the NSLDS match again rather than being processed in real time. This ensures that the new school receives the latest financial aid history (FAH) on the ensuing transaction. This does not affect schools' responsibility to use transfer student monitoring.

To supplement the ISIR and ensure a student's history is considered, some schools submit entire rosters of FAH requests. See the TSM/FAH processes and batch file layouts posted in the Knowledge Center.

Documenting credits earned when a school has closed

For UEH flag 3, or when you believe that the student remains enrolled just long enough to collect a credit balance (refund), you must review the student's academic records to determine if the student earned any academic credit at each school the student attended during the prior four award year periods (i.e., for 2022-23, assess 2021-22, 2020-21, 2019-20, and 2018-19).

If the student informs you that they previously attended and received Title IV aid at a school which has closed, you must first verify that the school has closed. You may determine this using the Department's Closed School Reports page.

If the student states that academic credits were earned at the closed school, you must request documentation that indicates academic credits were earned. Acceptable forms of documentation could include a grade report, or an official or unofficial transcript.

If the student does not have any documentation of academic credit earned at the closed school, and you have obtained documentation that shows the student earned academic credit at all the other schools corresponding with the UEH flag, you may accept a signed and dated statement from the student to substantiate their claim. The statement must provide the name of the closed school, the academic period or calendar year in which the academic credit was earned, and, if known, the type and number of academic credits which were earned. If the student is unsure of the number and/or type of academic credits earned at the closed school, the student must state, in general terms, that academic credit was earned at the closed school. If the student has not earned academic credits at the closed school, you must follow the guidance in Dear Colleague Letter GEN-15-05.

Reporting data for students at closed schools

Electronic Announcement Sept 21, 2016

Checking the Financial Aid History for Transfer Students

Before disbursing Title IV funds to a transfer student, you **must** obtain his financial aid history if he may have received aid at another school since your latest ISIR. The NSLDS Transfer Student Monitoring Process (TSM) was established to allow schools to use NSLDS information for its transfer students.

- *Reviewing the student's NSLDS financial aid history.* If a student transfers to your school during the award year, you'll need to review his aid history on the ISIR or online at the NSLDS website. From this, you can determine:
  - Whether the student is in default or owes an overpayment on an FSA loan or grant;
  - The student's Pell Grant and the amount already disbursed for the award year;

- Data pertaining to TEACH grants, including those converted to loans;
- The student's balance on all FSA loans; and
- The amount and period of enrollment for all FSA loans for the award year.

Usually the financial aid history on the ISIR will be enough, but there are cases where you might check NSLDS for more information. For example, if the student has more than six loans, the ISIR won't have detailed information for some of the loans. If you need that level of detail for those loans, you can get the information from NSLDS. Or, as discussed previously, you might need to use NSLDS to resolve a partial match situation (see "Partial match" in "NSLDS match" section, earlier in this chapter).

- *Transfer student monitoring process.* You must send NSLDS identifying information for students transferring to your school during the award year so that NSLDS can notify you of changes to their financial aid history. You may send information for students who have expressed an interest in attending your school even if they have not yet formally applied for admission.

  Through transfer student monitoring, NSLDS will alert you to any relevant changes in the transfer student's financial aid history—other than the default and overpayment information reported in the postscreening process—that may affect the student's current award(s). There are three steps: inform, monitor, and alert.

  - *Inform.* You **must** identify students who are transferring to your school by creating a list of transfer students on the NSLDS website or by sending the list to NSLDS as an electronic batch file through the Student Aid Internet Gateway (SAIG). You may use either or both methods, and a change in method does not require prior notification to the NSLDS Customer Service Center.
  - *Monitor.* NSLDS will monitor these students for a change in financial aid history that may affect their current awards and alert you when a new loan or grant is being awarded, a new disbursement is made on a loan or grant, or a loan or grant (or a single disbursement) is cancelled. Note that defaulted loans and overpayment information are not monitored in transfer student monitoring, as they are already covered in the postscreening process. If the student has not listed your school in Step Six when filing the FAFSA, he has to add your school for you to receive the postscreening information.
  - *Alert.* Finally, if changes are detected for one or more of your students and NSLDS creates an alert, it will also send an email notification reminder to the address given on the School Transfer Profile setup page. Your school's designated contact person may then either review the alert list on the NSLDS for Financial Aid Professionals website or download a batch file, if batch alerts were requested, through SAIG in report or extract format.

- *Timing of the disbursement.* To pay the student, you'll need to have an output document and an accurate Expected Family Contribution (EFC). A valid ISIR will include that and the student's financial aid history, and it will also tell you if he is in default or owes an overpayment. The postscreening process will send you another ISIR if he subsequently goes into or out of default or owes or ceases to owe an overpayment.

  When you initiate transfer monitoring for a student, NSLDS will alert you to significant award changes since you last received an ISIR or alert for her; this will continue for 30 to 120 days (depending on the monitoring duration you've established) after the enrollment begin date. If you start transfer monitoring before you receive ISIRs for a student, NSLDS will track changes in her financial aid history from the date of your request or a future monitoring begin date you choose.

  The regulations state that a school may not make a disbursement to the student for seven days following the transfer monitoring request to NSLDS, unless it receives an earlier response from NSLDS or checks the student's current financial aid history by accessing NSLDS directly. Therefore, it's usually a good idea to submit the student's name to NSLDS for monitoring as soon as possible, even if he has not yet decided to enroll at your school.

- *Consequences when a transfer student subsequently is found to be ineligible for all or part of an aid disbursement.* If the school has followed the proper procedures for obtaining financial aid history information from NSLDS, it is not liable for any overpayments if the student's situation subsequently changes. However, the student will be liable for the overpayment in this situation, and you may not pay the student further Title IV funds until the overpayment is resolved. (See *Volume 4, Chapter 3* for information on resolving overpayments.)

Transfer student monitoring

Through this process for checking the eligibility of transfer students, you may either check the student's financial aid

history on the NSLDS website for professionals, or wait seven days (because NSLDS issues alerts weekly) after you've submitted the student's information for monitoring to receive an alert if data has changed. See Dear Partner Letters GEN-00-12 and GEN-01-09 and: *https://nsldsfap.ed.gov*

Getting the student's financial aid history

There are several ways for you to get a student's financial aid history from NSLDS. You can:

- use the NSLDS Financial Aid History section of the ISIR,
- log on to the NSLDS Professional Access website and access the data online for a student,
- for multiple students, use the FAT 001 Web report, which you submit from the Reports tab on the NSLDS site (you retrieve the results through the SAIG), or
- send a batch TSM/FAH Inform file to request aid history data for several students, which will be returned in either extract or report format through SAIG. The TSM/FAH processes and batch file layouts are posted on the Knowledge Center.

Effect of Bankruptcy or Disability Discharge

A student who has filed for bankruptcy or had a loan discharged for disability may need to give additional documentation before receiving aid.

Bankruptcy

A student with an FSA loan or grant overpayment that has been discharged in bankruptcy remains eligible for FSA loans, grants, and work-study (NSLDS loan status code BC for loans that did not default and status code DK or OD for loans that defaulted prior to the bankruptcy discharge). A borrower doesn't have to reaffirm a loan discharged in bankruptcy to be eligible. The Bankruptcy Reform Act of 1994 prohibits denial of aid based solely on filing for, or having a debt discharged in, bankruptcy.

A borrower who lists a defaulted FSA loan or grant overpayment in an active bankruptcy claim is not eligible for further Title IV funds unless she provides you with documentation from the holder of the debt stating it is dischargeable (NSLDS loan status code DO). A borrower who includes a non-defaulted FSA loan in an active bankruptcy claim, so that collection on the loan is stayed, is eligible for aid as long as he has no loans in default (including the stayed loan).

Total and permanent disability (TPD) discharges

Total and permanent disability is the condition of an individual who:

- is unable to engage in substantial gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death; has lasted for a continuous period of at least 60 months; or can be expected to last for a continuous period of at least 60 months; **OR**
- has been determined by the Department of Veterans Affairs (VA) to be unemployable due to a service-connected disability.

For Title IV aid purposes, the phrase "substantial gainful activity" means a level of work performed for pay that involves doing significant physical or mental activities or a combination of both. If a physician's certification does not appear to support this status, the school should contact the physician for clarification.

- ***Qualifying for TPD Discharge.*** Perkins Loans, FFEL and Direct Loans, as well as TEACH Grant service obligations may qualify to be discharged if the borrower/obligation holder becomes totally and permanently disabled. Except in the case of veterans who qualify for a total and permanent disability (TPD) discharge based on a determination by the Department of Veterans Affairs (VA) that they are unemployable due to a service-connected disability, the Department of Education monitors the status of borrowers who have received a TPD discharge for a three-year period. If a borrower requests a new loan or TEACH Grant within three years of a prior TPD discharge, their prior loan and/or TEACH Grant service obligation must be reinstated.

  Note that a borrower for whom data is obtained from the VA showing that the borrower is "totally and permanently disabled" as defined in regulation, will be automatically eligible for loan discharge without additional documentation

or action from the student.

- ***Taking out another loan.*** If a borrower whose prior loan was discharged due to a total and permanent disability wishes to take out another FSA loan or wishes to receive a TEACH grant, he must obtain a physician's certification (the student only needs to obtain the physician certification once; the school keeps a copy of it in the student's file. But the school must collect a new borrower acknowledgment from the student each time he receives a new loan) that he has the ability to engage in substantial gainful activity, and he must sign a borrower statement acknowledging that the new FSA loan or the TEACH grant service obligation can't later be discharged for any present impairment unless it deteriorates so that he is again totally and permanently disabled.

  If the borrower requests a new loan or TEACH Grant during the postdischarge monitoring period, he must also resume payment on the old loan before receipt of the new loan or TEACH grant. If the loan on which the borrower must resume payment was in default when it was discharged, it remains in default upon reinstatement, and the student must make satisfactory repayment arrangements before receiving the new loan, in addition to meeting the other requirements described.

  A borrower who received a TPD discharge based on a determination from the VA that he is unemployable due to a service-connected disability is not subject to a monitoring period and is not required to resume payment on the discharged loan as a condition for receiving a new loan. But he must still provide the physician's certification and borrower acknowledgement described above.

Total and permanent disability discharge

www.disabilitydischarge.com/faqs/

34 CFR 674.61(b),(c) (Perkins); 34 CFR 682.402(c) (FFEL)

34 CFR 685.213 (Direct Loan); 34 CFR 686.42(b) (TEACH Grant)

Resolving Default Status

A student in default on an FSA loan can't receive further Title IV funds until she resolves the default, which she can do in a few ways.

- *Repayment in full (including consolidation).* A student can resolve a default and regain eligibility for Title IV funds by repaying the loan in full (loan status code DP). If the school writes off a regulatorily permissible amount that the student repays (for Perkins), that counts as paying the loan in full (code DC). If a defaulted loan is successfully consolidated, it is also counted as paid in full (code DN). However, if the loan holder writes off the entire loan (except for Perkins), it isn't considered paid in full, and the student remains ineligible for Title IV funds (code DW). This condition is normally permanent unless the borrower subsequently pays in full (which is unlikely if the loan holder originally wrote off the loan). The student regains eligibility whether repayment was completed voluntarily or involuntarily (that is, through IRS offset or wage garnishment).

  If a student has paid a defaulted loan in full but the SAR and ISIR have a comment showing that he is ineligible because of the default, he must give you documentation proving that the loan was paid.

- *Satisfactory repayment arrangements.* A student in default on an FSA loan can be eligible for Title IV funds if he has made repayment arrangements that are satisfactory to the loan holder. After he makes six consecutive, full, voluntary payments on time, he regains eligibility for Title IV funds (loan status code DX). Voluntary payments are those made directly by the borrower and do not include payments obtained by federal offset, garnishment, or income or asset execution. A student may regain eligibility under this option only one time.

  You can pay the student as soon as you have documentation that he has made satisfactory repayment arrangements. For example, the loan holder may update the code for the loan in NSLDS to DX once six payments have been made; you could then use that as confirmation of the repayment arrangement. You may also use a written statement from the loan holder indicating that the student has made satisfactory repayment arrangements as

documentation of the arrangement.

- *Loan rehabilitation.* Although a student can regain eligibility for all Title IV funds by making satisfactory repayment arrangements, the loan is still in default. After the student makes more payments, the loan may be rehabilitated, that is, it won't be in default anymore, and the student will have all the normal loan benefits, such as deferments. A loan is rehabilitated once the borrower makes nine full, voluntary payments on time (no later than 20 days after the due date) within 10 consecutive months. See *Volume 6* for more information on rehabilitation in the e/NDSL program.

Example: documenting loan "paid in full"

Carl had a Direct Loan as an undergraduate that went into default while he was out of school. When he applies for financial aid so he can attend graduate school, his ISIR shows that the loan is still in default. Carl tells the aid administrator at the school he wants to attend that he paid off the loan last year. The aid administrator asks Carl to bring in a letter from the Default Resolution Group documenting that the loan has been paid and advises Carl that he should ask the guaranty agency to update his status in NSLDS.

Satisfactory repayment and rehabilitation

HEA Sec. 428F(a) and (b), 464(h)(1) and (2)

General Provisions: 34 CFR 668.35(a)(2)

34 CFR 682.200(b), 682.405 (FFEL); 34 CFR 685.102(b), 685.211(f) (Direct Loan)

NSLDS Loan Status Codes 2022–23 SARs & ISIRs

Code	Status	Eligible for FSA funds
AL	Abandoned Loan	Yes
BC	No Prior Default Bankruptcy Claim, Discharged	Yes, because loan was not in default and was discharged
BK	No Prior Default Bankruptcy Claim, Active	Yes, because loan was not in default
CA	Cancelled (For Perkins means Loan Reversal)	Yes
CS	Closed School Discharge	Yes
DA	Deferred	Yes
DB	Defaulted, then Bankrupt, Active. (Perkins: all bankruptcies; FFELP and Direct Loans: Chapter 13)	No, unless debtor can show that loan is dischargeable. See Dear Colleague Letter GEN-95- 40, dated September 1995.
DC	Defaulted, Compromise	Yes, because compromise is recognized as payment in full
DD	Defaulted, Then Died	No, because if borrower is reapplying, then loan status is in error
DE	Death	No, because if borrower is reapplying, then loan status is in error
DF	Defaulted, Unresolved	No
DI	Disability	Yes, however, disbursing further aid within the the 3-year monitoring period may revoke the discharge
DK	Defaulted, Then Bankrupt, Discharged. (Perkins: all bankruptcies; FFELP and Direct Loans: Chapter 13)	Yes, because defaulted loan has been totally discharged
DL	Defaulted, in Litigation	No
DN	Defaulted, Then Paid in Full Through	Yes

	Consolidation Loan	
DO	Defaulted, Then Bankrupt, Active, other. (FFELP and Direct Loans in Chapters 7, 11, and 12)	No, unless debtor can show that loan is dischargeable. See Dear Colleague Letter GEN-95-40, dated September 1995.
DP	Defaulted, Then Paid in Full	Yes, because loan was paid in full
DR	Defaulted Loan Included in Roll-Up Loan	Yes, because the loan was combined with other loans and subrogated to the Department, which reported the same information to NSLDS in one loan. The status of that record will determine eligibility.
DS	Defaulted, Then Disabled	Yes, because loan debt is cancelled, however, disbursing further aid within the 3-year monitoring period may revoke the discharge
DT	Defaulted, Collection Terminated	No
DU	Defaulted, Unresolved	No
DW	Defaulted, Write-Off	No [Note that there is no status code for Perkins write-offs, which are for amounts less than $50; see 34 CFR 674.47(h)]
DX	Defaulted, Satisfactory Arrangements, and Six Consecutive Payments	Yes, assuming student continues to comply with repayment plan on defaulted loan, or is granted forbearance by the GA
DZ	Defaulted, Six Consecutive Payments, Then Missed Payment	No, loan is back in active default status
FB	Forbearance	Yes
FC	False Certification Discharge	Yes
FR	Loans obtained by borrowers convicted of fraud in obtaining FSA funds	No
FX	Loan once considered fraudulent but is now resolved	Yes
IA	Loan Originated	Yes
ID	In School or Grace Period	Yes
IG	In Grace Period	Yes
IM	In Military Grace	Yes
IP	In Post-Deferment Grace (Perkins only)	Yes
OD	Defaulted, Then Bankrupt, Discharged, other (FFELP and Direct Loans in Chapters 7, 11, and 12)	Yes, because defaulted loan has been totally discharged
PC	Paid in Full Through Consolidation Loan	Yes, because it does not matter if the consolidation loan was a FFEL or Direct Loan, nor whether underlying loans were in default
PD	Permanently Disabled	Yes, borrower considered permanently disabled
PF	Paid in Full	Yes
PM	Presumed Paid in Full	Yes
PN	Non-defaulted, Paid in Full Through Consolidation Loan	Yes
PZ	Parent PLUS loan for a student who has died	No for the student, yes for the parent
RF	Refinanced	Yes, because defaulted loans cannot be refinanced
RP	In Repayment	Yes
UA	Temporarily Uninsured—No Default Claim Requested	Yes
UB	Temporarily Uninsured—Default Claim Denied	Yes, because the loan is not a federal loan while temporarily uninsured
UC	FFEL: Permanently Uninsured/Unreinsured—	Yes

UC	Non-defaulted Loan. Perkins: Non-defaulted Loan Purchased by School	Yes
UD	FFEL: Permanently Uninsured/Unreinsured—Defaulted Loan. Perkins: Defaulted Loan Purchased by School	Yes, because the loan is no longer a federal loan
UI	Uninsured/Unreinsured	Yes, does not matter if the loan was in default
VA	Veterans Administration Discharge	Yes
XD	Defaulted, Satisfactory Arrangements, and Six Consecutive Payments	Yes, assuming student continues to comply with repayment plan on defaulted loan, or is granted forbearance by the GA/ED servicer

Chapter 4

Social Security Number

To be eligible to receive FSA funds, each student must provide a correct Social Security number (SSN). To confirm the student's SSN for schools, the Department conducts a match with the Social Security Administration. In this chapter, we discuss the SSN requirement and the match process.

The FAFSA collects the student's and dependent student's parents' Social Security numbers (SSNs) so that the Central Processing System (CPS) can validate the numbers through a match with the Social Security Administration (SSA). The CPS verifies that the name and birth date associated with the SSN match the name and birth date on the application. For the full list of SSN match results, see the *2022-2023 SAR Comment Codes and Text*.

The CPS won't process an application without an SSN. A student who doesn't have an SSN or doesn't remember it must contact their local Social Security office for help. There is one exception to the requirement to provide SSNs (see the Exception for the Freely Associated States section later in this chapter). The SSN is a key identifier for the student's records, so you must be sure the Department knows the right SSN if you find out it's wrong on the application, SAR or ISIR. We discuss correcting such errors later in this chapter.

Social Security Number (SSN) Match

The CPS prints the SSN match result in the "FAA Information" section of the output document as the SSN Match Flag. If the match is successful, the CPS doesn't match the student's data against the Social Security database on subsequent transactions. However, the CPS will attempt the match again if the student makes corrections to the name, birth date, or SSN. The FAFSA will not be processed without a valid SSN for the aid applicant.

Successful match

If the CPS match with the SSA confirms the student's SSN and the Social Security records have the same name and birth date as reported on the FAFSA, you may disburse aid to the otherwise eligible student. No comment is provided on the output document when the SSN match is successful. Of course, if you have any conflicting information about the SSN, you must resolve the conflict before disbursing FSA funds to the student. Once a student's SSN is confirmed and there is no discrepancy on the name or birth date, the student can't change the SSN.

If a student whose match data have been confirmed subsequently tries to change his SSN, the CPS won't accept the change. Instead, the student's SAR will have a comment telling the student to contact his financial aid administrator for help. In the unlikely event that the confirmed SSN is wrong, the student must correct it by filing a new FAFSA.

No match on the Social Security number

You must resolve any problems with the match before disbursing aid. If the SSN is not found in the SSA database, the student's application will be rejected. The student will also receive a comment that instructs her to correct her SSN or contact the SSA if she believes the number reported is correct. If it is wrong on the application, the student will have to correct it with the CPS and get a successful match result before she can receive aid.

- *Student reported wrong SSN on the FAFSA*. If the student's application is rejected because she reported an SSN that is not in the SSA's database, the student must provide the correct SSN to the CPS. This will change the current SSN in the CPS, but it will not change the original, identifying SSN. A student can file a new FAFSA to correct the original SSN, but since the Common Origination and Disbursement (COD) System will use the current SSN to process records, changing the original SSN is not always necessary. See "Applicants Using Same SSN" later in this chapter.

  While COD will process using the current SSN, there are other systems, such as EDExpress and some mainframe and servicer systems, that will still use the incorrect SSN originally reported to identify records. These systems will be able to interface with COD but might still need the original SSN to process records.

- *FAFSA data entry error*. If a student provided the correct SSN on the FAFSA, but the SSN on the output document is wrong, the student can contact the Federal Student Aid Information Center at 1-800-4-FED-AID (1-800-433-3243). If

the Information Center confirms that there was a data entry error, it will refer the error to the Department for correction—the student does not need to submit a correction. After the data entry error is corrected, the CPS will produce new output documents. See the *Application and Verification Guide, Chapter 5* for general information on data entry error corrections.

- *Error in Social Security database*. If the SSN on the FAFSA is correct but isn't in the Social Security database, the student must contact a local or regional SSA office to correct the database, which is updated daily with information from local and regional offices. The student must report the correct SSN and provide supporting documentation, and report the SSN directly to the SSA office—the Department of Education cannot correct SSA records. Once the database is updated, the student can submit a correction by re-entering the SSN originally reported as if it were a correction. The CPS will then do another SSN match. The student can't simply verify that the SSN is correct; the application will be rejected until the SSA database is updated.

No match on name or birth date

The student's application will be rejected if her or a parent's SSN is in the Social Security database but the name there differs from the one she gave. Misspellings or name changes due to marriage are common reasons for a non-match. The student should make sure that the name on the application matches the one on the Social Security card.

This reject is verifiable, which means that the name is questionable but not necessarily wrong. The student can eliminate the reject by entering the right name. If the name was correct on the application, she reenters it on the paper SAR, or she chooses "Data is Correct" for both the first and last name on Corrections on the Web. If her name is incorrect in the SSA database, we strongly recommend that she contact the SSA to correct it.

If the student's (or parent's) name and SSN match the SSA's database but the date of birth does not, the application will also be rejected, and the student must correct the application. If the error is with the SSA's database, he should contact the SSA to correct the record. He can override the reject by reentering the date on the paper SAR or on Corrections on the Web, by choosing "Data is Correct" for the date of birth. The application will be sent through the match again, and if the SSA's record has been corrected, the match flag will be cleared and no further action is needed. If there is still a disagreement with the SSA record, the student will need to provide the aid office with documentation of his date of birth.

If the student reported the current or a later year as her birth date, her application will be rejected and she must correct the error.

Example: Incorrect name on application

When Zobrist Technical Institute receives Miguel's ISIR, the SSN match shows the name on the application isn't the one associated with the SSN in the database. The aid administrator asks Miguel to bring in documentation showing his correct name and SSN. He brings in his Social Security card, and the first name on the card is Jose, not Miguel. He also has a driver's license showing his first name is Jose. The administrator tells Miguel to correct his name on the FAFSA to Jose.

Name change on the SSA website

If a student legally changes their name because of marriage, divorce, court order or any other reason, they should notify Social Security so they can get a corrected card and have correct SSN matches. Direct students to the SSA name change page for instructions on how to update their name.

Parents with no SSN

On the FAFSA, parents with no Social Security numbers, for example, parents of eligible noncitizens, should enter all zeros (000-00-0000) in place of a SSN, in order to avoid a reject code.

Missing information

No match is performed if the student doesn't sign the FAFSA or provide a last name or birth date. The student's FAFSA will be rejected and the student must submit the missing information.

Although the CPS doesn't conduct the match, the student will receive a comment explaining that the match could not be

conducted without the name, birth date, or signature. The student must submit a correction providing the missing information. When the correction is sent, the information will be sent to the SSA for matching, and you should check the new output document for match results.

Example: Correct name not in database

Elizabeth's ISIR shows that her name doesn't match the one the SSA has on file for her SSN. When the administrator talks to Elizabeth, she explains that she recently got married and changed her last name. Elizabeth gives the administrator a copy of her marriage certificate. The administrator plans to disburse aid to Elizabeth and tells her to reenter her current name and advises her to contact SSA to have its database updated to prevent future problems.

Death Indicator

If the SSA's database shows a death indicator associated with the SSN the student reported, the student's application will be rejected. Students resolve this problem in the same way as problems matching the SSN. The student must either contact SSA to get the records corrected, or must submit a change with the correct SSN (see "No match on the Social Security number").

COD and SSN changes

E-Announcement June 22, 2017

SSN requirement

HEA Sec. 484(p), 34 CFR 668.32(i), 668.36

Contacting the SSA

For more information (in English and Spanish), students should call the SSA at 1-800-772-1213 or go to its website https://www.ssa.gov/.

Death Master File

The CPS will verify that student SSNs do not appear on a master death file the Department obtains from the SSA. This will be in addition to the date of death match. The CPS will regularly compare its records with those in the master death file. If a match is found, the CPS will resend the student record to SSA. If the SSA does not confirm a date of death for the applicant, the CPS will do nothing further. If the SSA does confirm a date of death, the CPS will send an ISIR to the schools listed on that transaction but will not send a SAR to the student.

For full discussion of how to handle Title IV aid when a student dies, see *Appendix C, Actions a School Can Take When a Student Dies*.

Applicants Using Same SSN

When one student uses another's SSN, the duplicate SSN flag will be set in the ISIR, and the student's application will likely fail the SSN match, but it will be processed. She will have to make a correction as described earlier in this chapter.

If a student uses the same SSN **and** first two letters of the last name (together these data are the record identifier) as another student, the CPS will not accept her application because it will assume it to be a duplicate application of the first student. If she is using FAFSA on the Web, she will receive an immediate message telling her the proper way to make a correction, or if her record identifier is correct and she is trying to apply for aid, how she can proceed. If she is submitting a paper FAFSA, she will receive a letter giving her the same information and stating that the application was not processed.

If the student using the correct SSN applied after the other student, she must submit a special "correction application" that she can only get from the Department of Education. It will enable the CPS to accept her data instead of treating her application as a duplicate. The first student, who used the wrong SSN, **must** correct the error by filing a new FAFSA because the CPS uses the record identifier for students for the entire award year, even if they later change their SSN or last name. If the student simply corrected her SSN, her record identifier would still be wrong.

If the student using the correct SSN applied first, the CPS will have her data, so a correction application isn't necessary. The second student will need to submit a new application.

Both students should keep copies of all output documents, including those from the first FAFSAs filed. When a student files a correction application or a new FAFSA, the application receipt date is changed. Because some schools and agencies use this receipt date to determine if the student met a deadline, she should keep the output documents to show the original receipt date and to show why a later application was necessary.

Contact the Department at 1 (800)-433-3243 if you believe that a correction application may be needed; one can be mailed to your office or to the student.

Example: Students using same SSN

Hector completes an application in January, but uses his brother Aroldis's SSN instead of his own. When Hector gets his SAR, he realizes that he used the wrong SSN, corrects the SAR, and mails it back to the processor. He gets a new SAR with the correct SSN, but it has the same identifier as the first SAR. Aroldis files an application in April and is surprised to receive a SAR that doesn't match what was on his application because it has Hector's information instead. Aroldis goes to the financial aid office at Guerrero University, where a counselor tells him he'll need to file a correction application. Hector is also attending Guerrero, so the counselor contacts Hector to explain why he'll need to file a new application even though he already has a SAR with the correct information.

Exception for the Freely Associated States: Micronesia, Marshall Islands, and Palau

Persons from the Republic of the Marshall Islands, the Federated States of Micronesia, or the Republic of Palau (collectively known as the Freely Associated States) typically do not have SSNs. First-time FAFSA filers who indicate on the FAFSA that their state of legal residence is one of the Freely Associated States should enter "666" for the first three digits of their SSN field and leave the remaining six digits blank. CPS will then assign them an identification number. They should use their assigned number in place of their SSN whenever applying for Title IV funds.

For returning FAFSA filers from one of the Freely Associated States, any FAFSAs must be submitted **under the same nine-digit pseudo-SSN** assigned originally by the CPS when the earlier award year was processed. Returning filers and FAAs should not provide only the first three digits of the pseudo- SSN, as this will result in the inappropriate creation of an entirely new SSN.

We strongly encourage you to follow this guidance when submitting application data through the FAA Access to CPS Online website, and to share this guidance with Freely Associated States applicants who used a pseudo-SSN in prior years and plan to submit another FAFSA (either online or paper). For more information on eligibility for students from the Freely Associated States, see Chapter 2 of this volume.

It's important that students from the Freely Associated States use the same number on all subsequent FAFSAs because it allows for more accurate information on Pell Grant Lifetime Eligibility Used (LEU). If such a student does not use the same

pseudo-SSN across award years—for example, on a subsequent FAFSA he or she either gets and uses a new pseudo-SSN or if he or she uses a real SSN that he or she obtained from the SSA, the school must contact the COD School Relations Center so the multiple student records can be merged into one and the correct LEU can be calculated.

Also, if students from the Freely Associated States file with a real SSN, schools will need to have an alternate way, other than the pseudo-SSN, of identifying that population to ensure that the correct award limitations are in place for those students.

Pseudo-SSNs for Pacific Islanders and the FAFSA

Electronic Announcement of June 22, 2017

Chapter 5

Eligibility for Specific FSA Programs

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

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 FAFSA Simplification Act (part of the Consolidated Appropriations Act, 2021) made changes to the HEA that will restore Pell eligibility for certain individuals incarcerated in State and Federal penal institutions as of July 1, 2023. This change has not yet been implemented, and the Department will provide further guidance at a later date.

Duration of eligibility

All eligible 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

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 post baccalaureate 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.

The FAFSA Simplification Act, which passed as part of the Consolidated Appropriations Act of 2021 (December 2020) changes the age qualifier for CFH from 24 to 33; however, this change has not yet been implemented. We will provide 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 such a student is eligible for a Pell Grant, you award and package all Title IV aid based on an EFC of zero.
- If such a student is ineligible for a Pell Grant only because their 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.

Unlike Pell Grants, these non-need-based grants do not count as estimated financial assistance. Payments are adjusted for students enrolled less than full-time. As with Pell Grants, there is a lifetime receipt limit of 12 semesters (600% Lifetime Eligibility Used (LEU). There is a separate LEU for Pell and IASG, and a student 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.

Restoring semesters of Pell eligibility for students affected by a school closure

The Department has modified the COD system to restore spent 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"). This process is not applicable if only a location closes. To qualify for Pell eligibility restoration, the main school must cease operations.

A student may be eligible for Pell eligibility restoration if they 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) for each award year for which the student received Pell Grant funds at the closed school. These adjustments in COD will be processed in batches following the final closeout at each school. This process is automatic and requires no intervention by the student. If a student in attendance at your institution receives a Pell Grant LEU Closed School Restoration adjustment, 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 in such situations.

It is important to monitor students' LEU, as students are no longer eligible to receive Federal Pell Grant funds once their LEU reaches 600%. In 2008, Congress established a maximum Pell Grant lifetime eligibility of 18 semesters or the equivalent, and in 2012, Congress reduced the lifetime eligibility further to 12 semesters or the equivalent and applied it to all students. For more information on this limitation and the current percentage method of measuring progress towards the limit, please see the main discussion of Pell LEU in Volume 3, Chapter 3. Also see the April 3, 2017 Electronic Announcement.

Section 702 of the FAFSA Simplification Act, (passed as part of the Appropriations & Emergency Coronavirus Relief Act, Dec. 2020) codifies Pell LEU restoration when a student's school closes, and also extends eligibility for LEU restoration when eligibility for the Pell Grant was "falsely certified" and for when a recipient has a loan discharged due to borrower defense; however these changes have 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. A student must be enrolled or accepted for enrollment in an eligible 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 standalone 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 the courses are part of an eligible program there) to prepare for enrollment at School B. 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 coursework is not Title IV eligible example

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 GED;
- 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 borrower must be the student's biological or adoptive parent, (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; and
- Has had his or her citizenship status confirmed by either the Social Security Administration or the Department of Homeland Security.

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 Aid Report (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. 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

34 CFR 685.200 has been 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)

Section 705(b) of the Consolidated Appropriations Act of 2021 (passed December 27, 2020) repealed section 455(q) of the HEA. This change 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. For more details, see the 2022-23 edition of Volume 3, the 150 percent Direct Subsidized Loan Limit information page (see below) and Electronic Announcement DL-21-04 on the Knowledge Center.

To support this change, the Department has updated NSLDS to no longer determine "Loss of Subsidy" status for any Direct Subsidized Loan, regardless of the loan's earliest disbursement date. In addition, following confirmation from the federal loan servicer, the Department will remove the "Loss of Subsidy" status (and reinstate subsidy benefits) on any Direct Subsidized Loan with a balance greater than $0.

In addition, COD will no longer return Reject Edit 206 (Remaining Subsidized Eligibility Period less than zero for this award), and COD Reject Edit 207 (Remaining Subsidized Eligibility Period less than zero for this award after this disbursement was approved) for loans with an earliest disbursement date on or after July 1, 2021.

COD Warning Edit 200 (150% Subsidized Usage Limit Applies to borrower) will be returned for any existing borrower who has the SULA Indicator set to “Y.” Although this warning edit may be returned, the Department will not calculate subsidized usage on Direct Loans with an earliest disbursement date on or after July 1, 2021.

SULA repeal operational impacts for schools:

- Program-level enrollment reporting for the COD System and NSLDS will not change. Schools must continue to report the required enrollment reporting data elements within the appropriate time frames.
- You may have noted an increase in post-screening activity, particularly for codes 25, 26, and 27. The Department expects the volume to decrease over time.
- If schools produce their own entrance or exit counseling materials, they should remove all information about SULA and/or loss of subsidy. Other school-produced materials, such as letters, web content or internal procedures, should also be evaluated and updated at the earliest point possible.

Direct Loan program

34 CFR 685

Subsidized Loan Eligibility Time Limitation (150% rule)

Electronic Announcement DL-21-04

Final Regulations, June 14, 2021

https://fsapartners.ed.gov/knowledge-center/topics/150-percent-direct-subsidized-loan-limit-information

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 Amendments 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. As noted above, a student attending a teacher certification program must be enrolled at least half-time to receive FWS benefits.

See *Chapter 1* of this volume.

Campus-based eligibility for religious orders

Effective July 21, 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. 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 nonattendance, 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 the upcoming period and will count as estimated financial assistance in that period. 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 the subsection 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 and the January 15, 2021 Electronic Announcement. Additionally, the Consider Teachers Act of 2021, enacted on October 13, 2021, provides for up to a three-year extension of the teaching service obligation window for recipients whose service obligation begins during or includes the COVID-19 national emergency or a period of recession or economic downturn following the emergency. This extension has not yet been implemented. We will provide further guidance at a later date.

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 to the Department 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, at the end of the semester instructors submit 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.