



**FSA**  
FEDERAL  
STUDENT AID

*We Help Put America Through School*

February 2005

CB-05-03

**Subject:** Use of State Scholarships and Grants as the Non-Federal Share of FSEOG Awards

**Summary:** This letter includes a discussion of the use of State grant and scholarship awards for meeting the non-Federal share requirement for the Federal Supplemental Educational Opportunity Grant (FSEOG) Program for the 2004-05 award year. The attachment to this letter is a listing, by State, of the percentage of each State's awards that can be used for the FSEOG non-Federal share.

**Reference:** 2004-2005 Student Financial Aid Handbook, Volume 6

Dear Colleague:

The Higher Education Act of 1965, as amended, provides that the Federal share of awards made to students under the Federal Supplemental Educational Opportunity Grant (FSEOG) Program may not exceed 75 percent. The non-Federal share of FSEOG awards must come from an institution's own resources, including institutional scholarships and grants, tuition or fee waivers, State scholarships and grants, and foundation or other charitable organization funds. In response to inquiries concerning the use of State scholarships for FSEOG matching purposes, the Department has determined that all State scholarships and grants, except for Leveraging Educational Assistance Partnership (LEAP) and Special Leveraging Educational Assistance Partnership (SLEAP) awards, are eligible funds that may be used to meet the non-Federal share requirement. LEAP and SLEAP awards, for this purpose, are defined as the Federal LEAP and SLEAP allocations plus the minimum required State matching amounts. The balance of State grant amounts are considered non-LEAP and non-SLEAP awards and therefore can be used to meet the FSEOG non-Federal share requirement.

We used information provided by each State for determining expected expenditures for State scholarships and grants for the 2004-2005 award year, the 2004-2005 LEAP and SLEAP allocation amounts (as described above), and the required matching information to compute the percentages of each State's scholarships and grants that you may use to provide the non-Federal share of total FSEOG awards for the 2004-2005 award year. A chart showing these percentages is attached. You can apply the appropriate State percentage to the State scholarships and grants your eligible FSEOG recipients received to determine the total amount of State scholarships and grants that may be used to meet the FSEOG non-Federal share requirement. For example, a student recipient of FSEOG receives a grant of \$1,000 from the State of Delaware. The Delaware percentage of 65.01 multiplied by the State grant equals \$650, which is the portion of the grant that may be used to meet the non-Federal share requirement for a \$2,600 FSEOG award (\$1,950 is the Federal share of the FSEOG award).

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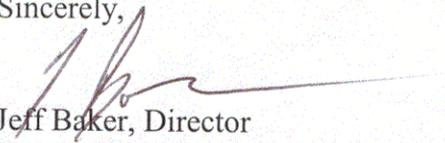
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There are some circumstances when an institution may not use the percentages provided in the attached chart. If an institution has specific knowledge that a State scholarship or grant - irrespective of its name - is considered to be made up of all LEAP or SLEAP funds (Federal or required State matching), no part of that scholarship or grant may be used as the FSEOG non-Federal share. Also, if an institution has documented knowledge that a State scholarship or grant is not comprised of LEAP or SLEAP funds (Federal or required State matching), 100 percent of the award may be used as the FSEOG non-Federal share.

For additional information or if you have questions, please contact Greg Gerrans in Financial Partners at 202-377-3304 or the Campus-Based Call Center at 877-801-7168. We trust that this information will be useful in your administration of the FSEOG Program.

Sincerely,



Jeff Baker, Director  
Policy Liaison and Implementation

Attachment