

Session 2

Student Eligibility and Other Related Issues



RESOURCES

1999-2000 Student Aid
Handbook:

Student Eligibility, pgs. 10, 216

Code of Federal Regulations:

*(Note: CFR sections should
be read in conjunction with
August - November 1999
Federal Register final rules.)*

34 CFR Sections 668.32, 668.40
682.200(b), 682.204(a)(1)(iii),
682.204(d)(1)(iii), 685.102(b),
685.203(a)(1)(iii),
685.203(c)(2)(i)(D)

Higher Education Act:

Sections 472(2), 472(3),
474 (b)(3), 475(g)(2), 475(g)(6)
475(j), 476(a)(3), 476(b)(1),
477(a)(4), 484(r)

Public Law 105-244:

Sections 471(1), 471(2), 472,
473(a), 473(b)(1)(A), 473(b)(2),
473(c), 483(b), 483(f), 484(d)



Session 2: Learning Objectives

- Changes to the Cost of Attendance
 - Computer cost allowance
 - Minimum living allowance
- Changes to Basic Student Eligibility
 - Drug offense convictions
 - Home schooled students
 - Pell for certain teacher certification programs

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Session 2: Learning Objectives

- Changes that Affect Campus-Based and Loan Program Eligibility
 - Prorating loans for short periods
 - Treatment of AmeriCorps and Montgomery Bill benefits
 - Perkins loan limits
 - Federal Work-Study provisions

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Student Title IV Eligibility & Drug Convictions (Possession)

- If convicted of any offense involving the possession of a controlled substance, ineligible for:
 - One year after the first conviction
 - Two years after the second conviction
 - Indefinitely after the third conviction

2-12

Convictions for felony or misdemeanor offenses involving alcohol or tobacco are not considered when determining eligibility, nor are drug convictions that have been cleared from the student’s record or convictions for which the student was prosecuted as a juvenile.

Student Title IV Eligibility & Drug Convictions (Sale)

- If convicted of any offense involving the sale of a controlled substance, ineligible for:
 - Two years following the first conviction
 - Indefinitely after the second conviction

2-13

“Arrests” are not the same as “convictions.”

Student Eligibility: Home Schooled Students

- Eligible for Title IV aid if their home school is treated under state law as either home school or private school
 - Ability-to-Benefit test isn't required
- State statutes related to home schooling vary

2-17

As of October 1, 1998, Pell-eligible students enrolled in certain post-baccalaureate teacher certification programs became eligible for Pell Grants.

Pell for Teacher Certification

- Student eligible if:
 - Courses are required by state for certification or licensing credential required for teachers;
 - Post-baccalaureate program does not lead to a graduate degree;
 - School does not also offer a bachelor's degree in education;
 - Student is at least a half-time student; and
 - Student is pursuing an initial teacher certification or licensing credential within a state.

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Note: The provision regarding teacher certification applies only to Pell, not FSEOG.



**Case Study 2-3:
Kelly Jamie Raphael
Scenario A**

Dependent undergraduate

Academic year = 30 weeks, 900 clock hours

Program = 15 weeks, 350 clock hours

- Compare fractions based on weeks and hours:
 $15/30 (= .50)$ $350/900 (= .39)$
- Multiply the smaller fraction by the loan limit:
 $\$2,625 \times .39 = \1023.75 (prorated max)

2-20

In Case Study 2-3, we want to determine the prorated maximum loan for each scenario.



**Case Study 2-3:
Kelly Jamie Raphael
Scenarios B and C**

Academic year = 30 weeks, 900 clock hours

Scenario B:

Program = 12 weeks, 400 clock hours

Scenario C:

Program = 20 weeks, 600 clock hours

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Now let's look at example B in the same case.

Example B

Penny enrolls in a four-year program at a public college in her state. Her need is determined to be \$8,550 (\$9,500 COA - 950 EFC).

Penny's actual assistance from the Pell Grant and Montgomery GI Bill—Active Duty benefit equals \$6,927 and does not exceed her need (\$2,175 + \$4,752).

The difference between her need and the above assistance she is receiving is \$1,623 (\$8,550 - \$6,927).

Under the 1998 Amendments, Penny is eligible for a Direct Subsidized Loan (or Subsidized Stafford Loan) in an amount that exceeds \$1,623, because the \$4,752 in Montgomery GI Bill—Active Duty benefits do not count as estimated financial assistance for this purpose. Penny's cost minus her EFC and minus her Pell Grant still leaves an unmet need for purposes of the subsidized loan of \$6,375 (\$9,500 - 950 - \$2,175).

The allowable maximum subsidized loan amount, which is \$2,625 for a first-year student, is less than her unmet need for subsidized loan purposes; therefore, Penny may receive a Direct Subsidized Loan in the amount of \$2,625. The decision to take out a subsidized loan is Penny's decision and the school must follow the statute. In this case, Penny's actual assistance totals \$9,552, which exceeds her need as well as her COA (\$2,175 + \$4,752 + \$2,625).

However, under the statute and regulations, this is not considered an overaward or an overpayment.

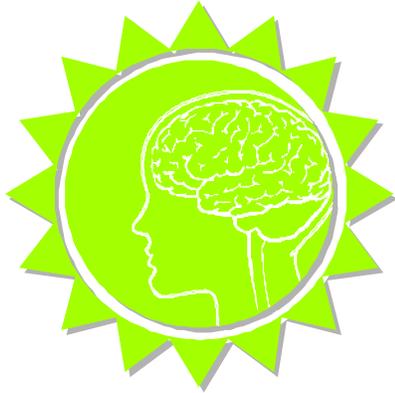
Under the new campus-based regulations, Penny may also be eligible for campus-based aid if the school wants to apply the regulatory option. In other words, the school does not have to do this for campus-based aid purposes. Her need is \$8,550 and her total resources, excluding the Direct Subsidized Loan under the new school option for the campus-based programs, is still \$6,927 and that amount is \$1,623 under her need (\$8,550 - \$6,927).

Therefore, the school may still provide campus-based aid that does not exceed \$1,623. For example: \$1,123 FWS and \$500 FSEOG.

In this case, Penny's actual assistance totals \$11,175, which exceeds her need as well as her COA (\$2,175 + \$4,752 + \$2,625 + \$1,623).

However, under the statute and regulations, this is not considered an overaward or an overpayment.

Session 2: Brain Candy



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Session 2: Review

- Calculation of EFC changes:
 - Student’s income protection allowance
 - Number in household attending college
 - Negative available income offset
- Cost of attendance changes:
 - Allowance for computer expenses
 - Minimum living allowances
- Student eligibility changes:
 - Drug convictions
 - Home-schooled students
 - Pell Grant for students enrolled in certain teacher certificate programs

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