
Other Program-related Eligibility Requirements

Most of the student eligibility requirements we have discussed so far apply to all or most of the FSA programs, but there are additional factors that are program-specific.

PELL GRANTS

In general, a student must be enrolled in an undergraduate course of study to receive a Pell grant, though there are rare teaching certification exceptions (see the next page). A student who has earned a baccalaureate degree or a first professional degree (a degree offered by professional programs such as pharmacy, dentistry, or veterinary medicine) is not considered to be an undergraduate and cannot receive a Pell grant.

An undergraduate course of study usually doesn't exceed four academic years or is a program of four to five academic years designed to lead to a baccalaureate or first professional degree. If the program is longer than five years (for example, a six-year pharmacy program), then students are considered undergraduates only for the first four academic years of the program unless the school designates that the graduate program begins after the end of the third academic year; see the definition of graduate or professional student in 34 CFR 674.2, 675.2, or 682.200(b).

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, your school may determine that he does not have a bachelor's degree. The documents may include information about the type of school the student attended and total years of education leading to the degree.

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.

Undergraduate student definition and requirement

34 CFR 690.2, 34 CFR 690.6, HEA Sec. 401(c)

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 and the FAFSA

34CFR 690.6(c)

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, in order 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.

Incarcerated Students and Pell

HEA Sec. 401(b)(8), 34 CFR 668.32(c)(2)(iii),

"Dear Colleague" Letter P-94-7

Costs for incarcerated students

HEA Sec. 472(6)

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, then he is no longer eligible to receive 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 an undergraduate student enrolled in an undergraduate program. The student is eligible for fifth year undergraduate (not graduate student) Stafford loan limits. However, the student would not be eligible for an FSEOG.

Incarcerated students

Students incarcerated in federal and state penal institutions aren't eligible for Pell grants, but students incarcerated in local penal institutions are. 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 if she is in a halfway house or home detention or is sentenced to serve only on weekends.

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*.

STAFFORD AND PLUS LOANS

Some Stafford and PLUS loan rules, such as those for defaults and total and permanent disability discharges, have already been discussed in Chapter 3. One point may be added here: a parent may not borrow a PLUS loan, nor may a student borrow a Stafford loan, from both the FFEL and DL programs for the same enrollment period at the same school, yet the student and parent do not have to borrow from the same program [see 34 CFR 685.300(a)(8)].

Generally a student must be enrolled or accepted for enrollment in a degree or certificate program to receive FSA funds, but there are exceptions that apply to DL and FFEL Stafford and PLUS loans.

Preparatory coursework

A student may apply for a Stafford or PLUS loan for coursework the school has documented is necessary for him to enroll in an eligible program. The courses must be part of an eligible program otherwise offered by the school, though the student does not have to be in that program. If enrolled at least half time in these prerequisite courses, he 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.

Students seeking to enter an undergraduate degree or certificate program may borrow up to \$2,625 of Stafford funds (with up to \$4,000 more in unsubsidized funds for independent students and dependent students whose parents were declined a PLUS loan), and students trying to enroll in a graduate or professional program may borrow as much as \$5,500 (and up to \$7,000 of additional unsubsidized funds). For students in both categories, the loan limit is not prorated if the coursework is less than an academic year.

To be eligible under this exception, the student must be taking classes that are a prerequisite for admission. If he is only taking them to raise his GPA in order to be admitted, he would not qualify for loans under this exception.

Teacher certification coursework

Chapter 1 explains when a student may receive a Stafford or PLUS loan, among other aid, for courses necessary for an elementary or secondary school teaching credential or certification.

Parent borrower eligibility

To borrow a PLUS loan for a student, the parent must be the student's biological or adoptive mother or father. Both parents may get a PLUS loan as long as the total aid package does not exceed the student's cost of attendance. A stepparent is also eligible to borrow a PLUS loan if her income and assets would be taken into account when calculating the dependent student's EFC. A legal guardian is not considered a parent for FSA purposes.

Members of a religious order

Members of any religious order, society, agency, community, or other organization aren't considered to have financial need if the order

(1) has as a primary objective the promotion of ideals and beliefs regarding a Supreme Being,

(2) requires its members to forego monetary or other support substantially beyond the support it provides, and

(3) directs the member to pursue the course of study or provides subsistence support to its members.

Members of these religious orders can't receive subsidized Direct loans, subsidized FFELs, Pell grants, or campus-based aid. They are eligible, however, for unsubsidized FFELs and unsubsidized Direct loans.

34 CFR 674.9(c), 675.9(c), 676.9(c), 682.301(a)(2), 685.200(a)(2)(iii), 690.75(d)

Preparatory coursework example

Eddy has a bachelor's degree, with a major in mathematics. He wants to enroll in a graduate computer science program at Guerrero University. He needs 12 more semester hours of computer science coursework to meet Guerrero's admission requirements. He enrolls in courses that are part of Guerrero'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 FFEL or Direct loan for this coursework.

34 CFR 682.204(a)(6) and 685.203(a)(6)

Preparatory coursework at a different school

A student may take the preparatory courses at School A to prepare for enrollment at School B. Also, School A may require documentation from School B that these courses are required for the student's enrollment.

Medical internships and residencies

A student is ineligible to receive a Stafford loan or a Perkins loan while in a medical internship or residency program unless it is part of the school's degree program. This restriction does not apply to students in dental internship programs.

A parent may receive a PLUS loan only to pay for the educational costs of a dependent undergraduate student who meets the eligible student definition.

A parent 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 PLUS loan unless he has made satisfactory arrangements to repay the grant or loan. Yet the parent's ineligibility for a PLUS loan does not affect the student's eligibility for FSA funds.

Under the FFEL program, if the parent borrower has previously borrowed a Stafford or PLUS loan on which collection activity has ceased, she must reaffirm the loan in the same way that is described in 34 CFR 682.201(a)(4) for student borrowers.

Under both the FFEL and DL programs, if the parent had a prior Stafford loan that was cancelled for total and permanent disability, he must adhere to the same eligibility requirements outlined for Stafford borrowers in chapter 3.

Finally, a parent is not eligible for a PLUS loan if the federal government holds a judgment lien on her property.

Student credit checks

Financial aid administrators may not perform credit checks on students in connection with awarding them federal aid.

Parent adverse credit history

A parent with an adverse credit history is prohibited from obtaining a PLUS loan unless the parent meets additional criteria. The lender or 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:

- he is 90 days or more delinquent on any debt, or
- during the 5 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.

A FFEL lender is permitted to establish a more stringent definition of adverse credit history than these regulatory criteria. However, under both the FFEL and DL programs, a parent cannot be rejected for a PLUS loan because she has no credit history—i.e., the absence of a credit history cannot be construed as an adverse credit history.

A parent with an adverse credit history can qualify for a PLUS loan by securing an endorser who doesn't have an adverse credit history. The endorser for this purpose may not be the dependent student for whom the parent is borrowing. Instead of securing an endorser, a parent may appeal a determination of adverse credit history to the lender (for FFELs) or ED (for DLs) by documenting extenuating circumstances. The lender or ED has the final decision on whether to make a loan to the parent.

If your school participates in the PLUS program but a student's parent cannot obtain a PLUS loan, the student is allowed to borrow additional unsubsidized Stafford money (see Volume 3, Chapter 4).

CAMPUS-BASED AID GENERAL REQUIREMENTS

Unlike the Stafford and 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 Perkins Loan and Federal Work-Study (FWS) programs. Only undergraduate students who do not have a baccalaureate or first professional degree are eligible to receive Federal Supplemental Education Opportunity Grants (FSEOGs). This means that a student who has earned a bachelor's or first professional degree may receive a Perkins loan or FWS wages to pursue a graduate or additional undergraduate degree, but he may not get an FSEOG.

See the margin note on p. 34 about how the Compact Act affects FSEOG and FWS eligibility for students from the Republic of the Marshall Islands and the Federated States of Micronesia.

Teacher certification programs

As with Stafford loans, a student may receive a Perkins loan or FWS for coursework that doesn't lead to a degree or certificate from the school but that is required by a state for an elementary or secondary school teaching credential or certificate. See chapter 1.

PERKINS LOANS

Both undergraduate and graduate students may receive loans under the Federal Perkins Loan Program, but students with *exceptional need* (as defined by your school) have priority. To be eligible for a Perkins loan, a student must meet the general student eligibility requirements and must not have borrowed the maximum amounts. A student who has earned a bachelor's or first professional degree may receive a Perkins loan to pursue an additional undergraduate degree.

A student is ineligible to receive a Perkins loan while in a medical internship or residency program unless it is a dental internship or is part of the school's degree program.

A borrower who is in default on an FSA loan is not eligible for a Perkins loan unless she has regained eligibility. However, a borrower who satisfies any of the conditions that remove her defaulted Perkins loan from the school's cohort default rate becomes eligible for additional Perkins loans.

As with Stafford loans, if a borrower has obtained a discharge of a Perkins loan or NDSL due to total and permanent disability and is

Perkins loan eligibility

34 CFR 674.9

Medical internship or residency
HEA 464(c)(2)(A)(i)

Incarceration
34 CFR 668.32(c)(2)(ii)

Default
HEA 464 (b)(1)

Teacher certification programs
34 CFR 668.32(a)(1)(iii)

Previous disability cancellation

34 CFR 674.9(g) and (h)

Willingness to repay

34 CFR 674.9(e)

applying for another Perkins loan or NDSL, she must follow the procedure explained in Chapter 3.

As mentioned above, a school may award Perkins loans or FWS to students for enrollment in an eligible teacher certification or professional credential program; see chapter 1.

Willingness to repay

In selecting Perkins loan recipients, a school must consider evidence of a borrower's willingness to repay the loan. Previous delinquency, default, or other failure to meet repayment obligations on a previous loan is evidence that the borrower is unwilling to repay other loans. For example, if a borrower has previously satisfied a defaulted student loan involuntarily (such as by garnishment of the borrower's wages), a school should consider this as evidence of unwillingness to repay and should deny further loan assistance to the borrower.

Previous Perkins loan discharged in bankruptcy

As a result of the Bankruptcy Reform Act of 1994, a student or parent may not be denied FSA loans solely on the basis of a bankruptcy filing or discharge. They also may not be required to repay a previously discharged loan in order to reestablish eligibility for new loans. However, FAAs have somewhat more latitude in making awards under the Perkins program than under DL and FFEL because they may consider a student's willingness to repay. If a student has filed for or received a discharge in bankruptcy, has had an FSA loan determined dischargeable by a court of law, or has had an FSA loan discharged in bankruptcy, the bankruptcy may be considered when determining a student's willingness to repay provided it is not the sole basis for the determination and for a denial of a Perkins loan. Schools may also, of course, consider the student's post-bankruptcy credit history in determining willingness to repay.

Additional FWS criteria

For information on eligible FWS jobs, see Volume 6, The Campus-Based Programs.

FWS eligibility

34 CFR 675.9

FEDERAL WORK-STUDY (FWS)

To be eligible for a Federal Work-Study (FWS) job, a student must meet the usual eligibility criteria and must have financial need, that is, his cost of attendance (COA) must be greater than his expected family contribution (EFC). Also, a financial aid administrator may not award FWS employment to a student if that award, when combined with all other resources, would exceed the student's need. However, unlike the other two 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 selection procedures discussed in Volume 3.

FSEOG

To receive a Federal Supplemental Educational Opportunity Grant (FSEOG), a student must meet the general eligibility requirements discussed in the other chapters of this volume. An eligible recipient must also be an undergraduate student and have financial need, and students with the lowest EFCs who will also receive Pell grants for the

FSEOG eligibility

34 CFR 676.9

34 CFR 668.32(c)(1)

award year have primary consideration for FSEOG money. See the volume on calculating awards.

An undergraduate student is defined under the FSEOG Program as a student who is enrolled in an undergraduate course of study at an institution of higher education and who:

- has not earned a bachelor’s degree or first professional degree; and
- is in an undergraduate course of study that usually does not exceed four academic years or is enrolled in a four- to five-academic-year program designed to lead to a first degree.

A student who has earned a bachelor’s or first professional degree is not eligible to receive an FSEOG to pursue an additional undergraduate degree based on the above definition of undergraduate student. A school must make FSEOG funds reasonably available (to the extent that funds remain) to all eligible students.

LEAP PROGRAM

To be eligible for assistance under the Leveraging Educational Assistance Partnership (LEAP) Program, all students must meet the general eligibility requirements for the FSA programs and the additional eligibility criteria that state higher education agencies establish. The student must also demonstrate *substantial financial need*, as defined by the state agency and approved by the Department. The definition may be in terms of income, expected family contribution (EFC), or cost of attendance minus available resources. Regardless of how it defines need, the state agency is responsible for developing a consistent method for approving individual student recipients. States may decide whether to make individual LEAP awards that vary according to student need or to give a set amount to all students who meet the established need criteria.

The maximum award is \$5,000, though states can reduce that. They also determine what costs can be covered; some states limit awards to cover only tuition and fees, while others include allowances for commuting, room, board, and other costs.

Many states exclude students who attend schools outside the state, but some have reciprocal arrangements with neighboring states so that students may receive LEAP funds from their home state even though they are enrolled in another state. LEAP funds may be awarded to students participating in study-abroad programs that are approved for credit by the home school.

Most states limit LEAP awards to undergraduates attending at least half time, but each state may choose to allow graduate, less-than-half-time, and other nontraditional students to also receive LEAP awards.

If a student owes a refund on a LEAP overpayment, she would still be eligible to receive additional FSA funds as long as she meets all

FSEOG undergraduate student definition

34 CFR 676.2(b)

Federal eligibility rules and LEAP funds

The requirement that a student must meet the general FSA program eligibility criteria applies to all the components of a state’s LEAP program: the annual federal allotment of funds and all the state matching funds, including the maintenance of effort match.

other eligibility requirements and as long as the school can eliminate the overpayment by adjusting financial aid payments (other than Pell grants) in the same award period in which the overpayment occurred.

Application, need, and dependency status

In states that have *centralized* administration of the LEAP Program, the student applies directly to the state higher education agency, which receives and processes applications, notifies students of awards, verifies attendance, makes disbursements, and keeps records of all student awards. In states that have *decentralized* administration, the student applies indirectly through the school, to which the state agency has delegated certain functions of the program, such as awarding funds (though these funds are still considered state—not institutional—aid). The school recommends potential recipients to the state agency, which then approves individual awards. Every award requires the agency’s formal approval, based on a determination of need. You can find a list of the state agencies on the Department’s website at www.ed.gov.

Most states measure need as determined by the processing of the FAFSA. However, in decentralized programs LEAP applications may be processed according to need as determined by the school. Either way, the state agency has final authority for selecting recipients according to its standards.

The Department may approve on a case-by-case basis a state’s criteria for determining dependency status if they vary from the established criteria that are listed in the *Application and Verification Guide*. The state must show that it has good reason to use different criteria, yet its definition of an independent student might not differ totally from the federal definition. For example, a state might use all the federal criteria but delete the professional judgment provision.

Cost of applying

To award a student LEAP aid, a state may require him to provide information on the Free Application for Federal Student Aid (FAFSA) or on another free form. In addition, the state may require him to provide more information on a supplemental form. If there is a fee for submitting and processing this supplemental form, the fee must be payable to the state regardless of whether the information from it may also be used for institutional aid.

ROBERT C. BYRD HONORS SCHOLARSHIP PROGRAM

Byrd scholarships are awarded on the basis of outstanding academic achievement and the promise of continued achievement, through procedures established by the state education agency (SEA, the department of education or other agency in the state that is primarily responsible for the supervision of public elementary and secondary schools) in the state where the student is a legal resident. A student attending an out-of-state secondary school, such as a boarding school or a U.S. Department of Defense school overseas, must apply for a Byrd scholarship through the SEA of her state of residence.

The SEA develops its selection procedures after consulting with school boards and administrators, teachers, counselors, and parents. Before each state's selection criteria and application procedures are implemented, they are reviewed and approved by the Department.

Students can receive up to \$1,500 for one year of study, which is the period during which a full-time student is expected to complete one year of coursework as defined by the school.

Initial student eligibility

The eligibility criteria for receiving a Byrd scholarship are similar to those for the FSA Programs but not identical. Each student must meet the criteria listed below during the same secondary academic year in which he submits the scholarship application. The student must:

- graduate from a public or private secondary (high) school (home-schooled students and those at military schools are not eligible for Byrd scholarships) or receive the recognized equivalent of a high school diploma (a GED certificate or a certificate that is earned by passing a state-authorized examination and that the state recognizes as a diploma equivalent);
- have applied to or been accepted for enrollment as a full-time student (one who carries a full-time academic workload as determined by the school for a given program) at an institution of higher education;
- be a legal resident of the state to which he is applying for a scholarship;
- be a U.S. citizen or national or provide evidence from the U.S. Citizenship and Immigration Services (USCIS) that he is

Δ a permanent resident of the United States,

Δ in the United States for other than a temporary purpose, with the intention of becoming a citizen or permanent resident, or

Δ a citizen of the Freely Associated States (Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau);

- is not ineligible to receive assistance as a result of default on a federal student loan or other obligation, as provided under 34 CFR 75.60; and
- is registered with the Selective Service, if so required, in accordance with the regulations in 34 CFR 668.33.

Continuing eligibility criteria

Awards can be renewed for up to three additional years provided that funds are appropriated and students remain eligible. A student remains eligible for the scholarship as long as she continues to:

Part-time attendance example

Wendy is a student at Frisson University who received a Byrd scholarship as a freshman. For her sophomore year she enrolls full-time for the fall semester and half-time for the spring semester since she will be working part-time in a co-op job related to her field of study. Because of this, the SEA waives Wendy's full-time enrollment requirement for spring and prorates the \$1500 scholarship. Wendy would still receive half the scholarship for the fall term ($\$1,500 \times 0.5$ years = \$750), and because she is attending half time in the spring, she will be eligible to receive half of the remaining \$750 ($\$750 \times 0.5 = \375).

- meet the citizenship/permanent resident requirements given previously,
- avoid loan default, as outlined above,
- meet Selective Service obligations,
- maintain the satisfactory academic progress standards of the school in accordance with the provisions of 34 CFR 668, and
- be enrolled as a full-time student (though see the exception below) at an institution of higher education.

Byrd scholarships are awarded for not more than four years. If the student completes his undergraduate program in three years, then he is eligible to receive the scholarship for only those three years.

Part-time enrollment after the first year

Byrd scholars must be enrolled full time for the first year of study. If after the first year the SEA determines that unusual circumstances justify waiving the full-time requirement, the student may enroll part time and continue to receive the scholarship, but the SEA must prorate her payments according to her enrollment status.

Scholarship suspension

A scholar who fails to meet any of the eligibility requirements within an award year will have her scholarship suspended by the SEA. The scholar's eligibility remains suspended until she is able to demonstrate to the satisfaction of the SEA that she again meets the requirements. Once the suspension period reaches 12 months, her eligibility for that scholarship is terminated.

The SEA may define exceptional circumstances under which it will extend the 12-month suspension period without ending the student's eligibility.

Scholars may postpone or interrupt enrollment

A state agency may permit a scholar to interrupt or postpone his enrollment at a postsecondary school for up to 12 months. For a postponement this begins on the date the student would have enrolled in the school after the state agency awarded him the scholarship.

Each state agency establishes standards that determine when it will approve a postponement or interruption. If the SEA does approve the postponement or interruption, it must document the scholar's subsequent enrollment.

A scholar who postpones or interrupts her enrollment is not eligible to receive scholarship funds until she is again enrolled at the school. Note that for a student whose scholarship has been suspended, a postponement or interruption does not count against her in calculating the 12 months of suspension.

Scholarship limited to domestic schools

A Byrd scholar may not use his scholarship to attend a foreign school. He must attend an eligible postsecondary school located in

one of the 50 states, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, American Samoa, or the Freely Associated States (the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau).

However, a scholar studying abroad through an eligible institution (the home school) that is located in a state or one of the other regions listed in the previous paragraph is eligible to receive funds as long as she is enrolled at the home school and receives credit from it.

Byrd Program on the Web

The Department gives information on the Byrd Program at

www.ed.gov/programs/idadesbyrd/index.html

This site has contact information if you have questions (the program is not administered by FSA).

Notes