Volume 2
Student Eligibility
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General Standards of Student Eligibility for Title IV Funds

CHAPTER 1

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. Your school's financial aid office will work with the registrar and admissions offices to gather the necessary information. For more detail on these and other student eligibility requirements, see Volume 1 of the FSA Handbook.

REGULAR STUDENT IN AN ELIGIBLE PROGRAM

A person must be enrolled as a *regular student* in an eligible program in order to receive 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 requirement for an eligible program are discussed in *Volume 1*.

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 until she is officially admitted. Your school may offer a trial or conditional period during which a student attends a program without incurring program charges or receiving FSA funds. If the student continues beyond the trial period and enrolls as a regular student, your school can pay him FSA grants for the entire payment period and loans for the period of enrollment.

Student eligibility
34 CFR 668.32
See *Volume 1* for eligible program requirements.

Regular student example
HEA Sec. 484(a)(1), (b)(3), (4);
34 CFR 668.32(a)(1)

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

Trial periods of Enrollment
DCL GEN-11-12
You may offer trial periods of enrollment to allow a student to "try out" a program, without incurring charges or receiving Title IV aid, before deciding to continue the program as a regular student and applying for Title IV aid. For full details, see the above DCL.

Conditional acceptance examples

1. Guerrero 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 since the school hasn't admitted them, they aren't eligible for FSA funds.

2. When Park 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 FSA. 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 FSA funds.

Remedial coursework
34 CFR 668.20

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

Students with intellectual disabilities
HEA Sec. 484(s)
34 CFR 668.230–233
20 U.S.C. 1091, 1140
Students who:
1) have mental retardation or 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
(2) 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.

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.

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), and a student enrolled solely in a remedial program is not considered to be in an eligible program. In some cases, remedial coursework may or may not contribute towards a determination of eligibility for a student. Consult your school's financial aid office for more information on how your school treats remedial coursework vis-a-vis student eligibility.

Preparatory coursework

A student not enrolled in a degree or certificate program is eligible for Stafford and PLUS loans for up to one year if she is taking coursework necessary for enrollment in an eligible program. See the discussion under Stafford and PLUS loans in Chapter 3 of this volume.

Teacher certification coursework

A student may receive Federal Work-Study (FWS) as well as Stafford, Perkins, and PLUS loans if he 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. 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). 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. Your financial aid office must document that the courses are required by the state for teacher certification.

A student with a bachelor's degree who is enrolled in a postbaccalaureate teacher certification program can receive a Pell Grant in limited situations. See Chapter 3 of this volume.

Students with intellectual disabilities

Students with an intellectual disability (see margin note) 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 Section 760 of the HEA, 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.

Except the statutes governing need analysis, the Department has the authority to waive any Pell grant, FSEOG, FWS, or institutional eligibility provisions necessary to ensure that programs enrolling these students are eligible for Federal Student Aid and that eligible students receive those funds.

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.

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

Elementary/secondary enrollment
HEA Sec. 484(a)(1)
34 CFR 668.32(b)

ACADEMIC QUALIFICATIONS

To receive FSA 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 or GED certificate; or
- has completed homeschooling at the secondary level as defined by state law.

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

Academic qualifications
HEA Sec. 484(d)
34 CFR 668.32(e)

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, your school must evaluate the validity of the student's high school completion.

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 she took. For more information on checking high school diplomas, consult your financial aid office.

Equivalents to a high school diploma

Recognized equivalent of a high school diploma
34 CFR 600.2
Example: Kitty enrolls in the bachelor's degree program at Brandt College. She didn't graduate from high school and doesn't have a GED. Brandt looks at her high school records to see if she excelled academically in high school. Because she had a C average, she doesn't meet Brandt's standard for admitting students who excel academically and therefore doesn't have the equivalent of a high school diploma. If she were enrolled in a two-year program that counted as two years of her bachelor's degree, she'd have the equivalent of a high school diploma when she completed that program and would be eligible for FSA for the last two years of her degree program. However, since Kitty never went to college before, she is not eligible for federal student aid.

The Department recognizes several equivalents to a high school diploma:

- A GED;
- A certificate demonstrating that the student has passed a state-authorized examination (for example, the California High School Proficiency Exam) that the state recognizes as the equivalent of a high school diploma;
- An academic transcript of a student who has successfully completed at least a two-year program that is acceptable for full credit toward a bachelor's degree; or
- For a student who enrolls before 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.

Homeschooling

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

Though homeschooled students are not considered to have a high school diploma or equivalent, they are eligible to receive FSA 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, she must obtain this credential in order to be eligible for FSA funds. She can include in her homeschooling self-certification (see above) that she received this state credential.

Homeschooled students and institutional eligibility
HEA Sec. 102(a)(b)(c)

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 further attend secondary school or continue to be homeschooled. See also *Volume 1, Elements of Institutional Eligibility*.

Ability-To-Benefit (ATB) test

Effective with the 2012-2013 award year, new students who do not have a high school diploma, or an equivalent such as a GED, and who did not complete secondary school in a homeschool setting are not eligible for Title IV funds. Such students can no longer become eligible by passing an approved "ability-to-benefit" test or by satisfactorily completing at least six credit hours or 225 clock hours of college work that is applicable to a degree or certificate offered by the student's postsecondary institution.

However, students who were enrolled in an eligible educational program of study before July 1, 2012, may continue to be considered Title IV eligible under either the ATB test or credit-hour standards, as discussed in *Volume 1, Chapter 1* of the *2011-12 FSA Handbook*.

ATB options limited
Consolidated Appropriations Act 2012
GEN-12-03

SATISFACTORY ACADEMIC PROGRESS (SAP)

To be eligible for FSA funds, a student must make satisfactory academic progress (SAP), 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 the criteria explained in this section.

Satisfactory Academic Progress
HEA Sec. 484(c),
34 CFR 668.16(e)
34 CFR 668.32(f)
34 CFR 668.34
The SAP regulations were rewritten in 2010 and appear in the Oct. 29, 2010, Federal Register.

Your SAP policy must be at least as strict as that for students who are not receiving FSA funds at your school, and it must apply consistently to all educational programs and to all students within categories, e.g., full-time, part-time, undergraduate, and graduate students. The policy must require 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 require annual reviews and 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 your school reviews at each payment period, it must review SAP after a summer term if the student attends the summer term.

Satisfactory Academic Progress Q&A
SAP Q&As are added and updated on a continuing basis at the following site: **http://www2.ed.gov/policy/highered/reg/hearulemaking/2009/sap.html.**

Grades and pace of completion

The 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 Higher Education Act 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.

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. This may, however, be an item that is subject to appeal if the school's policy permits such appeals.

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 FSA 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.

Maximum time frame—
- For an undergraduate program measured in credit hours, a period no longer than 150 percent of the published length of the program.
- 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 time frame 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.

Retaking a program

Your school may permit a student to receive FSA funds for retaking a program that she has completed before. For more details, see "Eligibility and enrollment status for retaking coursework" sidebar later in this chapter.

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 academic progress in remedial coursework.

Your 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 time frame, and each academic progress check must measure this. 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 he has attempted. Your school may include, but isn't required to include, remedial courses when making the quantitative assessment.

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 the number. Also, your school 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.

Your school's policy must explain how GPA and pace of completion are affected by course incompletes, withdrawals, and repetitions, and by transfer credits from other schools. At a minimum, transfer credits that count toward the student's current program must count as both attempted and completed hours. Your school may have reasonable rules for students who initially enroll in specific courses but modify that enrollment within a limited time. However, your policy cannot exclude from the progress review courses in which a student remained past the add/drop period and earned a grade of "W" (or its equivalent), nor can it routinely exclude certain hours attempted, such as those taken during a summer session.

Generally, all periods of the student's enrollment count when assessing progress, even periods in which the student did not receive FSA funds. However, 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. Your school may limit how many times a student can in this way "reset" academic progress by changing majors.

An SAP review 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 FSA funds unless she is placed on financial aid warning (if your school reviews SAP at the end of each payment period) or probation (after a successful appeal), as explained below. Your policy must describe both of these statuses if it allows for them, and it must provide for notification to students of the results of any evaluation that affects their eligibility for FSA funds.

Grades 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.

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. Schools do not need to use the warning status; they can instead require students to immediately appeal to be placed on probation. Your financial aid office 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 FSA 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.

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 FSA funds for that program.

Appeals, financial aid probation, and academic plans

All schools may use the 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. For more detail on the process and documentation of appeals, consult your financial aid office.

Re-establishing 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 FSA 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 FSA funds, or that he interrupt his attendance for one or more academic periods, may be part of your academic progress policy. However, **neither paying for one's classes nor sitting out for a term affects a student's academic progress standing, so neither is sufficient, by itself, to re-establish aid eligibility.**

ENROLLMENT STATUS

A student must be enrolled at least half time to receive aid from the Stafford and PLUS Loan programs. The Pell, TEACH Grant, and Campus-based programs don't require half-time enrollment, except for postbaccalaureate Pell Grants for teacher education, Perkins, and, for programs granting a teaching credential, FWS. However, enrollment status does affect the amount of Pell a student receives; see *Volume 6*.

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 than the minimum standard (see the margin note on students with intellectual disabilities).

Minimum standards for full-time enrollment

Students' 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, 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 a semester, trimester, or quarter system, or the prorated equivalent for a program of less than one academic year;
- 24 clock hours per week for an educational program using clock hours;
- 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 academic year;

Full-time student definition
34 CFR 668.2(b)

Half-time enrollment
HEA Sec. 428(b)(1)(A),
34 CFR 668.2(b)
A school may choose to define half time as half of the minimum full-time 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.

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

34 CFR 668.20
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.

Enrollment status for students with intellectual disabilities
Because a comprehensive training 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.

- 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 work, a courseload commensurate with the 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.

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 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* of the *FSA Handbook* for more on Pell and enrollment status and correspondence courses.

If a student is enrolled in courses that do not count toward his degree, they cannot be used to determine enrollment status unless they are eligible remedial courses. This means your school cannot award the student aid for classes that do not count toward his degree or certificate. 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

34 CFR 668.2(b)

The regulatory definition for full-time enrollment status (for undergraduates) has been revised to allow a student to retake (one time only per previously passed course) any previously passed 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 class may be counted towards a student's enrollment status, and the student may be awarded Title IV aid for the enrollment status based on inclusion of the class.

A student may be repeatedly paid for retaking the same failed course (normal SAP policy still applies to such cases), and if a student withdraws before completing the course that he or she is being paid Title IV funds for retaking, then that is not counted as his or her one allowed retake for that course. However, if a student passed a class once, and then is repaid for retaking it and fails the second time, that failure counts as their one allowed 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, any courses retaken that were previously passed in this case are not eligible for Title IV aid.

For a list of retaking coursework Q&A's (updated in late 2011), see: **www2.ed.gov/policy/highered/reg/hearulemaking/2009/course.html.**

Drug convictions
HEA Section 484(r)
34 CFR 668.40
A student who self certifies that he or she has a qualifying drug conviction will receive a "C" code and comment code 053, 054, 056, 058, or 052 or his or her SAR and ISIR. See the SAR Comment Code and Text Guide on IFAP.

Drug abuse hold
The Anti-Drug Abuse Act of 1988 includes provisions that authorize federal and state judges to deny certain federal benefits, including student aid, to persons convicted of drug trafficking or possession. The Central Processing System maintains a hold file of individuals who have received such a judgment. All applicants are checked against this file to determine if they should be denied aid. This is separate from the check for a drug conviction via question 23; records matching the drug abuse hold file receive a rejected application (reject 19 and comments 009 or 055 on the SAR and ISIR). See the *ISIR Guide* on the IFAP publications page for more information.

Incarcerated students
HEA Sec. 401(b)(8) and 484(b)(5)
34 CFR 600.2 and 668.32(c)(2)

STUDENTS CONVICTED OF POSSESSION OR SALE OF DRUGS

A federal or state drug conviction can disqualify a student for FSA funds. The student self-certifies in applying for aid that he is eligible; you're not required to confirm this unless you have conflicting information.

Convictions only count against a student for aid eligibility purposes (FAFSA question 23c) if they were for an offense that occurred during a period of enrollment for which the student was receiving Federal Student Aid—they do not count if the offense was not during such a period, unless the student was denied federal benefits for drug trafficking by a federal or state judge (see drug abuse hold sidebar). Also, a conviction that was reversed, set aside, or removed from the student's record does not count, nor does one received when she was a juvenile, unless she was tried as an adult. For more detail on losing eligibility due to a drug conviction, see *Volume 3* of the *FSA Handbook*.

INCARCERATED STUDENTS

A student is considered to be incarcerated if 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). A student is not considered to be incarcerated if she is in a half-way house or home detention or is sentenced to serve only weekends. You may accept the student's written self-certification that he is no longer incarcerated.

Incarcerated students are not eligible for FSA loans but are eligible for FSEOGs and FWS. They are also eligible for Pell grants if not incarcerated in a federal or state penal institution.

CONFLICTING INFORMATION

In addition to reviewing data provided by the Department's application system and NSLDS, your school must have an internal system to share information relevant to the student's eligibility, such as his 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. 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.

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

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 FSA funds. If your school discovers a discrepancy after disbursing FSA 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. Refer to the *FSA Handbook's Application and Verification Guide* and *Volume 1* of this publication for more information.

CHANGE IN ELIGIBILITY STATUS

A change in a student's eligibility status during the award year 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 status changes within and between terms, see the *FSA Handbook, Volume 3, Chapter 3*.

Gaining eligibility

A student who *applies for aid* by filling out a FAFSA is eligible for aid for the entire award year. A student who *gains eligibility* is one who was previously ineligible for some reason. In general, she may receive Pell Grant, TEACH, and Campus-Based funds for the **entire payment period** and Stafford and PLUS **loans for the period of enrollment** in which 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 becomes eligible by meeting the requirements for citizenship (including becoming an eligible noncitizen), having a valid Social Security number, or Selective Service registration.

Losing eligibility

A student cannot receive any Federal Student Aid after losing eligibility for it, unless he qualifies for a late disbursement. For more information on late disbursements, see *Volume 5*.

Gaining eligibility example

Allen enrolls in a one-year certificate program at Sarven Technical Institute. Sarven won't officially admit Allen before he provides an academic transcript from his previous school, but it lets him start classes in the fall. Sarven receives Allen'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 Allen can receive a loan.

Losing eligibility example

George is a student at Guerrero University. At the end of September, after the start of the fall term, he is convicted in a state court for possession of drugs. It is his first offense, and he isn't incarcerated, but he is ineligible for aid. Guerrero gave George his first Direct subsidized loan disbursement at the beginning of the semester in September and was going to disburse a Perkins Loan to him in October. Now Guerrero can't disburse the Perkins Loan. George doesn't have to pay back the first disbursement of his Direct Loan, but he can't receive additional FSA funds until one year elapses or he successfully completes a qualified drug rehabilitation program.

Documenting citizenship
34 CFR 668.33(d)

Citizenship issues
All applications are matched with the Social Security Administration (SSA) to determine U.S. citizenship.
Applications that have an Alien Registration Number (ARN) are matched against Department of Homeland Security (DHS) records.
If the DHS match fails after automated primary and secondary confirmation, the school must conduct paper secondary documentation.

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

U.S. citizen or national
A person is a United States citizen by birth or by naturalization. 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 to be U.S. nationals, but not all nationals are citizens. Persons whose only connection to the United States is through birth on American Samoa, Swain's Island, or the United States Minor Outlying Islands are not U.S. citizens but are nationals and therefore may receive FSA funds.

Eligible noncitizen and name changes
When an eligible noncitizen student changes his or her name, the student needs to update it with SSA and DHS. For the DHS update, students can do this at a local USCIS office, or see **www.USCIS.gov/SAVE**, and click on "Information for Noncitizens Applying for a Public Benefit" and then "How to correct your records." For the SSA update, see **http://ssa-custhelp.ssa.gov.**

CITIZENSHIP STATUS

A student must be one of the following to be eligible to receive Federal Student Aid:

- A U.S. citizen or national;
- A U.S. permanent resident or other eligible noncitizen;
- 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 (see *Volume 1* of the *FSA Handbook* for more detail).

For more information on citizenship requirements vis-a-vis student eligibility, see *Volume 1, Chapter 2* of the *FSA Handbook*.

Citizenship match with the SSA

To determine whether applicants are citizens, all applications are matched with Social Security records. If there is a complete match with the student's Social Security number, name, date of birth, and U.S. citizenship, the CPS will determine the student to be a citizen.

▼ *Successful match.* The SAR and ISIR will have a match flag (but no comment) indicating that the student's status was confirmed.

▼ *Data doesn't match.* If the student's SSN, name, or date of birth doesn't match SSA records, his citizenship status can't be confirmed and a C code and a comment will appear on the output document. The student should correct the SSN, name, or date of birth and submit it. The CPS will perform the match again, and your financial aid administrator must see if the new ISIR confirms the student's citizenship status; if it does, the C code will no longer appear.

▼ *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 citizen and that she needs to provide her financial aid office with documents proving citizenship. If she provides eligible noncitizen documentation, make a correction by entering her A-number on the ISIR, changing her citizenship status to eligible noncitizen, and submitting it to the CPS, which will attempt a match with DHS records to confirm the student's status.

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

U.S. citizenship documentation

If a student must prove his status as a citizen or national, your school decides what documents are acceptable. The Department doesn't specify them, but here are documents you might choose to use:

- A copy of the student's birth certificate
- A U.S. passport, current or expired, except limited passports
- A copy of Form FS-240 (Consular Report of Birth Abroad), FS-545 (Certificate of birth issued by a foreign service post), or DS-1350 (Certification of Report of Birth)
- A Certificate of Citizenship (N-560 or N-561)
- A Certificate of Naturalization (N-550 or N-570)

Updating status for citizens born abroad

Students born abroad to U.S. citizens are also U.S. citizens, and their status is usually noted in the SSA's database when they receive an SSN. But occasionally a student's citizenship might not be correct, and such a student (for example, one born on a military base abroad) will fail the citizenship match even if he has a Social Security number. Such a student can contact the SSA to have its database corrected. For details, see *Volume 1, Chapter 2* of the *FSA Handbook*.

Noncitizen match with the DHS

To determine whether a student may be considered an eligible noncitizen for FSA aid purposes, the DHS assigns to all legal immigrants an A-number, which FSA uses to verify the immigration status of permanent residents and other eligible noncitizens. If the applicant indicates on the FAFSA that he is an eligible noncitizen and provides an A-Number, identifying information is sent to the DHS for primary (and, if necessary, automated secondary) confirmation.

School policies and procedures on secondary confirmation
34 CFR 668.134–135

Paper secondary confirmation (G-845)

If the student didn't pass automated secondary confirmation or if you have conflicting information about his immigration status after receiving a match result, your school must use paper secondary confirmation. The student must give you unexpired documentation that shows he is an eligible noncitizen.

Conditions requiring secondary confirmation
34 CFR 668.133(a)

Using the G-845 for secondary confirmation

To initiate paper secondary confirmation, your school's financial aid office must complete a Form G-845 and send it to the USCIS field office. See *Volume 1* of the *FSA Handbook* for detail on DHS responses. Your financial aid office will interpret the DHS responses to determine eligibility.

Eligible noncitizens and documentation

For more detail on these statuses and related processes and documents, see *Volume 1, Chapter 2* of the *FSA Handbook* or consult your financial aid office. For classes of eligible noncitizens other than permanent residents, evidence of their status typically is on the I-94, but other documents are also acceptable.

Citizens of the Freely Associated States

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 the margin note) but are not eligible for FSA loans. They should indicate on the FAFSA that they are eligible noncitizens and leave the A-Number item blank.

If the student doesn't have an SSN, he enters 888 and the Department will give him a number to use, or if he was given a number in the previous year, he should use that. Because he isn't giving an A-Number, his application won't go through the DHS match.

Child Citizenship Act (CCA)

The CCA became effective on Feb 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.

For more information, contact the USCIS, visit their website at **www.uscis.gov**, or see the State Department's intercountry adoption website at **http://adoption.state.gov/**.

- **Lawful permanent residents** are noncitizens who are legally permitted to live and work in the U.S. permanently.
- **Conditional resident aliens** are eligible for aid if their documentation has not expired.
- **Refugees** are given indefinite employment authorization.
- **Persons granted asylum** in the United States are also authorized for indefinite employment, and they can apply for permanent residence after one year.
- **Persons paroled into the U.S. for at least one year** must provide evidence (such as having filed a valid permanent resident application) 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.
- **Cuban-Haitian entrants** as defined by Section 501(e) of the Refugee Education Assistance Act (REAA) of 1980.
- **Conditional entrants** are refugees who entered the United States under the seventh preference category of P.L. 89-236 or whose status was adjusted to lawful permanent resident alien under that category.

Victims of human trafficking and Battered immigrants-qualified aliens are verified with an alternate process, not paper secondary confirmation. For more detail, refer to *Volume 1, Chapter 2* of the *FSA Handbook.*

SOCIAL SECURITY NUMBER

SSN requirement
HEA Sec. 484(p)
Student Assistance General Provisions
34 CFR 668.32(i), 668.36

Students fill out a FAFSA in order to be considered for FSA aid. The FAFSA collects students' and dependent students' parents' Social Security numbers (SSN) 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 matches the name and birth date on the application. For the full list of SSN match results, see 2012-2013 SAR Comment Codes and Text (**www.ifap.ed.gov**). For more information on SSN requirements, see *Volume 1, Chapter 4* of the *FSA Handbook*.

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 the local Social Security office for help. There is one exception to the requirement to provide SSNs (see the Exception for the Freely Associated States sidebar).

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.

If the CPS match with the Social Security Administration 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.

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.

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.

Date of death

If the Social Security Administration's database shows a date of death associated with the SSN the student reported, the student's application will be rejected.

Master death 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. Also, the CPS will disable PINs and will not generate renewal applications for individuals found in the death file.

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.

SSN Exception for Micronesia, Marshall Islands, and Palau

Students from the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau might not have SSNs. The CPS will assign an identification number to students who indicate on their FAFSA that their state of legal residence is one of the named Pacific island nations and who do not provide a Social Security number. These applications don't go through the SSN match with the SSA. If the students are using FAFSA on the Web, there is an edit that allows them to enter in the SSN field their identification number, which will begin with 888.

Selective Service requirement
General Provisions
34 CFR 668.32(j), 668.37
PLUS exemption 682.201(b)(1)(v)

Age and registration
The student can be registered with Selective Service as early as 30 days before his 18th birthday. If the student is too young, Selective Service will hold the registration until the student is within 30 days of his 18th birthday. Students 26 and older can't be registered.

Gender and registration
Only males are required to register. Whether a person is male or female is a matter for medical determination. If a school needs to determine whether a student is male or female for Selective Service purposes, the school should tell the student to contact the Selective Service for a Status Information Letter.

Exemptions
34 CFR 668.37(a)(2)

Uncommon exemptions
There are certain less common situations in which registration isn't necessary. Students who weren't required to register prior to meeting one of these criteria and who meet a criterion for the entire time through the age of 25 qualify for the waiver if:

- they are unable to register due to being hospitalized, incarcerated, or institutionalized;
- they are enrolled in any officer procurement program at The Citadel, North Georgia College and State University, Norwich University, Virginia Military Institute, Texas A&M University, or Virginia Polytechnic and State University; or
- they are commissioned Public Health Service officers on active duty or members of the Reserve of the Public Health Service on specified active duty.

SELECTIVE SERVICE REGISTRATION REQUIREMENT

Men aged 18–25 are required to register with the Selective Service System (SSS). Students who are required to register with the Selective Service must do so to be eligible for FSA funds, but parents who want to borrow a PLUS Loan aren't required to have registered.

This requirement covers men residing in the United States who are U.S. citizens or noncitizens, except that a man who is in the U.S. as a lawful nonimmigrant isn't required to register as long as he maintains that status (see the exceptions to the registration requirement The student has several ways to register, including using the FAFSA (there is a question that asks if the student wants Selective Service to register him). If he indicates that he wants to be registered, we will submit his registration information to the Selective Service. If he doesn't answer this question, he can do so later on the student aid report (SAR) and submit the correction. The student may also register online at the Selective Service website **(www.sss.gov)** or by filling out a form available at the post office.

For more information on Selective Service registration requirements, see the *FSA Handbook, Volume 1, Chapter 5*.

Registration exemptions

Men exempted from the requirement to register include: males currently in the armed services and on active duty (this exception does not apply to members of the Reserve and National Guard who are not on active duty); males who are not yet 18 at the time that they complete their applications (an update is not required during the year, even if a student turns 18 after completing the application); males born before 1960; citizens of the Republic of Palau, the Republic of the Marshall Islands, or the Federated States of Micronesia*; noncitizens who first entered the U.S. after they turned 26; and noncitizens who entered the U.S. as lawful *nonimmigrants* on a valid visa and remained in the U.S. on the terms of that visa until after they turned 26.

Selective Service match

The CPS performs a match with the SSS to determine if relevant students are registered. The output document displays the match result in the FAA Information section, as well as a comment about the result.

Successful matches

If the match shows that the student is registered or exempt, a comment confirming this fact will be on the student's output document. The student is then eligible for aid. The student is also eligible for aid if the match shows that the student is still too young to register. Finally, the student is also eligible if the CPS successfully forwards the student's name to Selective Service for registration.

Unsuccessful matches

If the match doesn't confirm the student's registration or the student can't be registered, the output document will have a comment about the problem. A "C" code will also be printed next to the student's EFC. Until the student resolves the registration problem, you can't pay FSA funds to the student or certify or originate a loan. If the student is 26 or older, the CPS cannot register the student but will send his record through the data match. If the student is not registered, he can no longer do so, and you will have to determine if he is eligible for aid despite failing to register.

Failure to register

Some students have been denied aid because they failed to register with the Selective Service before their 26th birthday. The Selective Service will register only males age 18–25, leaving older students with no way to remedy their situation if they failed to register. However, the student may still be eligible to receive aid if he can demonstrate that he did not knowingly and willfully fail to register.

A student who served on active duty in the armed forces but who did not register before turning 26 is still eligible to receive FSA funds because it's reasonable to conclude that he was not trying to avoid registering for the Selective Service. Students without military service who knew of the registration requirement but chose not to register are considered to have knowingly and willfully failed to register and are therefore ineligible for FSA funds. Your school's decision in this case is final and cannot be appealed to the Department except as noted in the margin.

Determining if non-registration was knowing and willful

Unless your school can document that the student meets one of the registration exemptions or that he served on active duty in the armed forces (with a character of service other than dishonorable), he must write to the Selective Service to get a status information letter addressing his failure to register. If you determine that the student's failure to register was knowing and willful, the student loses FSA eligibility. When deciding whether the student had knowingly and willfully failed to register, your financial aid office will consider the following factors:

- **Where the student lived when he was age 18–25.** For example, if a student was living abroad, it is more plausible that he would not come into contact with the requirement for registration.

- **Whether the student claims that he thought he was registered.** Mistakes in recordkeeping can occur. Correspondence indicating an attempt to register could form a basis for determining that the student did not knowingly and willfully fail to register. On the other hand, a letter from Selective Service stating that it received no response to correspondence sent to the student at a correct address would be a negative factor.

- **Why the student claims he was not aware of the widely publicized requirement to register when he was age 18–25.**

Failure to register
34 CFR 668.37(d), (e)

Appeals
The school's decision is final and cannot be appealed to the Department except in one limited instance. The regulations state that the Department will hear appeals from students who have provided their schools with proof that they are in compliance (i.e., that they are registered or exempt from registration) but who are still being denied Federal Student Aid based on the registration requirement.
34 CFR 668.37(f)

Enrollment status and retaking coursework provisions and limitations
34 CFR 668.2(b)
34 CFR 668.20(d),(f)
www2.ed.gov/policy/highered/reg/hearulemaking/2009/course.html

Pell Grant disbursements for re-entering students

For Pell and TEACH Grant disbursements in the award year, if a student enrolled in a clock-hour or nonterm credit-hour educational program re-enters the program within 180 days after initially withdrawing and before the deadline for the award year published, a school may request administrative relief to disburse the student's grant by the earlier of 30 days after the student re-enrolls or the deadline for the award year published in the Federal Register.

Repeating after program completion

Any student who completes an entire nonterm credit-hour or clock-hour program, and later re-enrolls to take that same program again or to take another program, may be paid for repeating coursework regardless of the amount of time between completion of the first program and beginning the program or another program again.

Satisfactory progress & repeated coursework

For satisfactory academic progress purposes, each time a course is taken counts as an attempt; only the first time a passing grade is received is counted as a completion.

ELIGIBILITY FOR RETAKING COURSEWORK

Term-based programs

Your school may count towards enrollment status and award Title IV funds to a student who is repeating, for the first time only (i.e. one repetition per class), a previously passed course in a term-based program. 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. **Students enrolled in non-term-based programs may not receive credit for retaking coursework**.

Conversely, your school may not pay a student for retaking previously passed courses if the student is required to retake those courses because they failed a different course. For example, a student enrolls in four classes in the fall semester, passes three of them, and fails one. The school requires the student to retake the three classes because they failed the one class. The student retakes all four classes in the spring semester. The failed class would be counted towards the student's enrollment status (and could have Title IV aid awarded for it), but the three classes previously passed in the fall would not be counted towards the student's enrollment status and would not be eligible for aid.

In any case, remember that **retaken classes may count against satisfactory academic progress**, and the student's eligibility is still constrained by all the requirements of satisfactory academic progress, as discussed in *Volume 1* of the *FSA Handbook*. Also, the one-year academic limitation on non-credit and reduced-credit remedial coursework still applies, so, for example, a student repeating a remedial course that exceeds the one-year limitation could not have the class included in his or her enrollment status.

For more detail on how to address a variety of retaking circumstances, see *Volume 3, Chapter 1* of the *FSA Handbook*.

Transfer, re-entry, & repeating coursework when progress is not tracked by terms

A student who withdraws from a clock-hour or credit-hour nonterm program and then re-enters within 180 days is considered to remain in the same payment period when he/she returns and, subject to conditions imposed by ED, is eligible to receive FSA funds for which he/she was eligible prior to withdrawal, including funds that were returned under the R2T4 rules in *Volume 5* of the *Blue Book*.

Re-entry after 180 days and transfer students

Generally, your school must calculate new payment periods for a clock-hour or credit-hour nonterm program for:

- a student who withdraws and then re-enters the same program at the same school *after 180 days;* or
- a student who withdraws from a program and enrolls in a new program at your school, or at another school within *any time period*.

For purposes of calculating payment periods ONLY, the length of the program is the number of credit or clock-hours and weeks of instructional time the student has remaining in the program that he/she re-enters or transfers into. If the remaining hours and weeks constitute half of an academic year or less, the remaining hours constitute one payment period. In this circumstance, the student may be paid for repeating coursework if the student is receiving credit for repeating the course.

However, your school may consider a student who transfers from one program to another at your school to remain in the same payment period if all of the following conditions apply:

- the student is continuously enrolled at your school;
- the coursework in the payment period the student is transferring out of is substantially similar to the coursework the student will be taking in the program into which he/she is transferring;
- the payment periods are substantially equal in length in weeks of instruction and credit or clock-hours;
- there are little or no change in school charges associated with the payment period; and
- the credits from the payment period the student is transferring out of are accepted for credit in the new program.

Transfer students
34 CFR 685.301

Re-entry within and after 180 days
34 CFR 668.4(f),(g),(h)

Retaking coursework school policy and operations

Your school may establish a policy that permits or bars students from retaking previously passed coursework, for example, to improve grade point average. Based on such policies, the applicable guidance in the Handbook and regulations can be used to determine how to award Title IV aid.

You may wish to consult with your school's registrar to ensure that your school's class repetition policy is properly coordinated and implemented by both offices, including any changes that need to be made to the registrar's policies and operations for enrolling students.

Stafford/PLUS payment periods when student transfers to a new school

If a student transfers into a program at a new school, and the program is not offered in either standard terms or terms that are substantially equal in length, with each term at least 9 weeks in length (SE9W), the new school may originate a loan for the remaining portion of the program or academic year if:

- the new school accepts a student's credit or clock-hours earned at a prior school, and
- the period of enrollment for the loan at the first school overlaps the period of enrollment at the new school.

The loan at the new school may not exceed the remaining balance of the student's loan limit at the new school, after the disbursements at the first school are taken into account. In addition, the loan period at the new school must cover the remaining hours and time frame of the overlapping prior loan period.

If the new school *has not accepted any credits on transfer*, the new school must originate a loan for an academic year, or for the remaining balance of a program if less than an academic year. The applicable annual loan limit is the difference between the amount disbursed at the prior institution and the student's new applicable annual loan limit.

NSLDS Financial Aid History

CHAPTER 2

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) on-line at ***www.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 postscreening and transfer student monitoring processes.*

NSLDS FINANCIAL AID HISTORY

A person generally isn't eligible for FSA funds if he is in default on an FSA loan or he owes an overpayment on an FSA grant or loan and he 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 or owe an overpayment on an FSA loan or grant (though having a parent in default on a PLUS Loan does not make a student ineligible for aid). Exceptions to these general rules are noted in the discussion that follows.

Any student applying for FSA 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).

A student is also ineligible if she inadvertently exceeded annual or aggregate loan limits. She can regain eligibility by repaying the extra amount borrowed or making arrangements, satisfactory to the loan holder, to repay it. See *Volume 4* of the *FSA Handbook* for more details.

A student who has been convicted of, or has pled no contest or guilty to, a crime involving fraud in obtaining FSA 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.

Finally, 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) had 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.

Financial aid history
34 CFR 668.19
Dear Colleague Letter GEN-96-13;
Federal Register notice
Sept. 16, 1996

Federal default and debt
HEA Sec. 484(a)(3), 484(f),
34 CFR 668.32(g), 668.35

Loan limits and eligibility
HEA Sec. 484(f),
34 CFR 668.32(g)(2), 668.35(d)

Judgment lien example

When Charlotte provides her parents' tax return to the aid administrator at Branstad College, he notices that they've reported business income but didn't report a business asset on the FAFSA. Charlotte 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 her that the asset must still be reported and that her parents won't be able to borrow a PLUS Loan as long as they are subject to the lien.

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 your school is not required to check for such liens. However, if you know that she is subject to such a lien, you can't pay her FSA funds.

NSLDS MATCH

To help your school identify students with problems such as defaulted loans or overpayments, the CPS matches the student's FAFSA information with her financial aid history in the NSLDS database. Your school must resolve any conflicts between NSLDS and other information you have about the student before disbursing FSA 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 SAR and ISIR 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 or 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; see the sidebar), 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.

Adding a school and the NSLDS match

When a school is added after the FAFSA has been submitted, the FAFSA 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 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 on the IFAP website at the NSLDS Reference Materials link under Processing Resources.

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 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, your financial aid administrator can have her 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 (see sidebar), for help with determining the identifiers with the SSN in the NSLDS database. If your financial aid office discovers the discrepancy is due to the student misreporting the name or date of birth on the FAFSA, it should have the student make a correction. However, your school 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 your financial aid office finds that the financial aid history associated with the student's SSN doesn't belong to the student, it should assume that the student has no relevant financial aid information. The financial aid office 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. The financial aid office isn'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. Your financial aid office can assume this is correct unless it has conflicting information. If it believes NSLDS should show a loan history, it should help the student by contacting the appropriate loan servicer or, for 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. For example, if the only data for a student was about a Pell grant received in the previous award year, that would not be reported because it isn't needed to determine the student's aid eligibility for the current award year. 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.

NSLDS Customer Support Center
(800) 999-8219

Example of misreported information on the FAFSA

When Krieger University (KU) receives Tod's ISIR, it shows that there was a discrepancy with the NSLDS database, and so no financial aid history information is provided. The aid administrator at KU asks Tod if he provided the correct name and birth date on the application. Tod says he wrote in the wrong month for his birth date, but his name is correct. The administrator checks the NSLDS database using Tod's first name, SSN, and date of birth. NSLDS shows the correct birth date, but the first name of the student is Warren, not Tod. She checks again with Tod, who explains that Tod is a nickname and Warren is his real name. The administrator determines that the financial aid history associated with the SSN belongs to Tod. She could disburse aid without requiring a correction, but Tod has other corrections to make, so she will wait for the ISIR correction before disbursing aid.

Example of incorrect NSLDS data

Lydia is a first-year undergraduate at Bennet College and has never attended college before. When Bennet receives Lydia's ISIR, it shows that there was a partial match, and there is some data associated with her SSN. Bennet 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. Bennet determines that this isn't Lydia's loan, so she has no financial aid history in NSLDS. Bennet 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.

▼ *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. Your aid office 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 your aid office can use the results of that match to determine her eligibility.

Postscreening—changes after initial match

Once your school receives the financial aid history through NSLDS, your school isn't required to check for changes to the data before disbursing funds to the student. But if your school learns, from NSLDS or another source, that the student was not or is no longer eligible, you must not disburse any more FSA funds and must help make sure the student arranges to repay the aid for which he or she was not 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 your school 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 your school receives an ISIR on which that number is higher than the one on the ISIR it used to determine the student's eligibility, it must review the NSLDS data on the new ISIR to be sure there are no changes affecting the student's eligibility. There will be postscreening codes (see *The ISIR Guide* for the list) to help determine what changed.

Transfer student monitoring
Dear Partner Letters GEN-00-12 and GEN-01-09

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.

NSLDSFAP
www.nsldsfap.ed.gov

CHECKING THE FINANCIAL AID HISTORY FOR TRANSFER STUDENTS

Before disbursing FSA funds to a transfer student, your financial aid office **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 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, your school will need to review her aid history on the ISIR or online at the NSLDS website. From this, it 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 your financial aid office 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 your financial aid office needs that level of detail for those loans, it can get the information from NSLDS. Or it might need to use NSLDS to resolve a partial match situation.

▼ *Transfer student monitoring process.* Your school must send NSLDS identifying information for students transferring to your school during the award year so that NSLDS can notify the school of changes to their financial aid history. Your financial aid office 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.* Your financial aid office **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 (see the margin note) through SAIG. Your school may use either or both methods, and a change in method does not require prior notification to the CSC.

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 IFAP website at the NSLDS reference materials link under Processing Resources.

Sending batch files

To begin sending batch files, you must sign up at **www.fsawebenroll.ed.gov** for the Transfer Student Monitoring/ Financial Aid History (TSM/FAH) batch service. Then you must designate a profile for your school on the School Transfer Profile Page (**www.nsldsfap.ed.gov**) prior to creating any Inform records. The School Transfer Profile tells NSLDS who will be submitting Inform files from or on behalf of your school and how your school wants to receive an alert notice.

Re-populate Transfer Monitoring List

NSLDS Professional Access offers a Transfer Monitoring Re-populate web page that enables you to re-populate your TSM list of students from the Inform list used during a prior monitoring period so you can continuously add from one monitoring time period to another. For more information see NSLDS Newsletter 23.

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 *FSA Handbook, Volume 5* for a complete discussion of resolving overpayments and overawards.

- *Monitor*. NSLDS will monitor these students for a change in financial aid history that may affect their current awards and alert your school 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 6 when filing the FAFSA, he has to add your school in order 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 e-mail 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 EFC. A valid ISIR will include that and the student's financial aid history, and it will also tell your school if he is in default or owes an overpayment. The postscreening process will send your school another ISIR if he subsequently goes into or out of default or owes or ceases to owe an overpayment.

When your financial aid office initiates transfer monitoring for a student, NSLDS will alert it 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 your financial aid office starts transfer monitoring before it receives ISIRs for a student, NSLDS will track changes in her financial aid history from the date of the request or a future monitoring begin date chosen by your school.

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.

Total and permanent disability discharge

Perkins: 674.61(b)
DL: 685.213
Dear Colleague Letters GEN-02-03 and GEN-09-07

▼ *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 FSA funds until the overpayment is resolved. (See *FSA Handbook, Volume 4* for information on resolving overpayments.)

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 in order 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 FSA 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 discharge

Perkins, FFEL, and Direct Loan borrowers may qualify to have their loans discharged if they become totally and permanently disabled. Except for 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.

Borrowers whose discharge applications are received on or after July 1, 2010, receive a final discharge followed by a *post-discharge monitoring period* that begins on the date the discharge was granted and lasts for up to three years. Borrowers whose discharge applications were received before July 1, 2010, received a conditional discharge followed by a *conditional discharge period* that begins on the date the borrower's physician certified the disability discharge application and lasts for up to three years.

If the borrower does not meet certain eligibility requirements throughout the post-discharge monitoring period or conditional discharge period, the Department reinstates the borrower's obligation to repay the discharged loan(s) or returns the conditionally discharged loan(s) to repayment status.

The same criteria and procedures are used to discharge and reinstate the service obligation for TEACH Grant recipients who become totally and permanently disabled.

Total and permanent disability

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.

Substantial gainful activity

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.

Example: documenting loan "paid in full"

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

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).

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 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.

Perkins write-offs

Note that Perkins write-offs don't make a student ineligible. See *FSA Handbook Volume 6* for more information.

If the borrower requests a new loan or TEACH Grant during the post-discharge monitoring period or the conditional discharge 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 or conditionally 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.

Other ways of reestablishing eligibility for Perkins Loans

A provision in the Perkins Loan Program reestablishes the borrower's eligibility if she meets any of the conditions that would remove her Perkins loan from the school's cohort default rate. This provision only allows the borrower to regain eligibility for Perkins Loans, not the other FSA programs. See *Volume 6, Chapter 6, FSA Handbook*.

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.

RESOLVING DEFAULT STATUS

Satisfactory repayment and rehabilitation

HEA Sec. 428F(a) and (b), 464(h)(1) and (2)
General Provisions: 34 CFR 668.35(a)(2)
Perkins: 34 CFR 674.9(j), 674.39
FFEL: 34 CFR 682.200(b), 682.405
DL: 34 CFR 685.102(b), 685.211(f)

A student in default on an FSA loan can't receive further FSA 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 FSA funds by repaying the loan in full (loan status code DP). If the school writes off a regulatorily permissible amount that the student repays, 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 just writes off the entire loan (except for Perkins), it isn't paid in full, and the student remains ineligible for FSA funds (code DW).

Rehabilitation example

Eric makes the nine payments required for rehabilitation of his defaulted loan. His original lender isn't handling student loans anymore, so the guarantor finds another lender to purchase the loan. It takes the guarantor three months to arrange the purchase, and Eric needs to keep making the agreed-on payments on time. Once the new lender has the rehabilitated loan, Eric can apply for an in-school deferment.

The student regains eligibility whether repayment was completed voluntarily or involuntarily (that is, through IRS offset or wage garnishment). A student who has repaid her defaulted loan in full is eligible for aid if the repayment was voluntary. However, your financial aid office *can* still consider the default to be evidence of a student's unwillingness to repay loans and deny the student Perkins Loans. If the repayment was involuntary, your financial aid office *should* consider the default as such evidence and deny the student Perkins Loans.

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 your financial aid office documentation proving that the loan was paid.

▼ *Satisfactory repayment arrangements.* A student in default on an FSA loan can be eligible for FSA 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 FSA 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.

Your school can pay the student as soon as you have documentation that she has made satisfactory repayment arrangements. For example, the guaranty agency 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. Your school 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 FSA 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, Chapter 6* of the *FSA Handbook* for more information on rehabilitation in the Perkins/NDSL program.

NSLDS Loan Status Codes

2012–2013 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
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 Consolidation Loan	Yes
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
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

Code	Status	Eligible for FSA funds
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—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

Program Specific Student Eligibility Requirements

CHAPTER 3

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 teaching certification exceptions (see the next page). A student who has earned a baccalaureate degree or a first professional degree cannot receive a Pell Grant. A student who completes a master's program has earned a degree beyond the baccalaureate level (in many instances a professional degree), making her ineligible for a Pell Grant even if she does not have a bachelor's degree and enrolls in an undergraduate program.

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, your school 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.

Undergraduate student definition
34 CFR 668.2(b)
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 postbaccalaureate program as described on the next page are still undergraduates for receiving TEACH and Pell Grants.
34 CFR 668.2(b), 690.6, 686.2(d)

Professional degree
A degree that signifies both completion of the academic requirements for beginning practice in a given profession and a level of professional skill beyond that normally required for a bachelor's degree. Professional licensure is also generally required. Some examples are pharmacy (Pharm.D.), dentistry (D.D.S. or D.M.D.), and law (L.L.B. or J.D.).

Incarcerated Students and Pell
HEA Sec. 401(b)(8)
34 CFR 668.32(c)(2)(ii)
"Dear Colleague" Letter P-94-7
Costs for incarcerated students:
HEA Sec. 472(6)

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
34 CFR 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 sex offenders

Students incarcerated in federal and state penal institutions aren't eligible for Pell Grants, but those 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 half-way 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 the *FSA Handbook, Volume 3, Chapter 2*. A student cannot receive a Pell Grant if he is subject to an involuntary civil commitment following incarceration for a sexual offense (as determined under the FBI's Uniform Crime Reporting Program).

Duration of eligibility

All students may receive Pell Grants for up to 12 semesters, measured by percentage of Scheduled Awards(s) disbursed ("Lifetime Eligibility Used," or "LEU" field in COD up to 600%). This limitation is not limited to students who received their first Pell Grant on or after July 1, 2008, as was the previous limit of 18 semesters or equivalent. For more of duration of Pell eligibility and LEU, see *Volume 3, Chapter 3* of the *FSA Handbook*.

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 fifth-year undergraduate (not graduate student) Stafford Loan limits. He is not eligible for an FSEOG.

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, may receive increased FSA 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 the student is eligible for a Pell Grant, your financial aid office awards and packages all Title IV aid based on an EFC of zero.
- If the student is ineligible for a Pell Grant only because his EFC is too high, he may receive an Iraq and Afghanistan Service Grant. As with Pell Grants, there is a receipt limit of 12 semesters (600% LEU in COD), and this limitation is not limited to students who received their first Pell Grant on or after July 1, 2008, as was the previous limit of 18 semesters or equivalent. Payments are adjusted for students enrolled less than full time. Unlike Pell Grants, these non-need-based grants do not count as estimated financial assistance.

See *Volume 3*, *Chapters 3* and *7* of the *FSA Handbook* for more details on awarding and packaging these students.

STAFFORD AND PLUS LOANS

To be eligible for Stafford Loans, undergraduate students attending a school that participates in the Pell Grant Program must first receive a determination of their eligibility for Pell Grants.

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 Stafford and PLUS Loans. A graduate/professional student may not receive subsidized loans for coursework that is not part of a preparatory or teacher certification program.

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.

To be eligible for loans 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.

Preparatory coursework example

34 CFR 685.203(a)(6)

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 Direct Loan for this coursework.

Preparatory coursework at a different school

A student may take the preparatory courses at School A (as long as they are part of an eligible program there) 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.

Refusing or reducing loans
34 CFR 685.301(a)(8)
GEN-11-07
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.

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 their 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.

A parent may receive a PLUS Loan only to pay for the education 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. However, the parent's ineligibility for a PLUS Loan does not affect the student's eligibility for FSA funds. 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 the *Blue Book, Volume 2, Chapter 3*.

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

Adverse credit history for PLUS

A parent or graduate/professional student with an adverse credit history is prohibited from obtaining a 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:

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

An applicant 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.

Someone with an adverse credit history can qualify for a PLUS Loan by securing an endorser who doesn't have an adverse credit history. For a parent borrower, the endorser may not be the dependent student for whom he is borrowing. Instead of securing an endorser, an applicant may appeal a determination of adverse credit history to the Department by documenting extenuating circumstances. The Department has the final decision on whether to make a loan to the person. 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 funds (see *FSA Handbook, Volume 3, Chapter 5*).

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

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.

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 Educational 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 may not receive an FSEOG.

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.

Members of a religious order
34 CFR 674.9(c)
34 CFR 675.9(c)
34 CFR 676.9(c)
34 CFR 685.200(a)(2)(ii)
34 CFR 690.75(d)
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, Pell Grants, or Campus-Based aid. They are eligible, however, for unsubsidized Direct Loans.

PERKINS LOANS

Both undergraduate and graduate students may receive Perkins Loans, but those with *exceptional financial need* (as defined by your school) have priority. To receive a Perkins Loan, a student must meet the general 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. For students to receive a Perkins Loan, they must provide the school a driver's license number (if they have one) when they apply for the loan, and they must have their eligibility for a Pell Grant determined if they are undergraduates.

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.

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)

Willingness to repay

In selecting Perkins Loan recipients, a school must consider evidence of a borrower's willingness to repay the loan. Delinquency, default, or other failure to meet repayment obligations on a previous loan is evidence that the borrower is unwilling to repay a loan. 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 disability cancellation
34 CFR 674.9(g) and (h)

Perkins eligibility—willingness to repay
34 CFR 674.9(e)

Previous Perkins Loan discharged in bankruptcy

Under 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 re-establish eligibility for new loans. However, aid administrators have more latitude in making awards under the Perkins than the Direct Loan program because they may consider a student's willingness to repay.

If a student has filed for or received a loan discharge in bankruptcy or has had an FSA loan determined dischargeable by a court of law, 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.

FWS eligibility
34 CFR 675.9

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; that is, his cost of attendance 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 procedures discussed in the *FSA Handbook, Volume 3, Chapter 6*.

Additional FWS criteria
For information on eligible FWS jobs, see *Volume 7 of the Blue Book*.

A student can be employed in an FWS job during a period of non-attendance, such as a summer term. He must be planning to attend school during the next period of enrollment and must have financial need for that period—his current FWS earnings must be used to cover expenses for it and will count as estimated financial assistance. See *Volume 3, Chapter 7* of the *FSA Handbook* for more information.

FSEOG eligibility
34 CFR 676.9 and 676.10
34 CFR 668.32(c)(1)

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 must be considered first 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* of the *FSA Handbook* for more detail.

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.

TEACH GRANTS

TEACH Grant Program
34 CFR 686

The Teacher Education Assistance for College and Higher Education (TEACH) Grant Program provides $4,000 annual grants to students who plan to become teachers. Candidates must agree to serve as full-time teachers at certain schools and within certain high-need fields for at least four academic years within eight years of completing the course of study for which a grant was received. If a grant recipient does not meet that obligation, the TEACH Grant funds he received convert to a Direct Unsubsidized Loan that must be repaid with interest.

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 her *first* (those after the first are not eligible) baccalaureate and postbaccalaureate programs combined. 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 her to complete her program.

Receiving a TEACH Grant

To qualify for a TEACH Grant, a student fills out not only a FAFSA but also an agreement to serve (explained later) and must be enrolled in a program and at a school that are both TEACH-grant eligible.

Students must adhere to an academic standard: they must have a grade point average 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.

TEACH Grant-eligible program
This is an eligible program that prepares one to be a highly qualified teacher in a high-need field and that leads to a bachelo r'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.

Agreement to serve

To receive a TEACH Grant, a student must sign an agreement to serve. 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 sidebar note on the next page);

- Teach (in the majority of classes) in a high-need field, which includes subjects on the nationwide shortage area list at **www.ed.gov/about/offices/list/ope/pol/tsa.html** that 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; and

- If the student fails or refuses to carry out her service obligation in the time noted above, the student must repay as an unsubsidized Direct Loan the total amount of the TEACH Grants received, with interest accrued as of the date of disbursement of each grant.

A person must complete a four-year service obligation for each program of study for which he receives TEACH Grants. The eight-year period for completing this obligation begins when his enrollment in the program ends. 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. Four years of qualifying teaching would satisfy the service obligations for both programs.

Schools 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 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 traditional GPA

At Chisos Basin University (CBU), instructors submit at the end of the semester 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 CBU 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.

Highly qualified teacher

The definition of "highly qualified" with respect to teachers is lengthy and is explained in Section 9101(23) of the Elementary and Secondary Education Act [USC 7801(23)] and Section 602(10) of the Individuals with Disabilities Education Act [USC 1401(10)].