

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.

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.

Elementary/secondary enrollment

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

Academic qualifications

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

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.

Homeschooled students

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

Homeschooled students and institutional eligibility

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

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

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

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.

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*.

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.

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.

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.

ATB options limited

Consolidated Appropriations Act 2012
GEN-12-03

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.

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 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.

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.

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.**



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.

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.

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.

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;

- 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.



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*.

Conflicting information

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

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)

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.

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.

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.

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*.

School policies and procedures on secondary confirmation

34 CFR 668.134–135

Conditions requiring secondary confirmation

34 CFR 668.133(a)

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

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 requirement

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

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.