

# AUDIT GUIDE

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# BASIC GRANTS

Basic Educational Opportunity Grant

JUNE 1978

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U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
AUDIT AGENCY  
OFFICE OF INSPECTOR GENERAL

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GUIDE FOR AUDITS  
OF  
BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM  
(BEOG)

HEW AUDIT AGENCY  
OFFICE OF INSPECTOR GENERAL  
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D.C. 20201

JUNE 1978

This document is not a replacement for the Higher Education Act, as amended; the regulations; or the Office of Education program manuals and policy statements. The requirements established herein are the responsibility of the Department of Health, Education, and Welfare. Any clarifications required should be discussed with the appropriate HEW Regional Audit Director.

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- E - Public Law 94-482, Title I, Part D, Section 121:  
Student Assistance, Basic Educational Opportunity  
Grant
- F - Federal Register, Wednesday, November 6, 1974, Vol. 39,  
No. 215 -- 45 CFR 190
- G - Federal Register, Monday, December 2, 1974, Vol. 39,  
No. 232 -- 45 CFR 190
- H - Federal Register, Tuesday, August 10, 1976, Vol. 41,  
No. 155 -- 45 CFR 190
- I - Federal Register, Friday, April 8, 1977, Vol. 42,  
No. 68 -- 45 CFR 190 (Proposed Regulations)
- J - Institutional Progress Report for Basic Educational  
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### ABBREVIATIONS

HEW	-	Department of Health, Education, and Welfare
OE	-	Office of Education
BEOG	-	Basic Educational Opportunity Grant
SER	-	Student Eligibility Report
DFAFS	-	Departmental Federal Assistance Financing System
AICPA	-	American Institute of Certified Public Accountants
OMB	-	Office of Management and Budget
CFR	-	Code of Federal Regulations

GUIDE FOR AUDITS  
OF  
BASIC EDUCATIONAL OPPORTUNITY GRANT (BEOG) PROGRAM

CHAPTER 1: INTRODUCTION

1.1 PURPOSE OF AUDIT GUIDE

The guide is designed to familiarize independent accountants and auditors with the significant provisions of the BEOG program. This audit guide should be used to supplement the audit procedures necessary to perform an examination in accordance with the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities & Functions issued by the Comptroller General of the United States in June 1972 (1974 reprint). Audit guidance is intended to provide general insight into the nature and scope of the audit contemplated. This guide is not intended to be a complete manual of procedures, nor is it intended to supplant the auditor's judgment of audit work required. Audit procedures contained herein may not cover all circumstances or conditions encountered in the audit of a particular institution. The auditor must use professional judgment to tailor the procedures to meet conditions at the audit site so that the audit objectives may be achieved. Any necessary clarifications concerning the objectives set forth herein should be discussed with the appropriate HEW Regional Audit Director.

During the development of this guide, the HEW Audit Agency conferred with representatives of the American Institute of Certified Public Accountants (AICPA). The areas for audit coverage established in Chapter 3 are the responsibility, however, of the Department of Health, Education, and Welfare (HEW). HEW recognizes that there may be specific instances where omission of a specific section of the audit guide, e.g., Student File Maintenance, may be necessary. Prior to completing the field audit, the independent auditor should discuss with the HEW Regional Audit Director the specific reasons for the omission. The auditor's working papers shall disclose explanations of such omissions and document the Regional Audit Director's approval.

The nature of work required under this guide primarily relates to financial and compliance elements of an audit. As defined in the OMB Circular A-73, the term "audit" as used in this guide means a systematic review or appraisal to determine and report on whether:

- . Financial operations are properly conducted;
- . Financial reports are presented fairly; and
- . Applicable laws and regulations have been complied with.

This audit guide is an initial publication by the HEW Audit Agency. Effective June 1978, this audit guide shall be the prescribed guide for non-Federal BEOG audits.

## 1.2 PROGRAM BACKGROUND

Legislative authority for the BEOG program is provided by the Higher Education Act of 1965 (P.L. 89-329), as amended. Subpart 1 of Part A, Title IV of this Act was amended by the Educational Amendments of 1972 (P.L. 92-318) and extended the funding for this program to July 1, 1975. More currently, the Educational Amendments of 1976 (P.L. 94-482) made further revisions and extended the program through September 30, 1979.

The administration of the BEOG program is centralized at the Office of Education (OE) Headquarters, Bureau of Student Financial Assistance.

The purpose of the BEOG program is to provide eligible students with a "foundation" of financial aid to help defray the costs of postsecondary education. To be eligible to receive a Basic Grant, a student must attend an eligible institution and must be enrolled in an eligible program. Student eligibility is also based on financial need. The amount of a student's Basic Grant award is the product of the student eligibility index determined by a formula applied consistently to all applicants. This index representing the student's "expected family contribution" is provided by OE as a part of the Student Eligibility Report (SER) issued by its independent contractor to each student applicant who in turn submits the SER to the institution. The formula is developed by OE and reviewed by Congress on an annual basis. The authorizing legislation for the BEOG program stipulates that no payment of a Basic Grant award can exceed one-half of the costs of education. The award is a grant and does not have to be repaid. However, grant funds must be used solely for educational expenses to include: tuition, fees, room, board, books, supplies, and miscellaneous expenses.



### 1.3 STANDARDS FOR AUDIT

Audits of the BEOG program will be performed in accordance with the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities & Functions (hereinafter referred to as "standards for governmental auditing") issued by the Comptroller General of the United States. These audit standards are mandated by the OMB Circular A-73 for audits of Federal operations and programs.

Where the auditor must extend auditing procedures beyond those required for the financial examination, professional judgment should be used in determining the type and amount of evidence to be obtained.

### 1.4 GENERAL AUDIT OBJECTIVES

The primary objectives for the auditor performing an audit of the BEOG program are:

- To express an opinion as to whether (i) the Statement of Changes in Fund Balances is presented fairly and in accordance with practices prescribed by HEW and is prepared on a consistent basis from one period to the next; and (ii) the information set forth in Column A of the June 30 Progress Report (OE Form 255-3) 1/ is presented in accordance with the Terms of Agreement 2/.

1/ For sample copy and instructions on preparation of Progress Report, see Appendix J

2/ For sample copy, see Appendix L

- To determine that the Institution has implemented and utilized financial and other administrative procedures and internal controls to effectively discharge management responsibilities and to protect the Federal interest; and
- To determine on a test basis that the Institution has established and is following policies and procedures to ensure: (i) only eligible students receive Basic Grants, (ii) amounts awarded are computed correctly, (iii) disbursements to students are made in accordance with applicable program regulations, and (iv) Progress Reports were completed as prescribed by the applicable instructions and were submitted timely to OE.
- To report noncompliance with such criteria as identified in Sections 3.2 and 3.3 of this audit guide and to recommend improvements.

#### 1.5 MATTERS REQUIRING IMMEDIATE ACTION

Although the detection of material irregularities and program abuse is not the primary function of audits, the auditors must be constantly alert for situations or transactions that may indicate the existence of such problems. If the auditor's examination causes him to believe that material errors or irregularities exist, the auditor should consider their implications and bring the matter to the attention of the appropriate HEW Regional Audit Director (see Appendix A). If the appearance of material irregularities or program abuse exists, the auditor should do no further work involving this matter unless instructed by the HEW Regional Audit Director to resume work. Care must be taken to avoid any actions which could compromise the protection of an individual's rights and the integrity of any official inquiries. For supplemental guidance, see the AICPA Statement on Auditing Standards No. 16 and No. 17, dated January 1977 -- titled The Independent Auditor's Responsibility for the Detection of Errors or Irregularities and Illegal Acts by Clients, respectively.

#### 1.6 QUALITY ASSESSMENT PROGRAM FOR AUDIT REPORTS

The HEW Audit Agency has implemented procedures for evaluating audits on governmental engagements. As a part of the Audit Agency's evaluation of completed reports on such engagements, the supporting audit working papers will be made available upon request by the cognizant HEW Regional

Audit Director (see Appendix A). Audit working papers will be reviewed at a location mutually agreeable with the independent audit firm and will be returned upon completion of the evaluation. Under these procedures the Audit Agency will also determine whether internal auditors meet the independence criteria contained in the "standards for governmental auditing".

Whenever evaluations of the audit report and/or working papers disclose significant inadequacies, the audit firm will be contacted for corrective action. Where major inadequacies are not corrected and the HEW Regional Audit Director determines that the audit report and working papers are substandard, all documentation will be forwarded to the Audit Agency Headquarters for further evaluation and action, as appropriate. In those instances where the audit was performed by a CPA, and the issue cannot be resolved by Headquarters, the matter will be submitted to the AICPA for consideration by the Professional Ethics and State Legislation Division.

Audit working papers for the BEOG program must be retained for five years after submission of the audit report. If the auditor has been advised that any litigation, claim, negotiation, audit or other action involving the grant records has been started before the expiration of the five-year period, the audit working papers shall be retained until completion of the action and resolution of all issues which arise from such action, or until the end of the five-year period, whichever is later.

## CHAPTER 2: PRELIMINARY PROCEDURES

### 2.1 AUDIT ENGAGEMENT

A letter of engagement between the Institution and the independent public accountant shall be prepared. (See Appendix O for suggested format.) Unless specific audit limitations are contained in the letter of engagement, the scope of audit and the final report must meet the requirements of this audit guide. Omissions of specific sections of this guide must be cleared with cognizant HEW Regional Audit Director. (Also see paragraph 2 of Section 1.1 of this guide.)

If an independent accountant or auditor accepts an engagement incorporating this audit guide and the requirements provided herein are not followed, this fact and the reasons therefore must be disclosed in the audit report. Even though the contractual relationship is between the Institution and the independent public accountant; we believe that since the Federal Government provides funds for the BEOG program, the client - accountant relationship includes the HEW. Therefore, any audit information relative to the BEOG program reported to the Institution in the form of a "management letter" must be reported to HEW in the BEOG audit report.

### 2.2 PREPARATION FOR AUDIT

Authority for audit of the BEOG program is contained in Section 497A(a)(1) of the Higher Education Act, as amended by Public Law 94-482, Part D, Section 133, which states in part:

" . . . Notwithstanding any other provisions of this title . . . the Commissioner of Education is authorized to prescribe such regulations as may be necessary to provide for . . . a fiscal audit of an institution with regard to any funds obtained by it under this title . . ."

The Commissioner of Education prescribes by regulation that:

"All funds received and disbursed by an institution under this part shall be handled through one identifiable account in accordance with generally accepted accounting procedures... Any such account shall be subject to audit by the Commissioner at such reasonable times as the Commissioner will determine..."  
(See Appendix G, 45CFR 190.79)

To audit the BEOG program, the auditor must become familiar with the conditions and requirements related to the Terms of Agreement (Sample - Appendix L) executed between the Commissioner of Education and an authorized official of the Institution. The auditor should:

- Obtain from the Institution and review pertinent documents. Generally, these will include:
  - Notice of Eligibility to Participate in Programs issued by OE Division of Eligibility and Agency Evaluation;
  - An executed copy of the Terms of Agreement;
  - An executed copy of Official Authorization Letter, plus any amendments, (Sample - Appendix K) which establishes the approved level of funding for the period under audit;
  - The Basic Grant payment schedule applicable to period under audit; and
  - Copies of the BEOG program handbook and any current OE instructions or program regulations not attached herewith.
- Review correspondence contained in the program file, if available, for indications of problem areas.

### 2.3 INITIAL FIELD AUDIT PROCEDURES

In initiating site audit work, the auditor should:

- Obtain background data on the nature of the Institution's overall operations and key staff. Documents such as the Institution's charter, by-laws, staff, and organizational structure may prove helpful;
- Develop an understanding of the Institution's accounting, personnel, and self-evaluation systems as they relate to the Student Financial Aid programs. The auditor should obtain and review the Institution's policies and procedures governing these systems. These systems should be surveyed to identify any significant weaknesses, particularly as they apply to the BEOG program;

- Reconcile the reported expenditures as identified in the June 30 Progress Report (Appendix J) with amounts shown on the Institution's official accounting records; and
- Obtain copies of the most recent audit report on this program issued by HEW Audit Agency, other Federal or State agencies, or other independent auditors. Procedures under this guide (see Section 3.21) require a follow-up of the most recent audit findings to determine whether the Institution took corrective action.

#### 2.4 REFERENCE MATERIALS

The publications listed below should be used for verification and reference purposes in auditing the BEOG program. Sources for these materials are identified below. The auditors should use the reference material applicable to the period(s) under audit.

- Public Law 89-329, dated November 8, 1965: "Higher Education Act of 1965," Title IV, Part A, Sections 401-409, as amended. (Pertinent parts of the Law are included in Appendix C of this guide.)
- Public Law 92-318, dated June 23, 1972: "Educational Amendments of 1972," Title III, Part D, Section 131, as amended. (Pertinent parts of the Law are included in Appendix D of this guide.)
- Public Law 94-482, dated October 12, 1976: "Educational Amendments of 1976," Title I, Part D, Section 121, as amended. (Pertinent parts of the Law are included in Appendix E of this guide.)
- 45 CFR 190: BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM--Scope, General Definitions, Application Procedures, and Allowable Educational Costs (Published in Federal Register, Volume 39, No. 215--Wednesday, November 6, 1974) (See Appendix F of this guide.)
- 45 CFR 190: BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM--Administration of Payments (Published in Federal Register, Volume 39, No. 232--Monday, December 2, 1974) (See Appendix G of this guide.)
- 45 CFR 190: BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM--Eligibility of Part-Time Students and

Method of Award Calculation (Published in Federal Register, Volume 41, No. 155--Tuesday, August 10, 1976) (See Appendix H of this guide.)

- 45 CFR Parts 144, 175, 176, and 190: STUDENT ASSISTANCE PROGRAMS--Student Eligibility for Payment of Funds (Proposed Regulations, published in the Federal Register, Volume 42, No. 68--Friday, April 8, 1977; or final Regulations when issued or as amended) (See Appendix I of this guide.)
- 1977-78 BASIC EDUCATIONAL OPPORTUNITY GRANT HANDBOOK--Basic Grants (Source: Basic Grants, P.O. Box 84, Washington, D.C. 20044)
- STUDENT FINANCIAL AID 1977-78 Handbook (Source: Basic Grants, P.O. Box 84, Washington, D.C. 20044)

#### OTHER HELPFUL REFERENCES

- Brochure on Audit Standards: Standards for Audit of Government Organizations, Programs, Activities & Functions by the Comptroller General of the United States, 1972 (1974 reprint) and GAO Supplements ( Source: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402-- Publication No. 2000-00110)
- AICPA Professional Standards, Volume I -- Source: American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, New York 10036
- Office of Management and Budget Circular A-73; Audit of Federal Operations and Programs by Executive Branch Agencies (Source: Office of Management and Budget, Washington, D.C.)
- Suggested Accounting Procedures Booklet: Accounting, Recordkeeping, and Reporting by Colleges and Universities for Federally Funded Student Financial Aid Programs, (Published 1977) Source: Basic Grants Training Project, 910 - 17th Street, N.W., Suite 617, Washington, D.C. 20006
- Auditing Standards Established by GAO; Their Meaning and Significance to CPAs, American Institute of Certified Public Accountants, 1973. -- Source: AICPA, 1211 Avenue of the Americas, New York, New York 10036

## CHAPTER 3: REQUIREMENTS FOR PERFORMING AND REPORTING AUDITS

### 3.1 GENERAL

The audit shall cover the Institution's BEOG program operations for the period applicable to the most recently expired Official Authorization Letter (normally July 1 through June 30) unless a different audit period is specifically approved in the auditor's Letter of Engagement (sample--Appendix O). The auditor must perform sufficient tests of the Institution's BEOG program accounts, including a confirmation of students' attendance and amounts received, in order to express an opinion (unqualified, qualified, adverse, or disclaimer of an opinion) on the Statement of Changes in Fund Balances; and the June 30 Progress Report, Section III, Status of Authorization. Section III of the Progress Report, as revised, reporting the year-end financial activity for the period under audit shall be deemed a part of the financial statements and must be included as an exhibit in the final audit report.

Where the auditor uses statistical sampling in performing audits, the same sampling will be used in this audit as in non-Federal audits. (Refer to SAS No. 1, Section 320A.) Guidance on precision and reliability for statistical sampling in auditing is provided also by the AICPA. (Refer to SAS No. 1, Section 320B.)

The auditor will report whether expenditures claimed on Section III of the final Progress Report for the period under audit are presented in accordance with generally accepted accounting principles and the requirements of the program. The auditor shall question amounts found in the audit where there is insufficient basis for accepting expenditures, e.g., funds awarded to students not eligible to participate in the program or funds awarded in excess of financial need, or all recoveries were not netted against expenditures. The auditor will report, in sufficient detail, each significant condition (audit finding) which does not meet the legislative or regulatory requirements of the BEOG program and/or Terms of Agreement. The auditor will indicate the cause and effect of each condition reported and include specific recommendations for corrective action and for improvement in program operations. The independent auditors' working papers should be prepared in a manner to meet criteria set forth in the AICPA's Statement of Auditing Standards, Paragraph 338.05.



Amounts questioned recommended by the auditor do not necessarily mean that these costs will be disallowed. The final determination as to the allowability of costs will be made by Office of Education officials.

In those situations where the auditor determines that the financial books and records are not auditable, the auditor must defer further work under the audit engagement and consult with the appropriate HEW Regional Audit Director for specific instructions.

This chapter presents requirements for performing and reporting on an audit of the BEOG program. Audit objectives, reference materials, and general audit procedures are set forth for each area of audit coverage required. The general audit procedures must be completed to meet minimum audit requirements.

### 3.2 FINANCIAL AUDIT

#### 3.21 INTERNAL CONTROLS

##### General Considerations

An effective system of internal controls comprises all coordinated methods and measures adopted by the institution to safeguard its assets, check the accuracy and reliability of accounting data, promote operational efficiency and encourage adherence to prescribed management policies and procedures.

Generally accepted auditing standards for field work (AICPA Statement on Auditing Standards, Section 150) require that:

"There is to be a proper study and evaluation of the existing internal control as a basis for reliance thereon and for the determination of the resultant extent of the tests to which auditing procedures are to be restricted."

The study of the system of internal control is normally considered to have two phases. The AICPA Statement on Auditing Standards describes these phases as:

- Review of the System, which is primarily the process of obtaining information about the organization and the procedures prescribed and is intended to serve as the basis for tests of compliance and for evaluation of the system.

- Tests of Compliance, which are made to provide reasonable assurance that the accounting control procedures are being applied as prescribed.

### Objectives

To determine what internal controls are present; to make a preliminary evaluation as to the adequacy of these controls; and to determine the degree of reliance that can be placed on internal controls, subject to tests of transactions to verify the effectiveness of these controls.

### References

- AICPA Statement on Auditing Standards: Section 320  
--The Auditor's Study and Evaluation of Internal Control
- AICPA Statement on Auditing Standards: Section 640--Reports on Internal Control
- AICPA Statement on Auditing Standards: Section 641--Reports on Internal Control Based on Criteria Established by Governmental Agencies
- AICPA Statement on Auditing Standards: Section 509--Reports on Audited Financial Statements
- AICPA Statement on Auditing Standards: Section 321--The Effects of EDP on the Auditor's Study and Evaluation of Internal Control

### General Audit Procedures

- The auditor should review the system of internal controls applicable to the BEOG program and determine whether the Institution has written policies and procedures and that they provide for appropriate separation of responsibilities and control over:
  - Determining student eligibility and Basic Grant amounts;
  - Receiving and disbursing funds;
  - Recording and reporting disbursements to students;

- Accumulating and periodically reporting all Basic Grant awards; and
- Coordinating activities of the admissions office, business office, registrar's office and student aid office, as they relate to the administration of the BEOG program.
- . Lack of written procedures or lack of controls should be noted and recommendations for improvements should be included in Part III of the audit report. Comments on internal controls should be prepared in accordance with Section 640 and 641 of the Statement on Auditing Standards.
- . The auditor will consider the results of the review of the system of internal controls in determining the extent of testing needed to evaluate the effectiveness of the established procedures. The auditor should comment on any internal control problems and recommend needed improvements.
- . The auditor shall review the most recent audit report on the BEOG program and note any findings reported; ascertain whether corrective action was taken by the Institution; and comment on actions needed to strengthen the Institution's system for acting on audit findings. Current findings should indicate whether similar deficiencies were previously reported.

### 3.22 ACCOUNTING SYSTEM

#### Objective

To determine whether the Institution's accounting for the BEOG funds is supported by a system that is designed to completely and timely disclose the financial results of grant performance in accordance with Federal reporting requirements.

#### References

- . 45 CFR 190: Section 190.79--Fiscal Control and Fund Accounting Procedures
- . Accounting, Recordkeeping, and Reporting by Colleges and Universities for Federally Funded Student Aid Programs, 1977

## General Audit Procedures

- . Based on the results of the review of internal controls and tests of the accounting records, determine whether the Institution's accounting system includes the procedures necessary to:
  - Identify receipts and disbursements of all BEOG program funds separately from other grants and contracts;
  - Accumulate and record disbursements by academic period;
  - Identify payments directly to students by check or by a credit to the student's account for tuition, fees, and room and/or board; and
  - Accumulate and record refunds due to students and/or program fund account.
- . Comment on any weaknesses in the accounting system as related to the BEOG program and recommend needed improvements.

### 3.23 PROGRAM FUNDING

#### General Considerations

Advances of HEW funds to participating institutions are arranged by the Departmental Federal Assistance Financing System (DFAFS). Receipt of an Official Authorization Letter from OE authorizes the institution to draw BEOG program funds. A copy of the authorization is sent to the DFAFS management. This authorization becomes a part of the bases (combined grant authorizations) that establishes the fund ceiling against which the institution can draw funds for financing all of its HEW programs. One of two methods, the Letter of Credit or the Cash Request System, is used to provide Basic Grant funds to an institution.

The letter-of-credit method allows the participating institution to draw funds, on an "as needed" basis up to a prescribed ceiling, from the Federal Reserve System through the institution's commercial or Federal Reserve bank. Accounting and reporting procedures for a letter of credit are established through special arrangements with the DFAFS management.

Many participating institutions receive program funds by the Cash Request System. Under this system, the institution is permitted to draw funds, up to a prescribed ceiling, on a monthly basis. Institutions using this method submit a Grantee's Monthly Cash Request to DFAFS to cover estimated cash expenditures for all HEW awards. Upon receipt of the monthly request, payment by U.S. Treasury check is made to the institution during the first week of the request month. Quarterly reports of expenditures and cash reconciliation statements are required by DFAFS.

Currently, DFAFS funds provided are not identified to each specific program at the institutional level at the time of the cash advance. Therefore, all HEW funds provided will generally be recorded as "Cash Control, DFAFS" account. All receipts and disbursements of cash related to the BEOG program should be recorded in the "Cash, BEOG" account. Transfer of cash from the DFAFS account to the BEOG account should be made only in the precise amount needed to pay approved Basic Grants on a current basis. Typically, the "Cash, BEOG" account would show a zero balance after each accounting period's entries are posted.

#### Objectives

To determine that advanced funds transferred from the "Cash Control, DFAFS" account to the "Cash, BEOG" account (or similar accounts) were accounted for properly and were requested as closely as possible to the time program disbursements were made; and to determine whether accounting for grant-related interest income, if any, was appropriate.

#### References

- . 45 CFR 190.74: Advancement of Funds to Institutions
- . 45 CFR 190.79: Fiscal Control and Fund Accounting Procedures
- . Accounting, Recordkeeping, and Reporting by Colleges and Universities for Federally Funded Student Financial Aid Programs, 1977

#### General Audit Procedures

- . Examine the provisions of the Official Authorization Letter and any amendments; the Institution's requests to DFAFS for advances of Federal funds (cash demand or letter of credit); the Institution's transfers from the "Cash Control, DFAFS" account to

the "Cash, BEOG" account (or similar accounts); and the Progress Reports (Section III: Status of Authorization) for the funded period under audit. Comment on problem areas, if any, as related to the following:

- Compare, by totals, the funds transferred from the "Cash Control, DFAFS" account to the "Cash, BEOG" account with the amount expended from the "Cash, BEOG" account (except for repayments to the control account) and determine whether excess funds were maintained in the BEOG account for the periods applicable. Funds in the BEOG account should not exceed the minimum amount required to finance current disbursements. Where the Institution is on the Cash Request System, the amount of cash in the BEOG account should not exceed one month's need. Where the Institution is on the Letter-of-Credit system, the amount of cash in the BEOG account should be as close to daily needs as administratively feasible. The Treasury Department considers any balance in excess of weekly disbursement needs (5 working days) to be excessive. The method employed by the Treasury to determine daily cash needs is to divide semi-annual disbursements by 130 working days. In general, the larger the annual amount of advance needed in the BEOG account, the more frequently individual cash transfers should be made to meet current BEOG disbursement needs. (Note: Ideally, this step can be performed at smaller institutions where the only sources of Federal funds are the student financial aid programs. At many larger institutions, however, it may be impractical for the auditor to complete this step because of the number and dollar magnitude of an institution's Federal programs. If, after assessing the extent of the institution's participation in Federal programs, the auditor feels that performance of this step would be impractical, the reasons behind the decision should be documented in the workpapers. A qualifying statement in the "Scope of Audit" section in the report should also be added.)
  
- Compare the amount of BEOG funds authorized for the period under audit with the net funds transferred from the DFAFS control account to the BEOG account. If net funds transferred

exceeds the authorization, determine and report the use or status of such funds. In performing this audit procedure, prepare an "Analysis of BEOG Funds" for the period under audit. A suggested format for this worksheet is as follows:

ANALYSIS OF BEOG FUNDS  
For Period July 1, 1976 Through June 30, 1977

SOURCE OF FUNDS:

Beginning Balance ("Cash, BEOG" Account) <u>1/</u>	\$ 1,850
Plus:	
Transfers from "Cash Control, DFAFS" Account to "Cash, BEOG" Account	\$150,000
Less: BEOG Funds Returned to "Cash Control, DFAFS" Account	<u>2,600</u>
Net Funds Drawn for Period	<u>147,400</u>
Total BEOG Funds Available for Period	\$149,250

Fund Applied:

BEOG Awards Paid During Period	\$145,900
Less: Recoveries From Recipients	<u>4,300</u>
Net Funds Applied During Period	<u>141,600</u>
Excess Funds in "Cash, BEOG" Account at End of Period June 30, 1977	<u>\$ 7,650</u>

1/ Since normally the BEOG program grant funds are to be used only during the grant period, no cash balances should be maintained in the "Cash BEOG" account after June 30. Any excess at the end of the grant period should be transferred to the Institution's "Cash Control - DFAFS" account for all HEW funds advanced by DFAFS.

(NOTE: Numbers are presented for illustrative purposes only and do not relate to the examples in the financial statements included in the back of this guide.)

Where the analysis results in an excess fund balance at the end of the audit period, include the analysis as a supplemental schedule in the audit report. This analysis should be coordinated with the reconciliation of account balances under section 3.24 of this guide.

- Determine whether excess BEOG funds, if applicable, were used for unauthorized purposes. For example, if BEOG funds have been transferred to subaccounts for financing activities other than those prescribed under the BEOG program or for investments, determine the nature of the activity and report the status of such funds. All recipients of Federal grant funds other than a State must return all interest earned on grant funds to the Federal Government. An examination to identify unauthorized use of BEOG funds may require an extension of the normal audit of cash. Where investments, if any, were made with BEOG funds, report on the accounting for interest income.

### 3.24 RECONCILIATION OF ACCOUNT BALANCES

#### Objectives

To determine whether the amounts shown in the Institution's accounts agree with (i) the information reported on the June 30 Progress Reports (OE Form 255-3) and (ii) the Recipient Report of Expenditures by DFAFS Document Number (DFAFS Form No. 27).

#### References

- . 45 CFR 190.81: Submission of Reports
- . 45 CFR 190.79: Fiscal Control and Fund Accounting Procedures
- . Accounting, Recordkeeping, and Reporting by Colleges and Universities for Federally Funded Student Financial Aid Programs, 1977

#### General Audit Procedures

- . Secure a trial balance as of June 30 of the accounts maintained by the Institution for its BEOG program. The amounts reported on the June 30 Progress Report (OE Form 255-3) for Gross Expenditures, Recoveries, and Net Expenditures should agree with applicable account balances and the amounts reported on the DFAFS Final Report of Expenditures. All differences, should be reconciled. Any unreconcilable differences will be discussed in Part III of the audit report.



The recommended accounting procedures included in Accounting, Recordkeeping, and Reporting by Colleges and Universities for Federally Funded Student Financial Aid Programs, 1977, provide an explanation of the entries to control accounts included in the list of recommended general ledger accounts to be maintained by the Institution. In analyzing the account balances, it is recommended that the guidance suggested in this publication be used as references in resolving questionable charges or credits to the accounts.

- Review the Institution's Progress Reports (OE Form 255-3) to ensure that this report was submitted timely and that Section III of this report was completed accurately. Reports must be prepared for the periods ending October 31, February 28, and June 30 and must be submitted by November 15, March 15, and July 15, respectively.

Ad hoc reports may be submitted at other than the regularly scheduled reporting dates if it becomes necessary for the institution to obtain an adjusted ceiling amount to receive additional funds. (Note: The submission of Progress Reports without the corresponding SERs which support the amounts reported as expenditures to students is a major item of non-compliance.)

- Review the Institution's policies, procedures, and practices for reconciling the "Cash, BEOG" account with the "Cash Control, DFAFS" account. On a selective basis, examine the monthly reconciliations performed. Comment in the audit report on weaknesses noted and make recommendations for improvement, as appropriate.

### 3.25 VERIFICATION OF STUDENT PARTICIPATION

#### Objective

To determine through outside confirmation that students actually received the amount of the award reported by the Institution.

#### Reference

- 45 CFR 190.80: Maintenance and Retention of Records

## General Audit Procedures

- By direct communication with the Basic Grant recipients verify (on a sampling basis) the period of student's participation and the amount of the grant award. (The auditor may use the same sample selected for review of Eligibility of Basic Grant Recipients, Section 3.31 of this audit guide.) Results of the confirmations will be documented in the auditor's working papers and included in Part III of the audit report. At a minimum, the scope of work described in the audit report shall contain a statement on student confirmations. Where such verifications are determined to be impractical or impossible, the auditor will discuss the problems and reasons therefore with the HEW Regional Audit Director (see Appendix A) and will be so noted in the working papers and the audit report. Where approval is given not to perform these verification, the auditor should perform additional audit work to obtain evidence necessary to satisfy himself/herself as to student participation and the amount of grant funds awarded.

### 3.3 COMPLIANCE AUDIT

#### General Considerations

The Comptroller General's "standards for governmental auditing" provide for a review of compliance with pertinent legal and regulatory requirements. The standards on reporting require a statement in the audit report regarding major instances of noncompliance.

If the noncompliance materially affects the fairness of the grantee's final expenditure report (June 30 Progress Report), consideration must be given to qualifying the auditor's opinion or not expressing one on the report. Guidelines on disclaimers and qualifications of opinions developed by the AICPA should be consulted if this question arises.

### 3.31 ELIGIBILITY OF BASIC GRANT RECIPIENTS

#### Objective

To test the Institution's system for determining student eligibility for Basic Grants.

#### References

- 45 CFR 190.3: Eligible Student (Federal Register, Vol. 41, No. 155--Tuesday, August 10, 1976; or as subsequently amended) (see Appendix H)
- 45 CFR 190.2(g): Full-Time Student (Federal Register, Vol. 39, No. 215--Wednesday, November 6, 1974; as amended by F.R., Vol. 41, No. 155, or as subsequently amended) (see Appendix F and H)
- 45 CFR 190.2(i): Half-Time Student (Federal Register, Vol. 41, No. 155--Tuesday, August 10, 1976; or as subsequently amended) (see Appendix H)
- 45 CFR 190.2(r): Three-Quarter Time Student (Federal Register, Vol. 41, No. 155--Tuesday, August 10, 1976; or as subsequently amended) (see Appendix H)
- 45 CFR 190.2(h): Good Standing (Federal Register, Vol. 39, No. 215--Wednesday, November 6, 1974; as amended by F.R., Vol. 41, No. 155; or as subsequently amended) (see Appendix F and H)
- 45 CFR 190.2(j): Institution of Higher Education (Federal Register, Vol. 39, No. 215--Wednesday, November 6, 1974; as amended by F.R. Vol. 41, No. 155; or as subsequently amended) (see Appendix F and H)
- 45 CFR 190.2(f): Eligible Program (Federal Register, Vol. 39, No. 215 -- Wednesday, November 6, 1974; as amended) (see Appendix F and H)
- 45 CFR 190.2(m): Proprietary Institutions of Higher Education (Federal Register, Vol. 39, No. 215 -- Wednesday, November 6, 1974, as amended by F.R., Vol. 41, No. 155; or as subsequently amended) (see Appendix F and H)

#### General Audit Procedures

- Review the Institution's system for determining student eligibility for Basic Grants. This system should provide for the Institution's review of all BEOG applicants to insure they meet applicable eligibility requirements. The auditor should place particular emphasis on the Institution's policies and procedures for determining that the Basic Grant applicant:

- Was accepted for enrollment or was enrolled in good standing as at least a half-time undergraduate student;
  - Was admitted as a regular student with a certificate of graduation from a school providing secondary education, or the equivalent of such a certificate;
  - Was enrolled in a eligible program as defined in section 190.2(f);
  - Was on record with the Institution as being a citizen or national of the United States or was in the United States for other than a temporary purpose and was, or intended to become, a permanent resident thereof; or was a permanent resident of the Trust Territory of the Pacific Islands; and
  - Provided application data that was consistent with other federally funded student assistance grant or loan data on file at the Institution, and was provided an opportunity to explain and/or rectify any apparent discrepancies when disclosed.
- Select a representative sample (including half-time students) of the Institution's Basic Grant award account files for the period under audit and determine if the Institution's practices for assessing student eligibility deviated from the Institution's policies and procedures and/or the BEOG Federal Regulation requirements. At a minimum, include audit steps to test compliance with the "Eligible Student" requirements of section 190.3(a)(1), (2), and (3) and with the requirement of section 190.2(f), (g), and (m) for admission as a "regular student with a certificate of graduation from a school providing secondary education, or the equivalent of such certificate." Where discrepancies in applicant data are already noted in the student's file (or if determined from other sources), the auditor shall determine whether the action taken (or not taken) has an effect on compliance with the BEOG Regulations.

### 3.32 CALCULATIONS OF TOTAL COST OF ATTENDANCE

#### Objective

To determine whether the Institution's calculations for total cost of attendance are consistent with program regulations.

#### References

- . 45 CFR 190.51: Costs of Attendance
- . 45 CFR 190.51: Appendix for Subpart E (F.R., Vol. 39, No. 215--Wednesday, November 6, 1974)
- . BEOG Handbook: (Applicable publication for period under audit)

#### General Audit Procedures

- . For a selected sample of BEOG recipients, review the Institution's calculations for determining each recipient's total cost of attendance. The sample should represent various categories of students, e.g., resident, nonresident, on-campus, off-campus, students studying by correspondence, and incarcerated students. Determine whether the bases for the approved expense items (and/or allowance in lieu of expenses) are consistent with the BEOG Regulations. Examine the following items that should be included as costs of attendance:
  - TUITION AND FEES. These are amounts charged to the student that are generally charged to all students or that are generally charged to a particular class of students of which the applicant is a member.
    - Tuition charge may include any additional amount charged to "out-of-state" and/or "out-of-district" students.
    - Tuition charge may include any costs of field trips within the United States which are required for all students taking a particular course of study if these costs are normally included in tuition charges.
    - Any costs associated with student travel to and from his/her residence and the Institution can not be included in tuition charges.

- To be included in the cost of attendance, fees must be charged to all students (e.g., activities fees) or to all students within a certain class of study (e.g., laboratory fees).
- Awards shown on the part-time Disbursement Schedules are reduced to take the enrollment status into account. Therefore, for three-quarter or half-time students, the tuition and fees normally charged to a full-time student for a full school year should be used. At institutions which charge on a per hour basis, the costs for full-time students may be a standard figure based on the typical hours taken by full-time students at that school. Tuition costs are always based on the standard number of terms in the school year, regardless of whether the student enrolls in a summer session.
- ROOM AND BOARD. The actual amount charged by the Institution pursuant to a contract entered into with the student under which both room and board are provided by the Institution; or
  - The actual amount charged by the Institution pursuant to such a contract entered into for room but not board, plus an allowance of \$625 for the academic year; or
  - The actual amount charged by the Institution pursuant to such a contract entered into for board but not room, plus an allowance of \$475 for the academic year; or
  - If no such contract is entered into for either room or board, an allowance of \$1,100 for the academic year whether or not the student lives with a parent; and
  - If an Institution enters into a contract with a student for room and/or board for less than 7 days per week, a daily rate shall be computed for those days covered by the contract and this rate should be used for calculating the costs to the student for days not covered by the contract. This amount shall be added to the contract price.

- BOOKS, SUPPLIES, AND MISCELLANEOUS EXPENSES. An allowance of \$400 for the academic year shall be used.
- STUDY BY CORRESPONDENCE. In the case of students engaged in a program of study by correspondence, only the costs of tuition and fees determined as those generally charged to all students shall be recognized as a student's cost of attendance. There is a provision, however, that travel and room and board costs incurred specifically in fulfillment of a required period of residential training may be recognized as additional costs.
- INCARCERATED STUDENTS. In the case of eligible students who are incarcerated, only the costs of tuition and fees charged by the Institution plus an allowance of \$150 for books and supplies shall be recognized as a student's cost of attendance. Room or board allowance is not authorized.

- . For each BEOG recipient selected in the sample, determine that the cost of attendance calculated by the Institution is the amount entered in the student's Student Eligibility Report (SER), section 3, block 1 and section 4, block 4--"Total Student Cost". Determine and comment on reasons for differences, if any.

### 3.33 DETERMINATION OF BASIC GRANT AWARDS

#### Objective

To test whether the Institution correctly computed the preliminary and final BEOG awards.

#### References

- . 45 CFR 190, Subpart F, Sections 190.61-190.66: Determination of Basic Educational Opportunity Grant Awards
- . BEOG Payment Schedule: (for the appropriate academic year)
- . BEOG Program Handbook: (applicable for the period under audit)

## General Audit Procedures

- Select a representative sample of Basic Grant awards for the period under audit to include full-time, three-quarter, and half-time students. (The auditor may use the same sample as used for review of student eligibility.)
- For the recipients selected, examine each student's Student Eligibility Report (SER) and compare the amount shown as "Preliminary Scheduled BEOG Award" with the Institution's computation. Verify the amount shown in section 3, block 3 of each SER by using the appropriate BEOG Payment Schedule (for sample, see Appendix M). Note that the preliminary amount is always taken from the "Full-Time Payment Schedule." By using the "student eligibility index" and the "cost of education," determine the correct amount.
- For the recipients selected, examine each student's SER and compare the final amount shown as "Scheduled BEOG Award" with the Institution's computation. Verify the amount shown in section 4 (Final Award), block 7 of each SER by using the appropriate BEOG Payment (Disbursement) Schedule (for sample, see Appendix M). Note that in determining the final amount, the Institution must take into account the student's eligibility index (as determined by OE), cost of attendance and enrollment status (i.e., full-time, half-time, or three-quarter time).
- For the recipients selected, examine each student's SER and compare the amount shown as "Expected Disbursement" with the Institution's computation. Verify the amount shown in section 4, block 8 of each SER by using the OE instructions provided in the Basic Grants Handbook (for the year(s) being audited). In calculating the Expected Disbursement the Institution must consider the student's enrollment status; whether the student is enrolled for less than a full school year, i.e., second semester only; length of the course of study, e.g., six or seven months; and whether the school year extends beyond June 30 of the particular year.

### 3.34 INSTITUTIONAL DISBURSEMENTS TO BEOG RECIPIENTS

#### Objective



To test the effectiveness of the Institution's disbursement procedures and practices for payments to BEOG recipients.

References

- . 45 CFR 190.75: Payment of Basic Educational Opportunity Grant Awards
- . 45 CFR 190.76: Cut-off Dates for Making Application for Awards
- . 45 CFR 190.77: Overpayments of a Basic Educational Opportunity Grant
- . 45 CFR 190.78: Effect of Institutional Refunds
- . 45 CFR 190.3: Definition of Eligible Student
- . 45 CFR 190.51: Cost of Attendance
- . 45 CFR 190.64: Calculation of Basic Educational Opportunity Grant Awards for Less Than a Full School Year
- . BEOG Handbook: (applicable for period under audit)

General Audit Procedures

- . Select a representative sample of BEOG recipients for audit tests for the period under audit. Review and test the Institution's disbursement procedures and practices for payments of Basic Grants. This will be accomplished by (i) interview, as appropriate; (ii) tests of student records and accounts; and (iii) completion of the other audit procedures under this section. (The auditor may use the same sample as used for review of student eligibility.)
- . Ascertain whether the Institution made the following determinations:
  - That the student applying for the grant meets the eligibility requirements of 45 CFR 190.3;
  - That the recipient is enrolled as a full-time, three-quarter time or half-time student;

- That the amount of the grant does not exceed one-half of the actual cost of attendance as calculated in accordance with 45 CFR 190.51;
  - That the amount of the recipient's "Scheduled BEOG Award" for each full-time student was determined in accordance with the BEOG Payment Schedule in effect for the period involved;
  - That the amount of the recipient's "Scheduled BEOG Award" for three-quarter and half-time students was determined in accordance with the BEOG Disbursement Schedule in effect for the period involved; and
  - That the "Scheduled BEOG Award" was adjusted, if required, for part-time students to reflect a full-time equivalent amount in accordance with 45 CFR 190.64.
- Determine that the Institution made payments to the Basic Grant recipients in equal amounts (rounded to nearest dollar) at least once at the beginning of each semester, trimester, or quarter if such an academic unit was used. If the Institution was not utilizing such academic periods, determine that payments were made in equal amounts not less than twice during the portion of the school year which falls within the academic year--one payment at the beginning and the other at the midpoint. Note that in those cases where the student's period of enrollment overlaps two academic years (for instance, the school year extends from February 1 to August 30) and the length of enrollment in either of two academic years is less than three months, only one payment need be made.
  - Determine whether basic grant payments are withheld unless the Basic Grant recipient has filed with the Institution an affidavit stating that the grant money will be used solely for costs of attendance at the Institution in accordance with 45 CFR 175(d). (See Appendix I, Proposed Regulations--or Final Regulations when issued or as amended.)
  - When payment to a Basic Grant recipient is made by credit to the student's account with the Institution, determine whether the Institution retains a receipt signed by the student for each payment transaction and the credit entry to the

student's account is clearly identifiable. (Note: The basic purpose of the requirement for a signed receipt is to ensure that students are aware of the amount of their Basic Grant award and the method of payment. Since it may be possible to achieve this goal through other means, e.g., Student Acceptance of Award Letters, the auditor should be aware of the acceptability of alternatives to a signed receipt and evaluate them accordingly.)

- . Determine whether the Institution is in compliance with the provisions of 45 CFR 190.75(f), (g), (h), and (i) wherein the Institution does not make payment of Basic Grant funds unless the Institution determines that the Basic Grant recipient:
  - Is maintaining satisfactory progress in the course of study he/she is pursuing, according to the standards and practices of the Institution that the student is attending;
  - Is not in default on any loan made from a student loan fund at the Institution or on a loan made, insured, or guaranteed under the Guaranteed Student Loan Program for attendance at the Institution; and
  - Does not owe a refund on Basic Grants previously received for attendance at the Institution, the Supplemental Educational Opportunity Grant Program, or the State Student Incentive Grant Program. (See Appendix I, Proposed Regulations--or final Regulations when issued or as amended.)
- . Determine whether the Institution is observing the cut-off dates for accepting Student Eligibility Reports for awards as provided in 45 CFR 190.76. (See Appendix I, Proposed Regulations--or final Regulations when issued or as amended.)
- . Where there are overpayments of Basic Grants for the students sampled, determine whether the calculations for refunds were made in accordance with provisions of 45 CFR 190.77. (See Appendix I, Proposed Regulations--or final Regulations when issued or as amended.)

### 3.35 STUDENT FILE MAINTENANCE

## Objective

To determine whether the Institution maintains and retains its BEOG records as prescribed.

## Reference

- \* 45 CFR 190.80: Maintenance and Retention of Records
- 45 CFR 190.77: Overpayment of a Basic Educational Opportunity Grant (Proposed Regulations)

## General Audit Procedures

- Based on the auditor's findings for audit areas covered under sections 3.31 through 3.34 of this chapter and any other tests deemed appropriate, comment on the Institution's system for maintaining its BEOG records as prescribed by 45 CFR 190.80. At a minimum the Institution should maintain records with regard to:
  - The eligibility or lack thereof, of all students enrolled at the Institution who have applied to the Institution for a Basic Grant;
  - The amount of such grants that were awarded and to whom;
  - The amount and date of disbursements of grants to selected students;
  - The amount and date of any overpayments of awards that have been restored to the program account; and
  - Other records which include:
    - The Student Eligibility Report for each Basic Grant recipient;
    - The student's cost of attendance;
    - The basis on which the student's full-time or part-time enrollment status was determined; and
    - The basis on which the ratio of each student's enrollment to the academic year was determined.

- . Determine whether the Institution has reduced to writing its policy for making refunds of amounts paid by BEOG recipients for students who withdraw or fail to pursue their course of study at the Institution as prescribed by 45 CFR 190.77. (See Appendix I, Proposed Regulations--or final Regulations when issued or as amended.)
- . Determine whether the Institution provides for retention of its BEOG records, at a minimum, five years following the date of submission of a final report applicable to disbursement of program funds.

### 3.4 EXIT CONFERENCE

Upon completion of the field work, the auditor must hold a closing or exit conference with senior officials of the Institution. Any audit findings and recommendations, in either the financial or compliance areas, must be fully discussed.

The exit conference gives the auditor an opportunity to obtain comments on the accuracy and completeness of the facts presented and the conclusions reached. This conference also serves to provide Institution officials with advance information as a basis for initiating corrective action without waiting for the final audit report. Whenever possible, the concurrence or the reasons for nonconcurrence by the Institution should be obtained and incorporated in the report. Information on any corrective measures taken or promised to be taken by the Institution should also be included in the appropriate sections of the report under the caption "Institution's Comments."

The audit working papers should contain the name of the auditor(s) who conducted the exit conference; the names and positions of Institution officials with whom the exit conference was held; details of the discussions; and a summarization of the responses, conclusions, and recommendations of the Institution officials.

### 3.5 REPORTING REQUIREMENTS

The audit report will be issued to the Institution's Board of Directors and/or President, as appropriate. The required format for this report is shown in Section 3.7 of this guide.

In accordance with the principles of the Freedom of Information Act (Public Law 90-23), HEW Audit Agency reports

issued to the Department's grantees and contractors are made available, if requested, to members of the press and general public, to the extent information contained therein is not subject to exemptions in the Act, which the Department chooses to exercise -- (Section 5.71 of the Department's Public Information Regulation, dated August 1974, as revised). Accordingly, names, social security numbers, and other personal identifiers should not be included, in either the body of the report or the attached schedules. Non-Federal audit reports processed through the Agency's audit control system are subject to these same principles.

### 3.6 REPORT DISTRIBUTION

Audit reports on the BEOG program should be issued not later than 180 days after the end of the program year (which normally ends June 30) unless special circumstances warrant an extension of the issue date. If an extension of time is needed, the Division of Certification and Program Review, OE Headquarters, should be advised and provided with a revised target date for submission of the final audit report.

The auditor shall provide thirteen (13) copies of the final audit report to the appropriate HEW Regional Audit Director. (See Appendix A.) The independent audit firm also will provide the Institution with a minimum of two (2) copies of the final audit report.

### 3.7 REPORT FORMAT

All audit reports should include a cover page, signed transmittal letter, table of contents, exhibits, and narrative sections as necessary. The cover page should show:

Name of Institution  
City and State  
Title of Report  
Entity Identification Number  
Period Covered by Audit  
Date of Report

### CONTENTS

The table of contents should set forth the major sections of the report with their respective page numbers. The table of contents will be arranged into five parts as follows:

#### Introduction

Background  
Scope of Audit

Highlights of Audit Results

Financial

Auditor's Report on Financial Statements  
Exhibits  
Findings and Recommendations - Financial

Internal Accounting and Administrative Controls  
and Compliance

Auditor's Conclusions on Internal Accounting and  
Administrative Controls and Compliance

Findings and Recommendations - Internal Accounting  
and Administrative Controls and Compliance

Prior Audit Reports

PART I - INTRODUCTION

Background

This introductory section of the report is designed to provide a general description of the Institution and the program. The background section enables the reader to put into perspective the scope of audit and highlights of audit results sections. The background section should be kept as brief as possible.

Background information generally includes statements on the nature, authority, purpose, size, and organization of the Institution and the program. In addition, this section should include very brief information as to the other Federal and non-Federal Student Financial Aid programs administered by the Institution. Information relating to the BEOG program should include the following:

- . Date the BEOG program was established at the Institution;
- . Total amount of program funds authorized and expended for the period under audit; and
- . Total number of BEOG recipients during this period.

An illustrative background section follows:

## "INTRODUCTION

### "Background

The (Institution name) entered into an agreement with the Office of Education in July 1975 to participate in the Basic Educational Opportunity Grant (BEOG) program. This program provides eligible students with a foundation of financial aid to help defray the costs of postsecondary education. Program funds in the amount of \$26,500 were authorized for the academic year 1977-1978. During this period, \$25,500 was expended for Basic Grant awards to forty full-time and five part-time students. In addition, the Institution received during the academic year other Office of Education Student Financial Aid funds including \$25,000 for National Direct Student Loans and \$6,000 for the College Work-Study program. The Institution also received \$32,000 from the State for the State Scholarship Fund Program.

### Scope of Audit

This section should explain clearly the scope and objectives of the audit. While the scope section must be tailored for each report, the following characteristics are generally present:

1. A specific statement concerning the conduct of the audit in accordance with the financial and compliance elements of the Standards for Audits of Governmental Organizations, Programs, Activities & Functions issued by the U.S. Comptroller General in June 1972 (1974 reprint) and with this audit guide.
2. Clear and precise statements of the specific audit objectives, with sufficient information to enable the reader to ascertain the nature of the audit work completed.
3. Statements concerning the places at which the audit was conducted.
4. Qualifying or limiting remarks, if needed, to avoid unwarranted inferences concerning the scope and purpose of the audit and to call attention to deviations from the areas of audit coverage specified in Chapter 3 of this guide.



The HEW Audit Agency recognizes that some of the information included in the scope section will also be in the "Auditor's Report on Financial Statements." However, we have concluded that it is necessary to include the information in both places in order to clearly present the scope and purpose of the audit and to avoid unwarranted inferences.

An illustrative example of a scope section follows:

"Scope of Audit

"Our examination of the Basic Educational Opportunity Grant program was performed in accordance with the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities & Functions issued by the U.S. Comptroller General in June 1972 (1974 reprint) and the HEW Guide for Audits of Basic Educational Opportunity Grant Program, dated June 1978. The audit covered the period \_\_\_\_\_ through \_\_\_\_\_ and field work was performed during the period \_\_\_\_\_ through \_\_\_\_\_ at the Institution's business and student financial aid offices.

"Our examination included:

- expressing an opinion on the Statement of Changes in Fund Balances, and the June 30 Progress Report, Section III, "Status of Authorization" -- Column A;
- ascertaining whether expenditures claimed for Federal funding under the BEOG authorization on the above financial statements are fairly presented in accordance with generally accepted accounting principles and requirements of the BEOG program as set forth in the Guide for Audits of Basic Educational Opportunity Grant Program.
- assessing the Institution's internal accounting and administrative controls based on the criteria set forth in Sections 3.2 and 3.3 of the HEW audit guide; and
- determining if the BEOG program was administered in compliance with applicable laws, regulations, and Office of Education instructions as identified in sections 3.2 and 3.3 of the HEW audit guide and the Terms of Agreement.

"As a part of our review we requested confirmations from selected students who received BEOG awards during the period under audit."

## PART II - HIGHLIGHTS OF AUDIT RESULTS

This section shall concisely summarize (i) the audit findings; (ii) the auditor's recommendations; and (iii) the Institution's response to the findings. The highlights section is particularly useful to those readers who desire a quick, clear synopsis of the audit results.

An illustrative highlights section follows:

### "HIGHLIGHTS OF AUDIT RESULTS

"Our unqualified opinion on the financial statement(s) appears elsewhere in this report. (Note: Wording should be amended if a qualified opinion has been rendered.) During our examination nothing came to our attention which caused us to believe that the (Institution's Name) had not generally administered the BEOG program in accordance with the law, Federal regulations and OE directives cited in the HEW Audit Guide for the BEOG program. (Note: If appropriate, add "other than...brief description of exception.) However, certain aspects of the Institution's management of the BEOG program need improvement. Specifically, (1) the accounting system did not provide financial data to ensure that institutional payments to students for the BEOG program were correct and timely and (2) improvements are needed, in the process concerned with the validation of student enrollment status under the program. These matters are discussed more fully under the "Findings and Recommendations" section of this report, see pages \_\_\_\_ and \_\_\_\_\_. Our opinion on the financial statements is on page \_\_\_\_\_.

"The Institution agreed to improve its accounting procedures for Basic Grant payments to students. Our recommendations for improvement in the validation of student enrollment status were implemented during the course of our audit."

## PART III - FINANCIAL

### Auditor's Report on Financial Statements

An illustrative example of an unqualified auditor's report section follows:

"We have examined the Statement of Changes in Fund Balances of the (name of Institution) applicable to its Basic Educational Opportunity Grant (BEOG) program for the period (date) to (date). (See Exhibit A.) Our examination was made in accordance with the financial and compliance elements of the Standards for Audits of Governmental Organizations, Programs, Activities & Functions, issued by the U.S. Comptroller General in 1972 (1974 reprint). Accordingly, we conducted such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The Guide for Audits of Basic Educational Opportunity Grant Program Department of Health, Education, and Welfare, dated June 1978 was used as a guide in the examination.

"In our opinion, the Statement referred to above presents fairly the changes in fund balances of (name of Institution's) BEOG program for the period (date) to (date) in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

"Our examination was made primarily for the purpose of formulating an opinion on the Statement of Changes in Fund Balances. Although not considered necessary for fair presentation of changes in fund balances, the annual Progress Report (Exhibit B) for the period (date) to (date) is presented for supplementary analysis purposes. The information contained in Section III, "Status of Authorization" -- Column A of Exhibit B was subjected to the same auditing procedures applied in our examination of the Statement of Changes in Fund Balances and is, in our opinion, fairly stated in all material respects in relation to Exhibit A taken as a whole. All other information set forth in Exhibit B was not audited by us and we express no opinion thereon."

Note: When conditions are such that a qualified, adverse or disclaimer of opinion is warranted; the auditor's report should include a statement of all reasons which necessitated the qualified, adverse or disclaimer of an opinion. (See Statement on Auditing Standards--Reports on Audited Financial Statements.)

Sample language for qualifying an opinion because of cost adjustments follows:

"We questioned BEOG awards in the amount of \$3,253. An explanation of these costs is presented on page \_\_\_\_ of our report. The final determination as to whether these costs are allowable or unallowable will be made by the Department of Health, Education, and Welfare.

"In our opinion, subject to any effects of the ultimate resolution of recommended adjustments, the financial statements referred to above present fairly . . ."

#### Exhibits

The audit report should include as exhibits:

- Exhibit A, Statement of Changes in Fund Balances, and
- Exhibit B, Final Progress Report for the period audited.

Suggested formats for these exhibits are attached.

#### Findings and Recommendations - Financial

Any findings and recommendations in the financial area should be grouped by category and included in this section. Each finding should be explained in sufficient detail to enable the reader to understand both the cause and the effect of the deficiency. The explanation of each finding should:

1. Describe the deficiency noted;
2. State the cause of the deficiency (for example, lack of established controls or improper implementation of controls);
3. Describe the extent of the deficiency, including the size of the universe, sample size, error rate, and dollar amount of error, if any;
4. Describe, if possible, the effect of the deficiency on the operation and the financial statements;
5. Include a recommendation that should correct the cause of the deficiency noted and when appropriate a recommendation for recovery of Federal funds. Any amounts recommended for recovery should be shown in the computation of recommended disallowances and be cross-referenced by caption to the appropriate

finding and recommendation in this section. Note that recommendations by the auditor for recovery of Federal funds do not necessarily mean that the costs questioned will be disallowed. The final determination as to allowability of costs will be made by HEW.

6. Include a statement of the Institution's comments on the findings and recommendations. Comments might include a statement on the agreement or disagreement with the findings, a description of planned corrective actions, and/or statement of the reasons for disagreement. (See Section 3.4 concerning the Institution's comments.)

#### PART IV - INTERNAL ACCOUNTING AND ADMINISTRATIVE CONTROLS AND COMPLIANCE

##### Auditor's Conclusions on Internal Accounting and Administrative Controls and Compliance

The following is to be included as the auditor's conclusions on internal accounting and administrative controls and compliance:

"We have examined the financial statements (Exhibits A and B) for the period \_\_\_\_\_ through \_\_\_\_\_ for the (name of the Institution) BEOG program. Our opinion on these statements is on page \_\_\_\_\_. As a part of our examination, we have made a study of the Institution's system of internal accounting control to the extent we considered necessary to evaluate the system as required by the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities & Functions issued by the U.S. Comptroller General in June 1972 (1974 reprint). Under these standards the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing, and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

"We have also made a study of those internal accounting control and administrative control procedures of (name of the Institution) that we considered relevant to the criteria established by the Department of Health, Education, and Welfare as set forth in sections 3.2 and 3.3 of its audit guide issued June 1978. Our study included tests of compliance with such procedures during the period from \_\_\_\_\_ through \_\_\_\_\_.

"The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. We understand that the objective of those administrative control procedures comprehended in the HEW criteria is to provide similar assurance as to compliance with its related requirements. The concept of reasonable assurance recognizes that the cost of a system of internal control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

"There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation of duties can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect either to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

"We understand that procedures in conformity with the criteria referred to in the second paragraph of this part of the report are considered by HEW to be adequate for its purpose in accordance with the provisions of the Higher Education Act of 1965 and related regulations, and that procedures not in conformity therewith indicate some inadequacy for such purposes. Based on this understanding and on our study, we believe the (name of the Institution) procedures were adequate for HEW's purposes. (Note: The sentence should be continued as follows, if appropriate: 'except for the conditions described on pages \_\_\_\_\_ through \_\_\_\_\_ of this report which we believe are not in conformity with the criteria referred to above.'")

"This report is intended for use in connection with the grant to which it refers and should not be used for any other purposes."

Note: If the accountant's report on the audit of the financial statements is qualified, the auditor must consider whether or not the nature of the qualification is such as to affect the conclusions on the internal accounting and administrative controls or any compliance information.

Findings and Recommendations - Internal Accounting and Administrative Controls and Compliance

This section will contain compliance and internal control findings and recommended corrective action to be taken. Each finding should be explained in sufficient detail to enable the reader to understand both the cause and effect of the discrepancy. The recommendation should be presented in a manner that will illustrate how this corrective action will improve program operations and when appropriate include a recommendation for recovery of Federal funds. Any amounts recommended for recovery should be shown in the computation of recommended disallowances and be cross-referenced by caption to the appropriate finding and recommendation in this section. The Institution's comments should be included also. (See Section 3.4 concerning the Institution's comments.) Note that recommendations for recovery of Federal funds by the auditor do not necessarily mean that the costs questioned will be disallowed. The final determination as to the allowability of costs will be made by the Office of Education.

PART V - PRIOR AUDIT REPORTS ON THE BEOG PROGRAM

This part will include the status of actions on findings reported in prior year audits. Where adequate corrective action has not been taken and the finding is reported again in either of the findings and recommendations sections of the current report, the auditor need only briefly describe the prior finding and show the page reference where it is included in this current report.

(INSTITUTION'S NAME)  
BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR THE AWARD PERIOD \_\_\_\_\_ THROUGH \_\_\_\_\_

ADDITIONS:

Current OE Approved Authorization \$26,500 Note 1

DEDUCT:

Funds Not Requested from DFAFS or Placed in  
BEOG Cash Account -0-

TOTAL FUNDS PROVIDED \$26,500

DEDUCTIONS

Gross Awards to Students 26,000 (2)  
Less: Recoveries (500) (3)

TOTAL DEDUCTIONS \$25,500

Net Increase (Decrease) for the Period \$ 1,000

Fund Balance, Beginning of Period + -0-

Fund Balance, End of Period \$ 1,000 Note 4

Notes

Source of information, if progress report submitted to OE as of the end of award period is correct.

1. Line 25 of 6/30/7\_ progress report, OE 255-3
2. Line 19 of 6/30/7\_ progress report, OE 255-3
3. Line 20 of 6/30/7\_ progress report, OE 255-3
4. Line 26 of 6/30/7\_ progress report, OE 255-3





Academic Year: 1976-77

<p><sup>(1-6)</sup> 1. A. BEOG ID NO.: <sub>(7-8)</sub></p> <p><sup>(9-20)</sup> 2. EIN NO.:</p>	<p><sup>(27)</sup> 3. Report for: (Check One Box Only)</p> <p><input type="checkbox"/> Oct. 31      <input type="checkbox"/> Feb. 28      <input checked="" type="checkbox"/> June 30</p> <p><input type="checkbox"/> AD HOC Request for Change in current OE Approved Authorization (to be used between reporting periods)</p>
--	---

**SECTION I: GENERAL INFORMATION**

<p><sup>(28)</sup> 4. Institution NAME and ADDRESS: (as shown on Authorization Letter) ABC Institution 123 Every St Anywhere, USA 67890</p> <p><input type="checkbox"/> Check here when NAME and/or ADDRESS has changed</p> <p>Official responsible for this PROGRESS REPORT (sign item 30)</p> <p>5. Name: 6. Title: 7. Phone:</p>	<p><sup>(29-34)</sup> 8. Date of Submission: <u>7 / 15 /</u> mo. day year</p> <p><sup>(35)</sup> 9. Accreditation Status: Specify Agency: <u>XYZA</u></p> <p>Status: <input checked="" type="checkbox"/> Fully Accredited <input type="checkbox"/> Candidate <input type="checkbox"/> Correspondent OR <input type="checkbox"/> "3 Letters"</p> <p><sup>(36)</sup> 10. Check here if NO BEOG recipients are expected at this institution. PLEASE return this report for USOE records. <input type="checkbox"/></p>
---	--

**SECTION II:**

<p><sup>(37)</sup> 11. Type of Institution:</p> <p><input type="checkbox"/> University <input type="checkbox"/> Other 4-year <input type="checkbox"/> 2-year <input type="checkbox"/> At least 1-year, but less than 2-year <input type="checkbox"/> At least 6 months, but less than 1-year</p> <p>12. Control: <sup>(38)</sup> <input type="checkbox"/> Public <input type="checkbox"/> Private, non-profit <input type="checkbox"/> Private, profit making</p> <p>13. U. S. Congressional District: <sub>(39-41)</sub></p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="width:50%;">1976-77 Undergraduate Enrollment</th> <th style="width:50%;">Percent Living On-Campus</th> </tr> <tr> <td>14. A. Full-time: <sub>(42-47)</sub></td> <td>B. % <sub>(48-50)</sub></td> </tr> <tr> <td>15. A. Part-time: <sub>(51-56)</sub></td> <td>B. % <sub>(57-59)</sub></td> </tr> <tr> <td colspan="2">16. No. of 1976-77 Part-time BEOG Recipients: <sub>(60-66)</sub></td> </tr> </table>	1976-77 Undergraduate Enrollment	Percent Living On-Campus	14. A. Full-time: <sub>(42-47)</sub>	B. % <sub>(48-50)</sub>	15. A. Part-time: <sub>(51-56)</sub>	B. % <sub>(57-59)</sub>	16. No. of 1976-77 Part-time BEOG Recipients: <sub>(60-66)</sub>		<p>17. Length of Academic Year (from 7/1/76 to 6/30/77) <u>    </u> months or equivalent on which charges below are based: <sub>(67-68)</sub></p> <p>18. Average Institutional Charges per Full-time Undergraduate Student:</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td colspan="2">For 1976-77</td> </tr> <tr> <td><sup>(9-16)</sup> Tuition and Fees (In-State) A. \$</td> <td></td> </tr> <tr> <td><sup>(17-24)</sup> Room (On-Campus) B. \$</td> <td></td> </tr> <tr> <td><sup>(25-32)</sup> Board (On-Campus) C. \$</td> <td></td> </tr> <tr> <td colspan="2">For 1977-78 (Estimated)</td> </tr> <tr> <td><sup>(33-40)</sup> Tuition and Fees (In-State) D. \$</td> <td></td> </tr> <tr> <td><sup>(41-48)</sup> Room (On-Campus) E. \$</td> <td></td> </tr> <tr> <td><sup>(49-56)</sup> Board (On-Campus) F. \$</td> <td></td> </tr> </table>	For 1976-77		<sup>(9-16)</sup> Tuition and Fees (In-State) A. \$		<sup>(17-24)</sup> Room (On-Campus) B. \$		<sup>(25-32)</sup> Board (On-Campus) C. \$		For 1977-78 (Estimated)		<sup>(33-40)</sup> Tuition and Fees (In-State) D. \$		<sup>(41-48)</sup> Room (On-Campus) E. \$		<sup>(49-56)</sup> Board (On-Campus) F. \$	
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<sup>(41-48)</sup> Room (On-Campus) E. \$																										
<sup>(49-56)</sup> Board (On-Campus) F. \$																										

**SECTION III: STATUS OF AUTHORIZATION (see instructions)**

		Enter dollars only— do NOT show cents	
		Amount (A)	Total No. of BEOG Recipients (B)
19. Gross Expenditures (actual payments to students to date)	19.	\$ 26,000	2(7)(9-16) (17-24) 45
20. Less Recoveries (to date)	20.	\$ 500	(25-32) (23-20) 2
21. Net Expenditures.	19 - 20 = 21.	\$ 25,500	(41-48)
ESTIMATED DEMAND FOR ADDITIONAL FUNDS (for remainder of academic year):			
22. Amount for Present Recipients	22.	\$ 0	(57-64)
23. Amount for Additional Recipients Expected to Qualify	23.	\$ 0	(65-72) (73-80)
24. Total Estimated Expenditures and Recipients (for ENTIRE academic year: 7/1/76 - 6/30/77)	21 + 22 + 23 = 24A. 19 + 23 = 24B.	\$ 25,500	4(7)(9-16) (17-24) 45
25. Current OE Approved Authorization (from BEOG Authorization letter)	25.	\$ 26,500	(25-32)
26. Institution's Estimated Authorization Adjustment	24 - 25 = 26.	\$ 1,000	(33-40)
27. Number of Student Eligibility Reports Previously Submitted	27. (circle one)	40	(41-48)
28. Number of Student Eligibility Reports Submitted with this Report	28.	5	(49-56)
29. Total Number of Student Eligibility Reports Submitted	27 + 28 = 29.	45	(57-64)

Further monies or other benefits may, but not necessarily,  
be withheld under this program unless this report is com-  
pleted and filed as required under existing law and regula-  
tions (20 USC 1070a, 45 CFR 190.81).

30. SIGNATURE: \_\_\_\_\_

USOE COPY 1 - PROCESSING

Appendix A

HEW Regional Audit Directors

States Covered

REGION I	Mr. Edward A. Parigian HEW Regional Audit Director Bulfinch Building 15 New Chardon Street Boston, Massachusetts 02114 617-223-4388	Connecticut, Maine, Vermont, Massachusetts, New Hampshire Rhode Island
REGION II	Mr. Bernard Luger HEW Regional Audit Director Federal Building 26 Federal Plaza New York, New York 10007 212-264-4620	New York, New Jersey, Puerto Rico, Virgin Islands
REGION III	Mr. Gervus A. Rafalko HEW Regional Audit Director P. O. Box 13716 Philadelphia, Pennsylvania 19101 215-596-6743	Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia
REGION IV	Mr. Emil A. Trefzger, Jr. HEW Regional Audit Director Suite 1402 101 Marietta Tower Atlanta, Georgia 30323 404-221-2446	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee
REGION V	Mr. Asher Tenner HEW Regional Audit Director 300 South Wacker Drive Chicago, Illinois 60606 312-353-5165	Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin
REGION VI	Mr. Glyndol J. Taylor HEW Regional Audit Director 1200 Main Tower Building Dallas, Texas 75202 214-729-3359	Arkansas, Louisiana, New Mexico, Oklahoma, Texas
REGION VII	Mr. John C. Stanford HEW Regional Audit Director 601 East 12th Street Kansas City, Missouri 64106 816-374-3591	Iowa, Kansas, Missouri, Nebraska

HEW Regional Audit Directors

States Covered

REGION VIII

Mr. Leo Milner  
HEW Regional Audit Director  
11037 Federal Building  
1961 Stout Street  
Denver, Colorado 80294  
303-837-4221

Colorado, Montana, North  
Dakota, South Dakota, Utah,  
Wyoming

REGION IX

Mr. Herbert Witt  
HEW Regional Audit Director  
Federal Office Building  
50 United Nations Plaza  
San Francisco, California 94102  
415-556-5766

Arizona, California,  
Hawaii, Nevada

REGION X

Mr. Kenneth E. Sill  
HEW Regional Audit Director  
Arcade Plaza Building  
1321 Second Avenue  
Seattle, Washington 98101  
206-442-0452

Alaska, Idaho, Oregon,  
Washington

APPENDIX B

OFFICE OF STUDENT FINANCIAL ASSISTANCE  
REGIONAL OFFICES

Region

- I                   Regional Administrator  
                    William T. Logan, Jr.  
                    Office of Education, HEW  
                    John F. Kennedy Federal Building  
                    Boston, Massachusetts  
                    617-223-7205
- II                   Regional Administrator  
                    Josue E. Diaz  
                    Office of Education, HEW  
                    26 Federal Plaza  
                    New York, New York 10007  
                    212-264-4045
- III                  Regional Administrator  
                    Robert Smallwood  
                    Office of Education, HEW  
                    P. O. Box 13716  
                    3535 Market Street  
                    Philadelphia, Pennsylvania 19101  
                    215-596-1018
- IV                  Regional Administrator  
                    Carmen L. Battaglia  
                    Office of Education, HEW  
                    101 Marietta Tower, Third Floor  
                    Atlanta, Georgia 30323  
                    404-526-5008
- V                   Regional Administrator  
                    Francis J. Yanni  
                    Office of Education, HEW  
                    300 South Wacker Drive  
                    Chicago, Illinois 60606  
                    312-353-5127

Region

- VI Regional Administrator  
Arthur Lee Hardwick (Acting)  
Office of Education, HEW  
1200 Main Tower Building  
Dallas, Texas 75202  
214-767-3852
- VII Regional Administrator  
Joseph A. Wetlstein (Acting)  
Office of Education, HEW  
601 East 12th Street  
Kansas City, Missouri 64106  
816-837-5875
- VIII Regional Administrator  
Irwin E. Kirk (Acting)  
Office of Education, HEW  
11037 Federal Office Building  
19th and Stout Streets  
Denver, Colorado 80294  
303-837-4128
- IX Regional Administrator  
Charles F. Hampton  
Office of Education, HEW  
50 United Nations Plaza  
San Francisco, California 94102  
415-556-8382
- X Regional Administrator  
Philips W. Rockefeller  
Office of Education, HEW  
Arcade Building - M. S. 1506  
1321 Second Avenue  
Seattle, Washington 98101  
206-442-0434

## TITLE IV—STUDENT ASSISTANCE

## PART A—EDUCATIONAL OPPORTUNITY GRANTS

## STATEMENT OF PURPOSE AND APPROPRIATIONS AUTHORIZED

SEC. 401. (a) It is the purpose of this part to provide, through institutions of higher education, educational opportunity grants to assist in making available the benefits of higher education to qualified high school graduates of exceptional financial need, who for lack of financial means of their own or of their families would be unable to obtain such benefits without such aid.

(b) There are hereby authorized to be appropriated \$70,000,000 for the fiscal year ending June 30, 1966, and for each of the two succeeding fiscal years, to enable the Commissioner to make payments to institutions of higher education that have agreements with him entered into under section 407, for use by such institutions for payments to undergraduate students for the initial academic year of educational opportunity grants awarded to them under this part. For the fiscal year ending June 30, 1969 and for the succeeding fiscal year, there may be appropriated, to carry out the first sentence of this subsection, only such sums as the Congress may hereafter authorize by law. There are further authorized to be appropriated such sums as may be necessary for payment to such institutions for use by them for making educational opportunity grants under this part to undergraduate students for academic years other than the initial year of their educational opportunity grants; but no appropriation may be made pursuant to this sentence for any fiscal year beginning more than three years after the last fiscal year for which an appropriation is authorized under the first sentence. Sums appropriated pursuant to this subsection for any fiscal year shall be available for payment to institutions until the close of the fiscal year succeeding the fiscal year for which they were appropriated. For the purposes of this subsection, payment for the first year of an educational opportunity grant shall not be considered as an initial-year payment if the educational opportunity grant was awarded for the continuing education of a student who had been previously awarded an educational opportunity grant under this part (whether by another institution or otherwise) and had received payment for any year of that educational opportunity grant.

## AMOUNT OF EDUCATIONAL OPPORTUNITY GRANT—ANNUAL DETERMINATION

SEC. 402. From the funds received by it for such purpose under this part, an institution of higher education which awards an educational opportunity grant to a student under this part shall, for the duration of the grant, pay to that student for each academic year during which he is in need of grant aid to pursue a course of study at the institution, an amount determined by the institution for such student with respect to that year, which amount shall not exceed—

(1) the lesser of \$800 or one-half of the sum of the amount of student financial aid (including assistance under this title, but excluding assistance from work-study programs) provided such student by such institution and any assistance provided such student under any scholarship program established by a State or a private institution or organization, as determined in accordance with regulation of the Commissioner, or

(2) in the case of a student who during the preceding academic year at an institution of higher education received grades placing him in the upper half of his class, the amount determined under paragraph (1), plus \$200.

If the amount of the payment determined under the preceding sentence for an academic year is less than \$200 for a student, no payment shall be made under this title to that student for that year. The Commissioner shall, subject to the foregoing limitations, prescribe for the guidance of participating institutions basic criteria or schedules (or both) for the determination of the amount of any such educational opportunity grant, taking into account the objective of limiting grant aid under this part to students of exceptional financial need and such other factors, including the number of dependents in the family, as the Commissioner may deem relevant.

#### DURATION OF EDUCATIONAL OPPORTUNITY GRANT

SEC. 403. The duration of an educational opportunity grant awarded under this part shall be the period required for completion by the recipient of his undergraduate course of study at the institution of higher education from which he received the educational opportunity grant, except that such period shall not exceed four academic years less any such period with respect to which the recipient has previously received payments under this part pursuant to a prior educational opportunity grant (whether made by the same or another institution). An educational opportunity grant awarded under this part shall entitle the recipient to payments only if he (1) is maintaining satisfactory progress in the course of study which he is pursuing, according to the regularly prescribed standards and practices of the institution from which he received the grant, and (2) is devoting essentially full time to that course of study, during the academic year, in attendance at that institution. Failure to be in attendance at the institution during vacation periods or periods of military service, or during other periods during which the Commissioner determines in accordance with regulations that there is good cause for his nonattendance (during which periods he shall receive no payments) shall not be deemed contrary to clause (2).

Absence for  
military ser-  
vice, etc.

#### SELECTION OF RECIPIENTS OF EDUCATIONAL OPPORTUNITY GRANTS

SEC. 404. (a) An individual shall be eligible for the award of an educational opportunity grant under this part at any institution of higher education which has made an agreement with the Commissioner pursuant to section 407 (which institution is hereinafter in this part referred to as an "eligible institution"), if the individual makes application at the time and in the manner prescribed by that institution.

(b) From among those eligible for educational opportunity grants from an institution of higher education for each fiscal year, the institution shall, in accordance with the provisions of its agreement with the Commissioner under section 407 and within the amount allocated to the institution for that purpose for that year under section 406, select individuals who are to be awarded such grants and determine, pursuant to section 402, the amounts to be paid to them. An institution shall not award an educational opportunity grant to an individual unless it determines that—

(1) he has been accepted for enrollment as a full-time student at such institution or, in the case of a student already attending such institution, is in good standing and in full-time attendance there as an undergraduate student;

(2) he shows evidence of academic or creative promise and capability of maintaining good standing in his course of study;

(3) he is of exceptional financial need; and

(4) he would not, but for an educational opportunity grant, be financially able to pursue a course of study at such institution of higher education.

#### ALLOTMENT OF EDUCATIONAL OPPORTUNITY GRANT FUNDS AMONG STATES

SEC. 405. (a) (1) From the sums appropriated pursuant to the first sentence of section 401(b) for any fiscal year, the Commissioner shall allot to each State an amount which bears the same ratio to the amount so appropriated as the number of persons enrolled on a full-time basis in institutions of higher education in such State bears to the total number of persons enrolled on a full-time basis in institutions of higher education in all the States. The number of persons enrolled on a full-time basis in institutions of higher education for purposes of this section shall be determined by the Commissioner for the most recent year for which satisfactory data are available to him.

(2) If the total of the sums determined by the Commissioner to be required under section 406 for any fiscal year for eligible institutions in a State is less than the amount of the allotment to that State under paragraph (1) for that year, the Commissioner may reallocate the remaining amount from time to time, on such date or dates as he may fix, to other States in such manner as he determines will best assist in achieving the purposes of this part.

(b) Sums appropriated pursuant to the third sentence of section 401(b) for any fiscal year shall be allotted or reallocated among the States in such manner as the Commissioner determines to be necessary to carry out the purposes for which such sums are appropriated.

#### ALLOCATION OF ALLOTTED FUNDS TO INSTITUTIONS

SEC. 406. (a) The Commissioner shall from time to time set dates by which eligible institutions in any State must file applications for allocation, to such institutions, of educational opportunity grant funds from the allotment to that State (including any reallocation thereto) for any fiscal year pursuant to section 405(a), to be used for the purposes specified in the first sentence of section 401(b). Such allocations shall be made in accordance with equitable criteria which the Commissioner shall establish and which shall be designed to achieve such distribution of such funds among eligible institutions within a State as will most effectively carry out the purposes of this part.

(b) The Commissioner shall further, in accordance with regulations, allocate to eligible institutions, in any State, from funds apportioned or reapportioned pursuant to section 405(b), funds to be used for the educational opportunity grants specified in the third sentence of section 401(b).

(c) Payment shall be made from allocations under this section to institutions as needed.

#### AGREEMENTS WITH INSTITUTIONS—CONDITIONS

SEC. 407. (a) An institution of higher education which desires to obtain funds for educational opportunity grants under this part, shall enter into an agreement with the Commissioner. Such agreement shall—

(1) provide that funds received by the institution under this part will be used by it only for the purposes specified in, and in accordance with, the provisions of this part;

(2) provide that in determining whether an individual meets the requirements of section 404(b)(3) the institution will (A)



consider the source of such individual's income and that of any individual or individuals upon whom the student relies primarily for support, and (B) make an appropriate review of the assets of the student and of such individuals;

(3) provide that the institution, in cooperation with other institutions of higher education where appropriate, will make vigorous efforts to identify qualified youths of exceptional financial need and to encourage them to continue their education beyond secondary school through programs and activities such as—

(A) establishing or strengthening close working relationships with secondary-school principals and guidance and counseling personnel with a view toward motivating students to complete secondary school and pursue post-secondary-school educational opportunities, and

(B) making, to the extent feasible, conditional commitments for educational opportunity grants to qualified secondary school students with special emphasis on students enrolled in grade 11 or lower grades who show evidences of academic or creative promise;

(4) provide assurance that the institution will continue to spend in its own scholarship and student-aid program, from sources other than funds received under this part, not less than the average expenditure per year made for that purpose during the most recent period of three fiscal years preceding the effective date of the agreement;

(5) include provisions designed to make educational opportunity grants under this part reasonably available (to the extent of available funds) to all eligible students in the institution in need thereof; and

(6) include such other provisions as may be necessary to protect the financial interest of the United States and promote the purposes of this part.

(b) (1) An institution, which has in effect an agreement for Federal capital contributions for a student loan fund pursuant to title II of the National Defense Education Act of 1958, may use, as an additional Federal capital contribution for the purposes of such loan fund, not to exceed 25 per centum of the funds paid to it for any fiscal year ending prior to July 1, 1970, for the purpose set forth in section 401(b). The requirement in section 204(2)(B) of such Act shall not apply to such a Federal capital contribution.

72 Stat. 2483.  
20 USC 421-429.

(2) For the purpose of making payments from amounts appropriated pursuant to the third sentence of section 401(b), any institution electing for any fiscal year to use an amount of its payment as a Federal capital contribution pursuant to paragraph (1) shall be paid an equal amount for each of the succeeding three fiscal years from such amounts appropriated pursuant to such third sentence, if the amount so paid to the institution for each such year is used by such institution as such a Federal capital contribution.

#### CONTRACTS TO ENCOURAGE FULL UTILIZATION OF EDUCATIONAL TALENT

SEC. 408. (a) To assist in achieving the purposes of this part the Commissioner is authorized (without regard to section 3709 of the Revised Statutes (41 U.S.C. 5)), to enter into contracts, not to exceed \$100,000 per year, with State and local educational agencies and other public or nonprofit organizations and institutions for the purpose of—

(1) identifying qualified youths of exceptional financial need and encouraging them to complete secondary school and undertake postsecondary educational training,

(2) publicizing existing forms of student financial aid, including aid furnished under this part, or

(3) encouraging secondary-school or college dropouts of demonstrated aptitude to reenter educational programs, including post-secondary-school programs.

Appropriation.

(b) There are hereby authorized to be appropriated such sums as may be necessary to carry out this section.



Public Law 92-318  
92nd Congress, S. 659  
June 23, 1972

**An Act**

To amend the Higher Education Act of 1965, the Vocational Education Act of 1963, the General Education Provisions Act (creating a National Foundation for Postsecondary Education and a National Institute of Education), the Elementary and Secondary Education Act of 1965, Public Law 874, Eighty-first Congress, and related Acts, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Education Amendments of 1972".

Education Amend-  
ments of 1972.

GENERAL PROVISIONS

86 STAT. 235  
86 STAT. 235

SEC. 2. (a) As used in this Act—

(1) the term "Secretary" means the Secretary of Health, Education, and Welfare; and

(2) the term "Commissioner" means the Commissioner of Education;

unless the context requires another meaning.

(b) Unless otherwise specified, the redesignation of a section, subsection, or other designation by any amendment in this Act shall include the redesignation of any reference to such section, subsection, or other designation in any Act or regulation, however styled.

(c) (1) Unless otherwise specified, each provision of this Act and each amendment made by this Act shall be effective after June 30, 1972, and with respect to appropriations for the fiscal year ending June 30, 1973, and succeeding fiscal years.

Effective  
dates.

(2) Unless otherwise specified, in any case where an amendment made by this Act is to become effective after a date set herein, it shall be effective with the beginning of the day which immediately follows the date after which such amendment is effective.

(3) In any case where the effective date for an amendment made by this Act is expressly stated to be effective after June 30, 1971, such amendment shall be deemed to have been enacted on July 1, 1971.

TITLE I—HIGHER EDUCATION

PART A—COMMUNITY SERVICE AND CONTINUING EDUCATION PROGRAMS

EXTENSION OF AUTHORIZATION OF APPROPRIATIONS

SEC. 101. (a) Section 101 of the Higher Education Act of 1965 is amended by striking out all that follows "authorized to be appropriated" and inserting in lieu thereof the following: "\$10,000,000 for the fiscal year ending June 30, 1972, \$30,000,000 for the fiscal year ending June 30, 1973, \$40,000,000 for the fiscal year ending June 30, 1974, and \$50,000,000 for the fiscal year ending June 30, 1975."

79 Stat. 1219;  
82 Stat. 1035.  
20 USC 1001.

(b) The amendment made by subsection (a) shall be effective after June 30, 1971.

Effective  
date.

SPECIAL PROGRAMS AND PROJECTS RELATING TO NATIONAL AND REGIONAL PROBLEMS

SEC. 102. (a) (1) Sections 106, 107, 108, 109, 110, and 111 of the Higher Education Act of 1965, and all references thereto, are redesignated as sections 107, 108, 109, 110, 111, and 112, respectively. Title I of such Act is amended by inserting after section 105 the following new section:

20 USC 1006-  
1011.  
20 USC 1005.

86 STAT. 247

State to provide a program of education beyond secondary education. (C) has been in existence for at least five years prior to the date upon which it makes application under this section. (D) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit towards such a degree. (E) is a public or other nonprofit institution. and (F) is accredited by a nationally recognized accrediting agency or association or, if not so accredited, (i) is an institution with respect to which the Commissioner has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time, or (ii) is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution which is accredited, and, for the purpose of this clause, the Commissioner shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered:

(2) the term "State" includes the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, and the Virgin Islands; and

(3) the term "school or department of divinity" means an institution or a department or a branch of an institution the program of instruction of which is designed for the education of students (A) to prepare them to become ministers of religion or to enter upon some other religious vocation (or to provide continuing training for any such vocation), or (B) to prepare them to teach theological subjects.

**PART D—STUDENT ASSISTANCE**

**REVISION OF PART A OF TITLE IV (EDUCATIONAL OPPORTUNITY GRANTS)**

79 Stat. 1232;  
83 Stat. 143.  
20 USC 1061.  
Appropriation.

SEC. 131. (a)(1)(A) The first sentence of section 401(b) of the Higher Education Act of 1965 is amended by striking out that part which precedes "to enable the Commissioner" and inserting in lieu thereof: "There are hereby authorized to be appropriated \$170,000,000 for the fiscal year ending June 30, 1972, and \$200,000,000 for each of the succeeding fiscal years ending prior to July 1, 1975."

82 Stat. 1019.  
20 USC 1058.

(B) Section 408 of such Act is amended by striking out "for the fiscal year ending June 30, 1971" and inserting in lieu thereof "for each of the succeeding fiscal years ending prior to June 30, 1975".

Effective date.

(2) The amendments made by paragraph (1) shall be effective after June 30, 1971.

79 Stat. 1232.  
20 USC 1061.

(b)(1) Part A of title IV of such Act is amended to read as follows:

**"PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION**

**"STATEMENT OF PURPOSE: PROGRAM AUTHORIZATION**

"Sec. 401. (a) It is the purpose of this part, to assist in making available the benefits of postsecondary education to qualified students in institutions of higher education by—

"(1) providing basic educational opportunity grants (hereinafter referred to as 'basic grants') to all eligible students;

"(2) providing supplemental educational opportunity grants (hereinafter referred to as 'supplemental grants') to those students of exceptional need who, for lack of such a grant, would be unable to obtain the benefits of a postsecondary education;

"(3) providing for payments to the States to assist them in making financial aid available to such students; and

"(4) providing for special programs and projects designed (A) to identify and encourage qualified youths with financial or cultural need with a potential for postsecondary education, (B) to prepare students from low-income families for postsecondary education, and (C) to provide remedial (including remedial language study) and other services to students.

"(b) The Commissioner shall, in accordance with subparts 1, 2, 3, and 4, carry out programs to achieve the purposes of this part.

#### "Subpart 1—Basic Educational Opportunity Grants

##### "BASIC EDUCATIONAL OPPORTUNITY GRANTS: AMOUNT AND DETERMINATIONS; APPLICATIONS

"Sec. 411. (a) (1) The Commissioner shall, during the period beginning July 1, 1972, and ending June 30, 1975, pay to each student who has been accepted for enrollment in, or is in good standing at, an institution of higher education (according to the prescribed standards, regulations, and practices of that institution) for each academic year during which that student is in attendance at that institution, as an undergraduate, a basic grant in the amount for which that student is eligible, as determined pursuant to paragraph (2).

Student  
payments.

"(2) (A) (i) The amount of the basic grant for a student eligible under this subpart for any academic year shall be \$1,400, less an amount equal to the amount determined under paragraph (3) to be the expected family contribution with respect to that student for that year.

Basic grant  
formula.

"(ii) In any case where a student attends an institution of higher education on less than a full-time basis during any academic year, the amount of the basic grant to which that student is entitled shall be reduced in proportion to the degree to which that student is not so attending on a full-time basis, in accordance with a schedule of reductions established by the Commissioner for the purposes of this division. Such schedule of reductions shall be established by regulation and published in the Federal Register not later than February 1 of each year.

Reductions  
schedule.

"(B) (i) The amount of a basic grant to which a student is entitled under this subpart for any academic year shall not exceed 50 per centum of the actual cost of attendance at the institution at which the student is in attendance for that year.

Publication  
in Federal  
Register.  
Limitations.

"(ii) No basic grant under this subpart shall exceed the difference between the expected family contribution for a student and the actual cost of attendance at the institution at which that student is in attendance. If with respect to any student, it is determined that the amount of a basic grant plus the amount of the expected family contribution for that student exceeds the actual cost of attendance for that year, the amount of the basic grant shall be reduced until the combination of expected family contribution and the amount of the basic grant does not exceed the actual cost of attendance at such institution.

"(iii) No basic grant shall be awarded to a student under this subpart if the amount of that grant for that student as determined under this paragraph for any academic year is less than \$200. Pursuant to criteria established by the Commissioner by regulation, the institution of higher education at which a student is in attendance may award a

	basic grant of less than \$200 upon a determination that the amount of the basic grant for that student is less than \$200 because of the requirement of division (i) and that, due to exceptional circumstances, this reduced grant should be made in order to enable the student to benefit from postsecondary education.
"Actual cost of attendance."	"(iv) For the purpose of this subparagraph and subsection (b) the term 'actual cost of attendance' means, subject to regulations of the Commissioner, the actual per-student charges for tuition, fees, room and board (or expenses related to reasonable commuting), books, and an allowance for such other expenses as the Commissioner determines by regulation to be reasonably related to attendance at the institution at which the student is in attendance.
Publication in Federal Register.	"(3) (A) (i) Not later than February 1 of each year the Commissioner shall publish in the Federal Register a schedule of expected family contributions for the succeeding academic year for various levels of family income, which, except as is otherwise provided in division (ii), together with any amendments thereto, shall become effective July 1 of that year. During the thirty-day period following such publication the Commissioner shall provide interested parties with an opportunity to present their views and make recommendations with respect to such schedule.
Effective date.	
Submission to Congress.	"(ii) The schedule of expected family contributions required by division (i) for each academic year shall be submitted to the President of the Senate and the Speaker of the House of Representatives not later than February 1 of that year. If either the Senate or the House of Representatives adopts, prior to May 1 of such year, a resolution of disapproval of such schedule, the Commissioner shall publish a new schedule of expected family contributions in the Federal Register not later than fifteen days after the adoption of such resolution of disapproval. Such new schedule shall take into consideration such recommendations as may be made in connection with such resolution and shall become effective, together with any amendments thereto, on July 1 of that year.
Publication in Federal Register.	
"Family contribution."	"(B) (i) For the purposes of this paragraph and subsection (b), the term 'family contribution' with respect to any student means the amount which the family of that student may be reasonably expected to contribute toward his postsecondary education for the academic year for which the determination under subparagraph (A) of paragraph (2) is made, as determined in accordance with regulations. In promulgating such regulations, the Commissioner shall follow the basic criteria set forth in division (ii) of this subparagraph.
Regulations, criteria.	"(ii) The basic criteria to be followed in promulgating regulations with respect to expected family contribution are as follows: "(I) The amount of the effective income of the student or the effective family income of the student's family. "(II) The number of dependents of the family of the student. "(III) The number of dependents of the student's family who are in attendance in a program of postsecondary education and for whom the family may be reasonably expected to contribute for their postsecondary education. "(IV) The amount of the assets of the student and those of the student's family. "(V) Any unusual expenses of the student or his family, such as unusual medical expenses, and those which may arise from a catastrophe.
"Effective family income."	"(iii) For the purposes of clause (I) of division (ii), the term 'effective family income' with respect to a student means the annual adjusted family income, as determined in accordance with regulations prescribed by the Commissioner, received by the parents or guardian

of that student (or the person or persons having an equivalent relationship to such student) minus Federal income tax paid or payable with respect to such income.

"(iv) In determining the expected family contribution with respect to any student, any amount paid under the Social Security Act to, or on account of, the student which would not be paid if he were not a student, and one-half any amount paid the student under chapters 34 and 35 of title 38, United States Code, shall be considered as effective income for such student.

49 Stat. 620.  
42 USC 1305.

80 Stat. 12;  
82 Stat. 1331.  
38 USC 1651,  
1700.

"(C) The Commissioner shall promulgate special regulations for determining the expected family contribution and effective family income of a student who is determined (pursuant to regulations of the Commissioner) to be independent of his parents or guardians (or the person or persons having an equivalent relationship to such student). Such special regulations shall be consistent with the basic criteria set forth in division (ii) of subparagraph (B).

"(4) (A) The period during which a student may receive basic grants shall be the period required for the completion of the undergraduate course of study being pursued by that student at the institution at which the student is in attendance, except that such period may not exceed four academic years unless—

"(i) the student is pursuing a course of study leading to a first degree in a program of study which is designed by the institution offering it to extend over five academic years; or

"(ii) the student is, or will be, unable to complete a course of study within four academic years because of a requirement of the institution of such course of study that the student enroll in a noncredit remedial course of study;

in either which case such period may be extended for not more than one additional academic year.

"(B) For the purposes of clause (ii) of subparagraph (A), a 'non-credit remedial course of study' is a course of study for which no credit is given toward an academic degree, and which is designed to increase the ability of the student to engage in an undergraduate course of study leading to such a degree.

"Noncredit remedial course of study."

"(b) (1) The Commissioner shall from time to time set dates by which students must file applications for basic grants under this subpart.

"(2) Each student desiring a basic grant for any year must file an application therefor containing such information and assurances as the Commissioner may deem necessary to enable him to carry out his functions and responsibilities under this subpart.

"(3) (A) Payments under this section shall be made in accordance with regulations promulgated by the Commissioner for such purpose, in such manner as will best accomplish the purposes of this section.

Payments.

"(B) (i) If, during any period of any fiscal year, the funds available for payments under this subpart are insufficient to satisfy fully all entitlements under this subpart, the amount paid with respect to each such entitlement shall be—

Insufficient available funds, entitlements.

"(I) in the case of any entitlement which exceeds \$1,000, 75 per centum thereof;

"(II) in the case of any entitlement which exceeds \$800 but does not exceed \$1,000, 70 per centum thereof;

"(III) in the case of any entitlement which exceeds \$600 but does not exceed \$800, 65 per centum thereof; and

"(IV) in the case of any entitlement which does not exceed \$600, 50 per centum thereof.

"(ii) If, during any period of any fiscal year, funds available for making payments under this subpart exceed the amount necessary to

Excess funds.

make the payments prescribed in division (i), such excess shall be paid with respect to each entitlement under this subpart in proportion to the degree to which that entitlement is unsatisfied, after payments are made pursuant to division (i).

"(iii) In the event that, at the time when payments are to be made pursuant to this subparagraph (B), funds available therefor are insufficient to pay the amounts set forth in division (i), the Commissioner shall pay with respect to each entitlement an amount which bears the same ratio to the appropriate amount set forth in division (i) as the total amount of funds so available at such time for such payments bears to the amount necessary to pay the amounts indicated in division (i) in full.

"(iv) No method of computing or manner of distribution of payments under this subpart shall be used which is not consistent with this subparagraph.

"(v) In no case shall a payment under this subparagraph be made if the amount of such payment after application of the provisions of this subparagraph is less than \$50.

"(C)(i) During any fiscal year in which the provisions of subparagraph (B) apply, a basic grant to any student shall not exceed 50 per centum of the difference between the expected family contribution for that student and the actual cost of attendance at the institution in which the student is enrolled, unless sums available for making payments under this subsection for any fiscal year equal more than 75 per centum of the total amount to which all students are entitled under this subpart for that fiscal year, in which case no basic grant shall exceed 60 per centum of such difference.

"(ii) The limitation set forth in division (i) shall, when applicable, be in lieu of the limitation set forth in subparagraph (B)(i) of subsection (a)(2).

"(4) No payments may be made on the basis of entitlements established under this subpart during any fiscal year ending prior to July 1, 1975, in which—

"(A) the appropriation for making grants under subpart 2 of this part does not at least equal \$130,093,000; and

"(B) the appropriation for work-study payments under section 411 of this title does not at least equal \$237,400,000; and

"(C) the appropriation for capital contributions to student loan funds under part E of this title does not at least equal \$286,000,000.

Post, p. 275.

#### "Subpart 2—Supplemental Educational Opportunity Grants

##### "PURPOSE: APPROPRIATIONS AUTHORIZED

"Sec. 413A. (a) It is the purpose of this subpart to provide, through institutions of higher education, supplemental grants to assist in making available the benefits of postsecondary education to qualified students who, for lack of financial means, would be unable to obtain such benefits without such a grant.

"(b)(1) For the purpose of enabling the Commissioner to make payments to institutions of higher education which have made agreements with the Commissioner in accordance with section 413C(b), for use by such institutions for payments to undergraduate students for the initial academic year of a supplemental grant awarded to them under this subpart, there are authorized to be appropriated \$200,000,000 for the fiscal year ending June 30, 1973, and for each of the succeeding fiscal years ending prior to July 1, 1975. Funds appropriated pursuant to this paragraph shall be appropriated separate from any funds appropriated pursuant to paragraph (2).



## PART D—STUDENT ASSISTANCE

## BASIC EDUCATIONAL OPPORTUNITY GRANTS

SEC. 121. (a) Section 411(a)(1) of the Act is amended by striking out "June 30, 1975" and inserting in lieu thereof "September 30, 1979".

20 USC 1070a.

(b)(1) Section 411(a)(2)(A)(i) of the Act is amended by striking out "\$1,400" and inserting in lieu thereof "\$1,800".

(2) The amendment made by paragraph (1) of this subsection shall be effective for academic year 1978-1979 and thereafter.

Effective date.  
20 USC 1070a  
note.

(c) Divisions (i) and (ii) of section 411(a)(3)(A) of the Act are amended to read as follows:

"(3)(A)(i) Not later than July 1 of each calendar year, the Commissioner shall publish in the Federal Register a schedule of expected family contributions for the academic year which begins after July 1 of the calendar year which succeeds such calendar year for various levels of family income, which, except as is otherwise provided in division (ii), together with any amendments thereto, shall become effective July 1 of the calendar year which succeeds such calendar year. During the thirty-day period following such publication the Commissioner shall provide interested parties with an opportunity to present their views and make recommendations with respect to such schedule.

Schedule of  
expected family  
contributions;  
publication in  
Federal Register.

"(ii) The schedule of expected family contributions required by division (i) for each academic year shall be submitted to the President of the Senate and the Speaker of the House of Representatives not later than the time of its publication in the Federal Register. If

Submittal to  
Congress.Publication in  
Federal Register.

either the Senate or the House of Representatives adopts, prior to the first day of October next following the submission of said schedule as required by this division, a resolution of disapproval of such schedule, the Commissioner shall publish a new schedule of expected family contributions in the Federal Register not later than fifteen days after the adoption of such resolution of disapproval. Such new schedule shall take into consideration such recommendations as may be made in either House in connection with such resolution and shall become effective, together with any amendments thereto, with respect to grants to be made on or after the first day of July next following. The Commissioner shall publish together with such new schedule, a statement identifying the recommendations made in either House in connection with such resolution of disapproval and explaining his reasons for the new schedule."

20 USC 1070a.

(d) Section 411(a)(3)(B) of the Act is amended—

(1) by inserting at the end of division (ii) the following new subdivision:

"(VI) Any educational expenses of other dependent children in the family."

(2) by inserting immediately after "student)" in division (iii) the following: ", and including any amount paid under the Social Security Act to, or on account of, the student which would not be paid if he were not a student and one-half any amount paid the student under chapters 34 and 35 of title 38, United States Code,"; and

(3) by striking out division (iv).

(e) Section 411(b) of the Act is amended by striking division (ii) of paragraph (3)(B) and redesignating subsequent divisions accordingly, and by redesignating paragraph (4) and any references thereto as paragraph (5) and inserting after paragraph (3) a new paragraph as follows:

"(4)(A) If the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible students by 15 per centum or less, then all of excess funds shall remain available for making payments under this subpart during the next succeeding fiscal year.

"(B) If the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible students by more than 15 per centum, then all of such funds shall remain available for making such payments but payments may be made under this division only with respect to entitlements for that fiscal year."

Repeal.

(f) Section 411(b)(3)(C) of the Act is repealed.

Supra.

(g) Section 411(b)(5) of the Act (as redesignated by subsection (e)) is amended by striking out "July 1, 1975" and inserting in lieu thereof "October 1, 1979".

(h) Section 411 of the Act is amended by adding at the end thereof the following new subsection:

"(d)(1) In addition to payments made with respect to entitlements under this subpart, each institution of higher education shall be eligible to receive from the Commissioner the payment of \$10 per academic year for each student enrolled in that institution who is receiving a basic grant under this subpart for that year. Payment received by an institution under this subsection shall be used first to carry out the provisions of section 493A of this Act and then for such additional administrative costs as the institution of higher education determines necessary.

Post, p. 2148.

"(2) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subsection. If the sums appropriated for any fiscal year for making payments under this subsection are not sufficient to pay in full the amounts provided for in paragraph (1), then such amount will be ratably reduced. In case additional funds become available for making payments for any fiscal year during which the preceding sentence has been applied, such reduced amounts shall be increased on the same basis as they were reduced."

Appropriation  
authorization.

(i) Section 411 of the Act is further amended by adding at the end thereof the following additional subsection: 20 USC 1070a.

"(e) (1) The Commissioner shall enter into agreements with not less than two nor more than five States for the processing by such States of all applications of their residents (through an instrumentality or agent selected by such State) for grants made under this subpart for the academic year beginning after July 1, 1977, on condition that any State grants which are subsidized in part by Federal funds, during the period for which State processing of basic education opportunity grant applications is carried out by the State, will be available to eligible State residents for use at the majority of educational institutions outside that State which are eligible institutions under subpart 1 of this part. No later than ninety days after termination of the agreements, the Commissioner shall report to the Congress on the experience with multiple State processing, including its impact on the delivery of student aid to students, and including recommendations concerning whether the option of processing applications for grants under this subpart should be made available to all States having the capacity to do so.

"(2) Any State entering into an agreement with the Commissioner shall—

"(A) not be required, without the State's consent, to perform services in excess of those required of any private agency or organization with whom the Commissioner has a contract to perform similar application processing, except such additional services as may be necessary to produce processing services of a type and quality equivalent to those produced, through the same or other means; and

"(B) be required to determine student eligibility for awards under this subpart solely on the basis of criteria set forth in this subpart and regulations promulgated by the Commissioner pursuant thereto.

"(3) The Commissioner shall promulgate such regulations as may be necessary—

Regulations.

"(A) to determine a fair per unit fee for application processing which, if the Commissioner has a contract with an agency or organization to perform similar application processing, shall be no more than the amount paid by the Commissioner per application for the same academic year to any such agency or organization; and

Fees for  
processing  
applications.

"(B) to otherwise carry out the purposes of this subsection.

"(4) Nothing contained in this section or other enactments of law shall be construed to prohibit any eligible State under subsection (c) of this section from—

"(A) employing student application forms that solicit information required for both the determination of eligibility under this subpart and for the determination of eligibility under the postsecondary educational grant programs of such State; and

“(B) coordinating the eligibility announcements of State post-secondary educational grants and grants under this subpart.

“(5) No State which enters into an agreement with the Commissioner may impose any fee or other charge upon a student for processing of the student's application for a grant under this subpart.”.

# **federal register**

Appendix F

WEDNESDAY, NOVEMBER 6, 1974

WASHINGTON, D.C.

Volume 39 ■ Number 215



PART III

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## **DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE**

**Office of Education**

■

### **BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM**

**Scope, General Definitions,  
Application Procedures, and  
Allowable Educational Costs**

## Title 45—Public Welfare

## CHAPTER I—OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

## PART 190—BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM

## Scope, General Definitions, Application Procedures, and Allowable Educational Costs

A notice of proposed rulemaking was published in the FEDERAL REGISTER on July 13, 1973 (38 FR 1778 et seq.) covering the general definitions, procedures for applying for a determination of an expected family contribution, method of award calculation, and the allowable educational costs for the Basic Educational Opportunity Grant Program (Title IV-A-1 of the Higher Education Act of 1965 as amended (20 U.S.C. 1070a)). At the time of publication of the proposed regulations, the Office of Education distributed them directly to 5,000 institutions of postsecondary education for review and comment. The Office of Education also conducted a series of regional workshops throughout the country. Participants in these workshops included institutional financial aid officers, high school counselors, TRIO project directors and others interested in the program. Since many of those who would normally respond in writing had the opportunity to comment verbally on these proposed regulations during those regional meetings, only 30 written comments were received. The recommended changes in these regulations, however, reflect our consideration of both the verbal and written comments received.

The public comments received centered around four major issues: the allowable costs of attendance (§ 190.51); the definition of clock hour (§ 190.2(c)); definition of full-time student (§ 190.2(f)); and the criteria under which a special recomputation of a student's expected family contribution due to extraordinary circumstances would be permitted (§ 190.16).

The largest group of comments expressed concern regarding the allowable costs of attendance for the program (§ 190.51). The area of greatest concern was the off-campus room and board allowance and the allowance for miscellaneous expenses. The overwhelming majority of comments received indicated that these allowances were too low to adequately reflect even minimal costs of the students. With regard to the costs proposed for the 1973-74 academic year, the allowable costs for the Basic Grants were as follows: (1) the amount charged to the student by the institution for tuition, fees, and room and board; (2) an off campus living allowance of either \$950 or \$750 depending on whether the student lived in his own quarters or with his parents; and (3) a miscellaneous expense allowance of \$350 for each student to cover books, supplies, and miscellaneous expenses.

In the development of cost allowances for the academic year 1973-74 it was felt that a number of factors had to be considered. While the off-campus allowances

might not reflect a higher cost of living in one area, they were substantially above the cost of living for other parts of the country. As such, the cost allowances were intended as reasonable average costs and the Basic Grant payment schedule was issued on this basis. Since these allowances were designed to apply to all Basic Grant recipients who lived off-campus and were designed to take into account the variety of living costs in all parts of the country, the allowances for the 1973-74 academic year were not changed.

However, in view of the significant increases in the cost of food and maintenance during the past year which is reflected in an 8.8 percent Consumer Price Index increase, the off-campus room and board cost allowance has been increased to \$1,100 for the 1974-75 academic year. Also beginning with the 1974-75 academic year, no distinction will be made in the allowance for students living off-campus, whether or not they are living with their parents, because studies have indicated that the costs for these students are approximately equal. Although there may be significant differences among various areas of the country, studies made by the two major national need analysis services (College Scholarship Service and the American College Testing Program) indicate that the average student budget for off-campus living costs is about \$1,100, regardless of whether such students are living with their parents or in own quarters.

In addition, the allowance for miscellaneous expenses covering such costs as books, supplies, laundry, and clothing expenses, etc. has been increased to \$400. The increase of \$50 is justified on the basis of the 8.8 percent rise in the Consumer Price Index. The new allowance of \$400 would seem to be sufficient to recognize the need of students to pay for reasonable expenses without incurring the risk of having the program charged with allowing unnecessary luxuries.

Related to the changes affecting the allowable cost question is the inclusion of a provision that eligible students who are incarcerated be permitted as allowable costs of attendance only tuition and fees and an allowance of \$150 for books and supplies. This amendment, we believe, extends Basic Grant funds to these students in proportion to their needs.

In view of the pressing need to incorporate these provisions into the Payment Schedule which is used by institutions of higher education participating in the Basic Educational Opportunity Grants Program in determining the amount of a student's grant award, it has been determined that further resort to proposed rulemaking procedures with respect to these regulatory provisions would be impracticable and contrary to the public interest (5 U.S.C. 553(b)).

Another area of concern dealt with the definition of clock hour for purposes of determining full-time attendance (§ 190.2(c)). As originally proposed, 1 clock hour would require 3 hours of faculty supervised laboratory or shop training

if such laboratory or shop training did not require outside preparation. Therefore, the proposed definition would require students enrolled in many vocational programs to be in shop or laboratory training 75 hours per week in order to qualify as full-time students. The amended regulation provides that one hour of faculty supervised laboratory or shop training would count as 1 clock hour for the purpose of determining a full-time student. The revised definition of clock hour, we believe, provides a more equitable treatment of students enrolled in vocational training programs and treats students in traditional and non-traditional programs of higher education in a more consistent manner.

Another major concern was expressed with regard to the applicability of the proposed definition of full-time student to students enrolled in summer session programs, students enrolled in specially scheduled "block-time" programs, and students enrolled in institutions which measure academic progress in terms of both credit and clock hours (§ 190.2(f)).

The definition of a full-time student is based on two concepts; the amount of academic workload carried by the student, and the length of the student's enrollment. For example, a student who is enrolled in a school utilizing a quarter system would be classified as a full-time student if he carries a minimum of 12 quarter credits per academic term and expects to enroll for three quarters. In this context, a summer session student would not have been classified under the previous regulations as a full-time student even though he may carry the equivalent of a full-time workload over a period of two summer sessions. For this reason, the regulations have been amended to permit eligibility of summer session students provided that the course work undertaken or expected to be undertaken during two or more summer session terms would amount to the equivalent of at least 12 quarter or 12 semester hours upon completion. The definition of a full-time student has further been amended to apply to students enrolled in specially scheduled series of courses or seminars other than summer session programs. For a student enrolled in such a program to be considered a full-time student, he or she must complete the equivalent of at least 12 semester or 12 quarter hours during a period not exceeding 18 weeks.

In addition to these modifications, the regulations also provide for a method for determining full-time status for students enrolled in institutions which measure progress in terms of both credit and clock hours. Such students often do not qualify for full-time status if their workload is measured solely in terms of credit hours or in terms of clock hours. At the same time, their combined workload is equivalent to the academic endeavor of students enrolled in schools with more traditional academic calendars. For this reason, the regulations contain a provision which allows for the determination of full-time status based on the sum of the proportionate workload carried

in terms of credit hours and the proportionate workload carried in terms of clock hours.

Related to these additions to the definition of "full-time student," are modifications made in the definition of "academic year" and the addition of a new definition of "school year." It should be noted at the outset that these modifications do not, in any way, change the basic procedures for award calculation or proration of awards. Rather, they clarify and simplify what otherwise would appear to be very complex terminology and procedure. These changes are as follows:

1. The definition of academic year has been changed to specify that such a period is the period of time falling between July 1 of one year and June 30 of the subsequent year. This definition is to be utilized in conjunction with grant award calculation and disbursement. Thus, for purposes of the Basic Grant Program, the academic year is essentially equivalent to the Federal fiscal year.

2. The definition of "school year" was added in support of the definition of full-time student and provides a basis for determining the grant amount of which a student would be eligible during any particular academic year. As such, this definition describes the period of academic enrollment which is to be used as a base in calculating a student's award during a given academic year.

3. The modifications to the definition of academic year required several additional provisions to Subpart F dealing with the determination of Basic Grant awards. Consequently, procedures for calculating a student's grant were added to cover the following conditions: (a) a student who is enrolled in an eligible program of study which is less than a full school year in duration; (b) a student who is enrolled in a school year which is more than 12 months in duration; and (c) a student who is enrolled in a school year which spans 2 academic years.

Another group of comments received concerned the criteria under which a special recomputation of a student's expected family contribution due to extraordinary circumstances would be permitted (§ 190.16). The previously proposed criteria for recomputation of the expected family contribution were the death of a parent or spouse, the loss of employment of a parent or spouse, or the inability to pursue normal income-producing activities by reason of disability or natural disaster. As a result of experience gained, it has become evident that the financial circumstances of a family unit are severely affected as a result of the separation or divorce of the applicant's parents when the applicant is a dependent student, as well as separation or divorce of the applicant himself when the applicant is an independent student. For this reason, the regulations provide that, starting in the 1974-75 academic year, an applicant may submit a new application substituting the tax year subsequent to the original base year as the new base year if the applicant or his parents have be-

come separated or divorced since the original application was submitted. A dependent student would include information which applies only to that parent who provides the greater amount of that student's support. Similarly, the independent applicant would include only his own income and asset information. (Cases in which the separation or divorce occurs prior to the student's filing an application are dealt with in Subpart C, § 190.31(a)(2) for dependent students and in Subpart D, § 190.42(a)(2) for independent students.)

Section 190.3 of the regulations provides that a student applying for the 1974-75 academic year will be eligible if he or she was not enrolled as a regular student at any institution of higher education prior to April 1, 1973, rather than July 1, 1973. This change is required by statute and will permit students who began their school year between April 1 and July 1, 1973 to receive Basic Grants in the 1974-75 academic year.

It should be noted that the official notification to the student of his expected family contribution, which has previously been called the "Family Contribution Analysis Report", is now named the "Student Eligibility Report." Consequently, all references to the "Family Contribution Analysis Report" in Subpart B, § 190.14 and § 190.15 and Subpart F, § 190.61 have been changed to read "Student Eligibility Report."

The proposed regulations, as published, also contained some technical inaccuracies and omissions. The inaccuracies and omissions have been corrected in this publication of the regulations. There has also been some rearrangement of text to give greater clarity. In addition, for purposes of clarity, § 190.72, § 190.82, and § 190.84 of Subpart G, which was previously published as a notice of proposed rule making in the FEDERAL REGISTER on March 15, 1974 (39 FR 9995), have been removed from Subpart G and incorporated in Subpart A as § 190.2(1), § 190.4, and § 190.5, respectively.

It is the intention of the Office of Education to issue necessary amendments to these regulations as additional experience is gained in the operation of the program. In this context, the Office of Education will be pleased to receive any suggestions for possible future amendments. It should be further noted that Subparts C and D of the regulations covering the procedures for determination of expected family contribution for dependent and independent students were previously published as final regulations in the FEDERAL REGISTER on July 2, 1974 (39 FR 24472). Subpart G which deals with the Administration of Grant Payments, previously published as a notice of proposed rulemaking in the FEDERAL REGISTER on March 15, 1974 (39 FR 9995), is expected to be published as final regulations in the near future.

In light of the foregoing, Part 190 of Title 45 of the Code of Federal Regulations is amended by the addition of Subparts A, B, E, and F of Part 190 as set forth below.

**Effective date:** Pursuant to section 431(d) of the General Education Provisions Act, as amended, (20 U.S.C. 1232 (d)) these regulations have been transmitted to the Congress concurrently with the publication of this document in the FEDERAL REGISTER. That section provides that regulations subject thereto shall become effective on the forty-fifth day following the date of such transmission, subject to the provisions therein concerning Congressional action and adjournment. A subsequent notice will be published in the FEDERAL REGISTER stating the specific date on which these regulations have become effective.

Dated: September 20, 1974.

T. H. BELL,  
U.S. Commissioner of Education.

Approved: October 30, 1974.

FRANK CARLUCCI,  
Acting Secretary of Health,  
Education, and Welfare.

(Catalog of Federal Domestic Assistance No. 13.539 Basic Educational Opportunity Grant Program.)

Part 190 of Title 45 of the Code of Federal Regulations is amended by adding Subparts A, B, E, and F to read as follows:

**PART 190—BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM**

**Subpart A—Scope, Purpose and General Definitions**

- Sec. 190.1 Scope and purpose.
- 190.2 General definitions.
- 190.3 Eligible student.
- 190.4 Duration of student eligibility.
- 190.5 Concurrent receipt of multiple Basic Educational Opportunity Grant payments prohibited.

**Subpart B—Application Procedures for Determining Expected Family Contribution**

- 190.11 Application.
- 190.12 Certification of information.
- 190.13 Deadline for filing applications.
- 190.14 Notification of expected family contribution.
- 190.15 Request by applicant for recomputation of expected family contribution because of clerical or arithmetic error.
- 190.16 Extraordinary circumstances affecting the expected family contribution determination.

**Subpart E—Costs of Attendance**

- 190.51 Costs of attendance.

**Subpart F—Determination of Basic Educational Opportunity Grant Awards**

- 190.61 Submission of "Student Eligibility Report" for purposes of basic educational opportunity grant calculation.
- 190.62 Calculation of basic educational opportunity grant awards at full-funding.
- 190.63 Calculation of basic educational opportunity grant awards at less-than-full-funding.
- 190.64 Calculation of basic educational opportunity grant awards for less than a full school year.
- 190.65 Calculation of basic educational opportunity grant awards for a school year which is longer than 12 months in length.

190.66 Calculation of basic educational opportunity grant awards for a school year which spans 2 academic years.

**AUTHORITY:** Sec. 411 of the Higher Education Act of 1966 as added by Sec. 131(b) of Pub. L. 92-318, 86 Stat. 247-251 (20 U.S.C. 1070a), unless otherwise noted.

**Subpart A—Scope, Purpose and General Definitions**

**§ 190.1 Scope and purpose.**

The purpose of the Basic Educational Opportunity Grant Program is to assist in making available the benefits of post-secondary education to eligible students by providing assistance in meeting the cost of such education.

(20 U.S.C. 1070a)

**§ 190.2 General definitions.**

For purposes of this part,

(a) "Academic year" means, for purposes of grant award calculation and disbursement, the period of time between July 1 of one year and June 30 of the subsequent year.

(20 U.S.C. 1088(c) (1))

(b) "Act" means Title IV-A-1 of the Higher Education Act of 1965, as amended.

(c) "Clock hour" means a period of time which is the equivalent of (1) a 50 to 60 minute class, lecture, or recitation, or (2) a 50 to 60 minute faculty supervised laboratory, shop training, or internship.

(d) "Commissioner" means the U.S. Commissioner of Education or his designee.

(e) "Eligible program" means a program of training at an institution of higher education which (1) leads to a degree or certificate, (2) is of at least six months duration, and (3) admits as regular students only those persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate.

(20 U.S.C. 1141(a) (1); 20 U.S.C. 1088(b) (3))

(f) "Full-time student" means a student who is carrying a full-time academic work load, other than by correspondence, measured in terms of (1) the tuition and fees customarily charged for full-time study by the institution and (2) the course work or other required activities as determined by the institution in which the student is enrolled; provided, however, that such course work and activities amount to a minimum of (i) 12 semester hours or 12 quarter hours per academic term for institutions utilizing semesters, trimesters, or quarter hour systems; (ii) 24 semester hours or 36 quarter hours per school year for institutions which measure progress in terms of such credit hours but which do not utilize semester, trimester, or quarter systems; or (iii) 24 clock hours per week for institutions which utilize clock hours to measure progress. For students enrolled in an institution which measures progress in terms of both credit and clock hours, a student shall be considered a

full-time student at that institution if the sum of the fractions representing the number of credit hours taken by the student, when divided by 12, and the number of clock hours per week taken by the student, when divided by 24, is equal to or greater than one, and if such student is charged the tuition and fees customarily charged for full-time study by the institution. Furthermore, a student shall be considered a full-time student if he undertakes a series of courses or seminars, which extends over a period not exceeding 18 weeks and which, if completed, would amount to the equivalent of at least 12 semester or 12 quarter hours and if he is charged the tuition and fees customarily charged for full-time study by the institution.

(20 U.S.C. 1088(c) (2))

(g) "Good standing" means the eligibility of a student to continue in attendance in accordance with the standards and practices of the institution in which he is enrolled.

(h) "Half-time student" means a student who is carrying a half-time academic work load measured in terms of (1) the tuition and fees customarily charged for half-time study by the institution and (2) the course work or other required activities as determined by the institution in which the student is enrolled; provided, however, that such course work and activities amount to a minimum of (i) 6 semester hours or 6 quarter hours per academic term for institutions utilizing semesters, trimesters, or quarter hour systems; (ii) 12 semester hours or 18 quarter hours per school year for institutions which measure progress in terms of credit hours but which do not utilize semester, trimester, or quarter systems; or (iii) 12 clock hours per week for institutions which utilize clock hours to measure progress. For students enrolled in an institution which measures progress in terms of both credit and clock hours, a student shall be considered a half-time student at that institution if the sum of the fractions representing the number of credit hours taken by the student, when divided by 6, and the number of clock hours per week taken by the student when divided by 12, is equal to or greater than one, and if such student is charged the tuition and fees customarily charged for half-time study by the institution. Furthermore, a student shall be considered a half-time student if he undertakes a series of courses or seminars, which extends over a period not exceeding 18 weeks and which, if completed, would amount to the equivalent of at least 6 semester or 6 quarter hours and is charged the tuition and fees customarily charged for half-time study by the institution. All students engaged in a program of study by correspondence which is offered as requiring at least 12 hours of preparation a week shall be considered half-time students for purposes of this part.

(20 U.S.C. 1088(c) (2))

(i) "Institution of higher education" means an educational institution in any State which (1) admits as regular stu-

dents only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (2) is legally authorized within such State to provide a program of education beyond secondary education, (3) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree, (4) is a public or other non-profit institution, and (5) is accredited by a nationally recognized accrediting agency or association or, if not so accredited, (1) is an institution with respect to which the Commissioner has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time or (ii) is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited.

Such term also includes any school which provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provisions of clauses (1), (2), (4), and (5) of this paragraph unless such institution is a public institution, in which case it may also be accredited by the State agency in that State which has been listed by the Commissioner as a reliable authority as to the quality of public postsecondary vocational education in that State, and any proprietary institution of higher education, as defined in paragraph (m) of this section, which has an agreement with the Commissioner containing such terms and conditions as the Commissioner determines to be necessary to insure that the availability of assistance to students at the school under this part has not resulted, and will not result, in an increase in the tuition, fees, or other charges to such students.

(20 U.S.C. 1141(a), 20 U.S.C. 1087-1(b))

(j) "Month" means any period of 30 consecutive days occurring within an academic year. If an institution enrolls a student for a period of time which consists of a given number of months and some remaining days, 16 or more of such remaining days may be considered a month; less than 16 days shall not be considered a month.

(k) "Nonprofit" as applied to a school, agency, organization, or institution means a school, agency, organization or institution owned and operated by one or more nonprofit corporations or associations, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

(20 U.S.C. 1141(c))



(l) "Payment Schedule" means a table, effective for a given academic year, published by the Commissioner which indicates the amount of a student's Scheduled Basic Educational Opportunity Grant based on the Family Contribution Schedules effective for that academic year as described in Subparts C and D of this part, the cost of attendance at the institution in which the student is enrolled as defined in § 190.51, and the amount of funds available for making grants under this part for that academic year.

(m) "Proprietary institution of higher education" means a school which (1) provides not less than a six-month program of training to prepare students for gainful employment in a recognized occupation, (2) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (3) is legally authorized by the State in which it is located to provide a program of education beyond secondary education, (4) is accredited by a nationally recognized accrediting agency or association approved by the Commissioner for this purpose, (5) is not a public or other nonprofit institution, and (6) has been in existence for at least two years.

(20 U.S.C. 1088(b) (3))

(n) "Scheduled Basic Educational Opportunity Grant Award" means the amount of a Basic Educational Opportunity Grant which would be paid to a full-time student for a full school year.

(o) "School year" means a period of time, generally not less than 8 months, in which a full-time student would normally be expected to complete the equivalent of two semesters, two trimesters, three quarters, or 900 clock hours of instruction.

(p) "State" includes, in addition to the several States of the Union, American Samoa, the Commonwealth of Puerto Rico, the District of Columbia, Guam, the Trust Territory of the Pacific Islands, and the Virgin Islands.

(20 U.S.C. 1141(b); 20 U.S.C. 1088(a))

(q) "Undergraduate course of study" means a regularly prescribed course of study for an undergraduate student at an institution of higher education.

(r) "Undergraduate student" means a student who (1) is in attendance at an institution of higher education and (2) has not earned his first baccalaureate or professional degree. A student who has not earned his first baccalaureate or professional degree and who is enrolled in a program of study at the postsecondary level which is designed to extend for more than four academic years shall not be considered as an undergraduate student in that portion of the program that involves study beyond the fourth academic year unless that program leads to a first degree and is designed to extend for a period of five academic years.

(20 U.S.C. 1070a unless otherwise noted)

§ 190.3 Eligible student.

(a) A student is eligible to receive a Basic Educational Opportunity Grant under this part if he:

(1) Was not enrolled as a regular student at any institution of higher education as defined in § 190.2(1) prior to April 1, 1973,

(2) Is accepted for enrollment or is enrolled in good standing as a full-time undergraduate student at an institution of higher education,

(3) Is enrolled in an eligible program as defined in § 190.2(e), and

(4) Is a citizen or national of the United States or is in the United States for other than a temporary purpose and is, or intends to become, a permanent resident thereof; or is a permanent resident of the Trust Territory of the Pacific Islands.

(b) For purposes of paragraph (a) of this section, a student shall be deemed not to have been enrolled as a regular student at any institution of higher education if such student was enrolled, whether or not for credit, in a remedial or preparatory program designed to enable the student to meet the requirements for enrollment at an institution of higher education or was enrolled on less than a full-time basis and was simultaneously enrolled in a secondary school.

(20 U.S.C. 1070a; 1088; Pub. L. 93-35; Pub. L. 93-192)

§ 190.4 Duration of student eligibility.

(a) (1) The period during which a student may receive a Basic Educational Opportunity Grant shall be the period required for the completion of the undergraduate course of study being pursued by the student except that such period may not exceed a total of four school years unless (1) the student is pursuing a course of study leading to a first degree in a program of study which is designed by the institution offering it to extend over five school years, or (2) the student is, or will be, unable to complete a course of study within four school years because the student was required to enroll in a noncredit remedial course of study, in which case such period may be extended for not more than one additional school year.

(2) For purposes of paragraph (a) (1) of this section a school year means the period of time necessary for a student to complete not less than the equivalent of 24 semester hours, 36 quarter hours, or 900 clock hours of instruction.

(3) For purposes of paragraph (a) (1) of this section, a noncredit remedial course of study means a course of study for which no credit is given toward an academic degree, and which is designed to increase the ability of the student to engage in an undergraduate course of study leading to such a degree.

(b) Each period of enrollment, during which a student receives any payment of a Basic Educational Opportunity Grant under this part, shall be charged against the period of eligibility set forth in paragraph (a) of this section for that stu-

dent. The length of such period to be charged against the period of eligibility shall bear the same ratio to a school year as the payment received bears to the Scheduled Basic Educational Opportunity Grant for the entire academic year.

(20 U.S.C. 1070a)

§ 190.5 Concurrent receipt of multiple Basic Educational Opportunity Grant payments prohibited.

A student shall not be entitled to receive Basic Educational Opportunity Grant payments concurrently from more than one institution or from the Commissioner and an institution during an academic year.

(20 U.S.C. 1070a)

Subpart B—Application Procedures for Determining Expected Family Contribution

§ 190.11 Application.

In order to have the expected family contribution calculated for any academic year, a person shall submit to the Commissioner a form, approved by the Commissioner for that purpose, containing such information as the Commissioner may from time to time prescribe, unless the Commissioner specifically provides an alternative method of receiving such information.

(20 U.S.C. 1070a(b) (2))

§ 190.12 Certification of information.

The applicant, and where relevant, the applicant's parents or spouse, shall provide, if requested, any documents, including a copy of their Federal Income Tax Return, necessary to verify information submitted on the application form.

(20 U.S.C. 1070a(b) (2))

§ 190.13 Deadline for filing applications.

The Commissioner will from time to time establish cut-off dates for filing of applications for determining expected family contributions for any academic year.

(20 U.S.C. 1070a(b) (1))

§ 190.14 Notification of expected family contribution.

The Commissioner will send to each eligible applicant therefor a "Student Eligibility Report" which states the amount of the applicant's expected family contribution for the academic year for which a Basic Educational Opportunity Grant is requested and certain basic information used in the computation of that amount.

(20 U.S.C. 1070a)

§ 190.15 Request by applicant for recomputation of expected family contribution because of clerical or arithmetic error.

An applicant may request a recomputation of his expected family contribution if he believes a clerical or arithmetic error has occurred. The applicant requesting such a recomputation must submit his request for recomputation to

the Commissioner no later than five (5) weeks after the processing date indicated on the "Student Eligibility Report". Such requests are to be made in such form as the Commissioner will specify.

(20 U.S.C. 1070a(b)(2))

**§ 190.16 Extraordinary circumstances affecting the expected family contribution determination.**

If:

(a) Either a parent or a spouse whose income was included in the calculation of expected family contribution as determined in § 190.33 or § 190.44 has died in the base year or the tax year subsequent to the base year,

(b) Either a parent or a spouse whose income was included in the calculation of the expected family contribution as determined in § 190.33 or § 190.44 has experienced loss of employment of at least ten (10) consecutive weeks commencing in the base year and extending into the tax year subsequent to the base year or of at least ten (10) weeks during the tax year subsequent to the base year, or

(c) Either an applicant, parent, or spouse whose income was included in the calculation of the expected family contribution as determined in § 190.33 or § 190.44 has been unable to pursue normal income-producing activities by reason of disability or natural disaster for a period of at least ten (10) consecutive weeks commencing in the base year and extending into the tax year subsequent to the base year or of at least ten (10) weeks during the tax year subsequent to the base year or

(d) The parents of a dependent student applicant have become separated or divorced since the time the student submitted his application, or

(e) An independent student applicant has become separated or divorced since the time the student submitted his application, the applicant may submit an application, or if an application has been previously submitted, a new application, which shall use, as the base year for this purpose, the tax year subsequent to the base year as established by the regulations in this part. Such an application shall include the annual adjusted family income received to the date of application or reapplication and an estimate of the annual adjusted family income for the remainder of that year.

(20 U.S.C. 1070a(a)(3)(B)(1)(V))

**Subpart E—Costs of Attendance**

**§ 190.51 Costs of attendance.**

For the purposes of this part only the following expenses (and allowances in lieu of expenses) shall be recognized as a student's cost of attendance.

(a) **Tuition and fees.** The amount charged the student for tuition and fees that is generally charged to all students or that is generally charged to a particular class of students of which the applicant student is a member. For the purpose of this section, tuition and fees may not include any amounts related to the cost of travel, except such travel within the United States, other than travel from

the student's residence to the institution, as is required in connection with a particular course of study.

(b) **Room and board.** (1) The actual amount charged by the institution pursuant to a contract entered into with the student under which both room and board are provided by the institution; or,

(2) The actual amount charged by the institution pursuant to such a contract entered into for room but not board, plus an allowance of \$625 for the academic year; or

(3) The actual amount charged by the institution pursuant to such a contract entered into for board but not room, plus an allowance of \$475 for the academic year; or

(4) If no such contract is entered into for either room or board, an allowance of \$1,100 for the academic year whether or not the student lives with a parent.

(5) If an institution enters into a contract with a student for room and/or board for less than 7 days per week, a daily rate shall be computed for those days covered by the contract and this rate shall be used for calculating the costs to the student for days not covered by the contract. This amount shall be added to the costs established under § 190.51(b)(1), (2), or (3), whichever is applicable.

(c) **Books, supplies, and miscellaneous expenses.** An allowance of \$400 for the academic year.

(d) In the case of students engaged in a program of study by correspondence, only the costs of tuition and fees determined in accordance with paragraph (a) of this section shall be recognized as a student's cost of attendance for the purposes of the part.

(e) In the case of eligible students who are incarcerated, only the cost of tuition and fees determined in accordance with subparagraph (1) of paragraph (a) of this section, and an allowance of \$150 for books and supplies shall be recognized as a student's cost of attendance for this subpart.

(20 U.S.C. 1070(a)(2)(B)(iv))

**Subpart F—Determination of Basic Educational Opportunity Grant Awards**

**§ 190.61 Submission of Student Eligibility Report" for purposes of basic educational opportunity grant calculation.**

An applicant shall submit a "Student Eligibility Report" for a Basic Grant under this part to the institution(s) of higher education he wishes to attend in order to have the amount of his Basic Grant award determined. The Commissioner will from time to time establish cut off dates for any academic year for the submission of "Student Eligibility Reports."

(20 U.S.C. 1070a(b)(2))

**§ 190.62 Calculation of basic educational opportunity grant awards at full-funding.**

When funds are available to satisfy such payments, the Commissioner will

pay to each eligible applicant for any academic year a Basic Educational Opportunity Grant in an amount equal to \$1400 minus his expected family contribution, except that no award will be made (a) which is in excess of 50 percent of the applicant's actual cost of attendance at the institution of higher education in which the applicant is enrolled, (b) which exceeds the difference between the expected family contribution of the applicant and his actual cost of attendance at the institution in which he is enrolled, or (c) which is less than \$200.

(20 U.S.C. 1070a(2))

**§ 190.63 Calculation of basic educational opportunity grant awards at less-than-full-funding.**

When funds are not available to fully satisfy all Basic Educational Opportunity Grant awards, each grant awarded to an eligible applicant shall be reduced in accordance with the provisions of section 411(b)(3) of the Act. The amount to be reduced in accordance with section 411(b)(3) will be the remainder of \$1400 less the applicant's expected family contribution. No award will be made if the amount of such award after the application of the provisions of section 411(b)(3) of the Act is less than \$50, nor may an award be made under this Section to an applicant whose award was calculated to be less than \$200 under § 190.62.

(20 U.S.C. 1070a(a)(2)(b)(iii))

**§ 190.64 Calculation of basic educational opportunity grant awards for less than a full school year.**

(a) In the event that an applicant is enrolled as a full-time student in an eligible program which is less than a full school year in duration, the amount of his grant shall be reduced in the same proportion as that period of time bears to eight months.

(b) In the event that an applicant is enrolled as a full-time student in an eligible program which meets the definition of "school year", but the student enrolls for a period of time which is less than the full school year, the amount of his grant shall be reduced in the same proportion as the period of his enrollment bears to the length of such school year.

(20 U.S.C. 1070a(a)(2))

**§ 190.65 Calculation of basic educational opportunity grant awards for a school year which is longer than twelve months in length.**

In the event that a student is enrolled as a full-time student for a school year which is longer than 12 months, the amount of his Basic Grant payable for an academic year shall be in the same proportion to his Scheduled Basic Educational Opportunity Grant as the number of months of the school year occurring in the academic year for which payment is requested bears to twelve months.

(20 U.S.C. 1070a)

**§ 190.66 Calculation of Basic Educational Opportunity Grant awards for a school year which spans two academic years.**

Subject to the provision of § 190.64 and § 190.65, in the event that an applicant is enrolled as a full-time student for a school year which spans two academic years, the amount of his grant payable during any one academic year, by reason of enrollment in such school year, shall be equal to an amount which bears the same proportion to his Scheduled Basic Educational Opportunity Grant award for that academic year as the number of months of such school year occurring within that academic year bears to the total number of months of that school year.

(30 U.S.C. 1070a)

**APPENDIX**

The following discussion is intended to provide additional information and explanation of the preceding regulations. The reference number which appears before each explanation corresponds to the number of the regulation.

**SUBPART A**

**Section 190.2(a) Academic year.** The definition of academic year provides for an academic year which corresponds to the current Federal fiscal year, July 1 to June 30 of the subsequent year.

The primary reason for defining an academic year the same as the Federal fiscal year is to assure that all student awards are determined based on the same Family Contribution Schedules and payment schedule which are in effect for a particular fiscal year. By adopting this type of definition of academic year, we have precluded the situation where two students from similar economic backgrounds who are attending the same institutions simultaneously would have different awards calculated because they initiated their school year at different times.

Another reason for defining the academic year as the fiscal year is to provide a closing date for fiscal purposes. To determine the total expenditures from the fiscal year's appropriation, it is necessary to establish this cut-off date in order that final data on fiscal activity be easily and effectively processed.

Only one Basic Grant can be awarded a student during one academic year. Students enrolled in accelerated courses of study leading to a certificate or degree in less than the customary length of time required to obtain such a certificate or degree, often attend on a continuous basis. For purposes of the Basic Grant Program, these students will only receive one award for use in any academic year. For instance, if a student enrolled in September and completed one year of study in May, he would receive one Basic Grant for that period. If this student immediately initiated the second year of study, he could not receive a second award until after July 1.

Specific procedures for determination of Basic Grant awards for any particular academic year are described in Subpart F of this Appendix.

**Section 190.2(c) Clock hour.** While many institutions utilize such academic units as semesters, trimesters, and quarters, a large number of schools measure progress toward a certificate or degree in terms of clock hours. In order to accommodate these types of institutions, the definition of clock hour recognizes and establishes minimum standards upon which a student's progress can be measured and is consistent with gen-

erally accepted standards for full-time study at institutions which operate on a clock-hour basis.

**Section 190.2(e) Eligible program.** The definition of eligible program serves the purpose of establishing those types of educational courses of study within an eligible institution in which a student must be enrolled in order to receive a Basic Grant. The requirements for determining institutional eligibility are specified by law. The term eligible program for purposes of Basic Grants applies these statutory provisions to the programs of study within these eligible schools. In this way we seek to assure that students receiving Basic Grants are attending educational programs which meet certain minimum standards and which are postsecondary in nature. It should be noted that an eligible program is one that admits as regular students high school graduates or students with a recognized equivalent certificate. However, an otherwise eligible program does not lose its eligibility if its enrollment includes a small proportion of non-high school graduates admitted as special students. In such a case special students are also eligible for Basic Grants.

**Section 190.2(f) Full-time student.** In the first year of operation (1973-74), Basic Grant eligibility was restricted to full-time students who began their postsecondary education after July 1, 1973. For the second year of operation (1974-75), Basic Grant eligibility is restricted to full-time students who began their postsecondary education after April 1, 1973. Because of the entitlement nature of the Basic Grant Program, it is necessary to establish a definition of full-time student which can be applied to all applicants enrolled in various types of educational programs.

The definition is divided into several major categories in order to accommodate the variety of methods used by institutions in structuring their own academic terms and methods of measuring progress.

1. For those traditional types of institutions which divide their regular academic year into semester, trimester, or quarter terms and which measure academic progress in terms of semester or quarter hour credits, a student must be enrolled for 12 semester or quarter hours per academic term in order to be considered a full-time student. Generally, traditional types of institutions consider 15 credit hours to be a full-time academic work load. However, while many students average 15 credit hours per academic term, in practice, students often vary their work load between 12 and 18 credits per term. Therefore, 12 credit hours has been traditionally recognized as the minimum full-time schedule.

2. For those institutions which measure progress in terms of semester or quarter hours but which do not divide their school year into regular semester, trimester, or quarter hour terms, a student must enroll for 24 semester or 36 quarter hours per school year. This provision would apply to those institutions which utilize non-traditional academic terms as their school years as well as those traditional institutions which also offer special programs of study designed to enable students to meet normal academic progress requirements in irregularly structured school years.

In addition, students enrolled in a specially scheduled series of academic terms which are designed to provide the student with the minimum of 12 quarter or 12 semester hours during a period not exceeding 18 weeks would be considered full-time.

One example of a specially scheduled series of academic terms would be summer school. For instance, a student may enroll in an institution for the summer session. He may be

considered to be a full-time student if at the end of the summer session he would accumulate an additional 12 semester hours. This would hold true even if "summer school is divided into two six-week sessions, in themselves do not provide the minimum number of credits. In this example, it is assumed that the institution's summer school is divided into two six-week sessions. Each of these sessions provides six credit hours. If the student enrolls in the first session, the institution may assume that the student will also enroll in the second session and will, over the summer, carry 12 semester hours of work. In this case the student would be considered a full-time student and would be eligible to receive a Basic Grant. (Of course, the payment of his grant would be subject to other Basic Grant requirements regarding disbursement of funds for each academic term and calculation of awards in a school year which spans two academic years.)

On the other hand, if a student enrolled for only the second summer session, he would not be considered as a full-time student since he could not accumulate 12 semester hours during that summer session.

3. For institutions which measure progress in terms of clock hours, a student must be enrolled for a minimum of 24 clock hours per week in order to be considered as a full-time student. This requirement is consistent with the current practices of these types of institutions and accommodates the various kinds of programs offered by the types of institutions which measure progress in terms of clock hours.

4. There are a number of institutions which offer programs of study which measure progress in terms of credit and clock hours. Students enrolled in such programs very often are not carrying sufficient credit hours per academic term to be considered full-time; nor are they enrolled for the minimum number of clock hours per week required of full-time students. However, these students are often involved in an academic endeavor which is the equivalent of full-time study at other types of institutions. Therefore, in order to determine the full-time status of a student's enrollment, the institution will make the following calculation:

1. Determine the number of clock hours the student is carrying per week and express this number as the numerator of a fraction with 24 as the denominator.
2. Determine the number of credit hours the student is carrying per semester, trimester, or quarter and express this number as the numerator of a fraction with 12 as the denominator.
3. Add these two fractions.
4. If the sum equals 1 or more, the student may be considered to be a full-time student.

In addition to meeting the work load criteria, a full-time student must also be charged the tuition and fees normally charged by the institution to a student who is taking a full-time course load. By establishing both of these eligibility criteria, it can be assured that only truly full-time students are receiving Basic Grants.

**Section 190.2(h) Half-time student.** Although half-time students have not yet become eligible to receive Basic Grants, a definition of half-time student is necessary for purposes of the multiple student adjustment in the determination of expected family contribution. The definition parallels that for full-time student. The definition further indicates that all students engaged in a program of study by correspondence at institutions of higher education will be considered to be half-time students or less depending on the number of required clock hours of

preparation per week. Such consideration is consistent with the existing regulations of the Federally Insured Student Loan Program.

Section 190.2(i) *Institution of higher education.* The definition of institution of higher education (including proprietary institutions of higher education) reflects the statutory requirements for institutional eligibility and is the standard definition used by many of the existing Federal student financial aid programs.

Inquiries and communications relating to institutional eligibility should be addressed to the Accreditation and Institutional Eligibility Staff, Bureau of Postsecondary Education, U.S. Office of Education, Washington, D.C. 20202.

Section 190.2(1) *Payment schedule.* The Payment Schedule is the annually developed schedule of the amount of each student's Basic Grant given his expected family contribution and cost of attendance. It is based on Office of Education estimates of the total demand for Basic Grants for an academic year and the appropriation for that academic year. The appropriation reduction language specified in the law (as a result of the amount of that appropriation) is already accounted for in the Payment Schedule. The award shown for each student is for a full academic year and will have to be adjusted if a student attends for less than a full academic year.

Section 190.2(o) *School year.* The definition of school year is consistent with the current practices at both traditional and non-traditional types of institutions. It provides both the minimum full school year for purposes of calculating the amount of grants as well as the maximum time for which a student may receive Basic Grant assistance in any academic year. For instance, a student who receives a Basic Grant which covers two semesters, may not receive any additional Basic Grant assistance during an academic year.

Section 190.2(r) *Undergraduate student.* The definition of undergraduate student generally reflects the criteria used by institutions of higher education in determining the status of an undergraduate student. For purposes of Basic Grants, however, any student who has already earned his first baccalaureate degree is not considered to be an undergraduate student even if he is enrolled in an undergraduate course of study. For example, a student who has earned an Associate of Arts degree and who is enrolled in a program of study leading to a baccalaureate degree, would be considered to be an undergraduate student. On the other hand, a student who has already earned any baccalaureate degree and who is enrolled in a program which is designed to lead to a second baccalaureate degree would not be considered to be an undergraduate student for purposes of Basic Grants.

Students who are enrolled in a program of study which is designed to lead to both a bachelor's degree and an advanced degree over a five-year or longer period, will be considered to be an undergraduate student for only the first four years of that program. Of course, students who are enrolled in a program of study leading to a first baccalaureate degree, designed by the institution to extend over 5 academic years, will be considered to be undergraduate students for the length of the program.

Section 190.3 *Eligible student.* In order to be eligible to receive a Basic Grant during the 1974-75 academic year, a student must have begun his postsecondary education after April 1, 1973, and be enrolled in an eligible program in an institution of higher education on a full-time basis.

However, a student who was enrolled prior to April 1, 1973 in an ineligible institution of higher education can apply for and receive a Basic Grant. In addition, for these purposes, enrollment consists of any class attendance. Therefore, students who registered but did not actually attend classes prior to April 1, 1973, are not considered to have been enrolled. On the other hand, students who actually registered and attended any classes (regardless of the length of that attendance) are considered to have been enrolled.

High School students who take college-level courses while still in secondary schools are not considered to have been enrolled as regular students. These students are then, therefore, eligible to receive Basic Grants.

Another group of students who are not considered to have been enrolled as regular students in institutions of higher education prior to April 1, 1973, are those persons who were enrolled in remedial or preparatory programs of study, whether or not for credit, before that date. These special programs must be designed specifically for the purposes of assisting students who require such remedial or preparatory study in order to successfully pursue postsecondary education.

This provision is to assure that students participating in Upward Bound, Student Special Services, and other special programs, sponsored by Federal, State, or private organizations will not be excluded from participation in the Basic Grant Program.

#### SUBPART B

Subpart B establishes the application procedures for Basic Grants.

Section 190.11 *The application for determination of expected family contribution.* Basic Grant application forms are widely distributed to students through student financial aid officers at institutions of higher education, high school guidance counselors, Talent Search Projects, Upward Bound Projects, and other organizations and agencies located in areas easily accessible to students.

Completed forms submitted to the Office of Education are transmitted to the American College Testing Program which has a contract with the Commissioner to calculate expected family contributions for the Basic Grant Program according to the appropriate Regulations issued by the Office of Education.

Section 190.12 *Certification of information.* The determination of expected family contribution is based on data supplied by the applicant relating to the financial strength of his family. Since several of the data items requested on the application form reflect information provided by the applicant (and where relevant his parents or spouse) for Federal Income Tax purposes, the student may be requested to submit to the Commissioner the IRS returns for the base year as well as other documentation necessary to verify the information provided.

Section 190.15 *Request by applicant for recomputation of expected family contribution because of clerical or arithmetic error.* Applicants will be notified of the amount of their expected family contributions (called eligibility index in 1974-75) by the Commissioner on a "Student Eligibility Report" (called "Family Contribution Analysis Report" in 1973-74). In addition to the amount of the expected family contribution, the notification will include certain key data items taken from the applicant's application which were used in calculating the contribution. The applicant should compare these data items with those submitted on his application form and, should there be any discrepancy, he may request a recomputation of his eligibility index. Such a request for recomputation must be made within five weeks of the processing date indi-

cated on the "Student Eligibility Report".

Section 190.16 *Extraordinary circumstances affecting the expected family contribution determination.* For purposes of determining expected family contribution for the Basic Grant Program it was determined that the most accurate indicator of annual adjusted family income is the amount reported on the Federal Income Tax Return for the year preceding the year for which aid is requested. However, it was recognized that extraordinary circumstances could occur which would substantially affect the expected family contribution which was calculated on the basis of the preceding year's income. Therefore, this regulation establishes the conditions under which an applicant may request a determination of expected family contribution which uses the current tax year as the base year and reflects these extraordinary circumstances. These conditions are listed below.

In the event of the death of the applicant's parent(s) or spouse whose income was included in the determination of expected family contribution, the applicant may immediately request that his expected family contribution be calculated using the current tax year as the base year.

A different situation exists in those cases where the parent or the spouse of the applicant suffers a loss of employment. Unemployment may be for a brief period only, and reemployment may permit the family to enjoy the same level of income as that before the wage earner became unemployed.

A similar situation occurs when the applicant, and where relevant the applicant's parent or spouse whose income was included in the determination of expected family contribution, is unable to pursue normal income-producing activities due to disability or natural disaster.

For applicants who experience such situations as described above, there will be a requirement of a 10-week waiting period before the applicant can request a calculation of expected family contribution using the current tax year as the base year. This 10-week period must be either 10 consecutive weeks beginning in the base year and continuing into the tax year subsequent to the base year or 10 total weeks in the tax year subsequent to the base year.

In addition to the criteria listed above, a dependent applicant may request a determination of his expected family contribution using the current tax year as the base year if: (1) the parents of the applicant have become separated or divorced since the time the application was submitted, or (2) the independent applicant has become separated or divorced since the time the application was submitted.

In all cases where a request is made to vary from the standard base year, the applicant will be required to submit the amount of income received to the date of the request and an estimate of the amount of income to be received for the remainder of that year as well as any other pertinent information the Commissioner may require.

#### SUBPART E

Subpart E establishes the allowances for the costs of attendance for students seeking Basic Grants. The legislation defines the "actual cost of attendance" as the actual per-student charges for tuition, fees, room and board (or expenses related to reasonable commuting), books and an additional allowance for other expenses that the Commissioner determines to be reasonable for students attending an institution of higher education. Certain costs, such as tuition, fees, and dormitory charges, can be precisely known at the time of enrollment. Other costs, such as those for off-campus living expenses,

books or miscellaneous expenses, can only be estimated at the time a student's Basic Grant is calculated. Therefore, it was determined that standard allowances would be established for this second group of costs.

No allowance is made for the cost of room and board, or books, supplies, and miscellaneous expenses of the student engaged in a program of study by correspondence. In the case of books and supplies, these expenses are generally part of the tuition of the correspondence student. The room and board costs and miscellaneous expenses which the student engaged in correspondence study incurs are seen as fixed costs that the student would assume whether or not he was enrolled in postsecondary education.

Subpart E of the regulations states which costs are accepted as they are charged the student, and those costs which require an allowance. The reference numbers which appear before each item refer to the numbers of the Regulations.

Section 190.51(a) *Tuition or fees.* Since such costs as tuition and fees are definite, the institution can determine the actual amount charged for tuition and fees for each student. For both tuition and fees, only those charged to all students within a certain class of study or those required of a certain class of students for educational purposes will be allowed.

For example, a parking fee, which is a discretionary item, would not be allowed since it is not required of all students or of all students within a certain curriculum. However, a laboratory fee charged to all chemistry students would be allowed since it is a fee required of all students taking such a course.

The "out of State" or "out of county" tuition or fees charged by State and county public educational institutions are allowable since they are charged an entire class of students. No travel costs, including the cost of travel for study outside the United States, are allowed since these costs are not authorized by the enabling legislation. However, the costs of travel within the United States, which are charged as a course fee or included in tuition charges by the institution of higher education, and are required of all students taking such course, are allowed.

Section 190.51(b) *Room and board.* For the 1973-74 academic year separate standard allowances were established for those students who did not contract for room and board with the institution, and for students who resided with their parents. These allowances were \$950 for students who did not contract with the institution for room and board and who lived off-campus, but not with their parents, and \$750 for students who lived with their parents.

For the 1974-75 academic year, the off-campus living allowance is \$1100 for students who do not contract with their school for room and board regardless of whether they live with their parents. While it is true that in some areas of the country the off-campus living allowance is higher than the room and board charged by some institutions, for many schools the off-campus living allowance is less than the room and board actually charged by the school.

In addition, the College Scholarship Service and the American College Testing Program have developed projections of costs for the 1974-75 academic year which indicate that the \$1100 allowance is a reasonable average level of costs for off-campus students.

Therefore, regardless of the room and board charges at any school, the \$1100 allowance must be provided to all Basic Grant recipients who do not contract with the school for room and board.

Finally, for those institutions which provide board for their students for less than seven days a week, some provision must be made to recognize the costs of food for the days not covered by contract. In this event, the school will determine the per-day cost for board, multiply this rate by the number of days not covered by the contract, and add this amount to the amount of the contract. For instance, if the per-day rate is \$2, and the student has a five-day board contract with the school, the school will multiply the per-day rate times the number of days not covered by the contract ( $2 \times 2 = 4$ ) and add that amount to the total per-week charge ( $10 + 4 = 14$ ). This new per-week amount would then be multiplied times the number of weeks of the school year and added to the amount of the contract, in order to determine the student's total cost.

Section 190.51(c) *Books, supplies and miscellaneous expenses.* For the 1973-74 academic year \$150 was used for other Federal financial aid programs as a reasonable standard allowance for books and supplies and it was anticipated that such an amount would therefore be reasonable for this program. An additional standard allowance for miscellaneous expenses of \$200 was provided for expenses incurred by a student which are not covered in the room and board allowances. The total of \$350 was, therefore, the allowance to be made for these purposes.

For the 1974-75 academic year, the allowance for books, supplies and miscellaneous expenses has been increased to \$400. This increase of \$50 is justified on the basis of the 8.8 percent rise in the Consumer Price Index and experience with the current year program.

Section 190.51(e) For eligible students who are incarcerated, only the cost of attendance covering tuition and fees, and \$150 for books and supplies will be allowed. This allowance extends Basic Grant funds to these students in proportion to their needs.

SUBPART F

Subpart F establishes the procedures for the determination of Basic Grant awards. The section does not include procedures for the reduction of Basic Grant awards for less than full-time students since eligibility is limited to full-time students for both the 1973-74 academic year and the 1974-75 academic year.

Section 190.61 *Submission of "Student Eligibility Reports" for purposes of basic educational opportunity grant calculation.* Students attending institutions of higher education having an effective Terms of Agreement with the Commissioner will submit the "Student Eligibility Report" to the institution which will calculate the amount of the student's award based on the allowable cost criteria and payment schedule issued by the Office of Education for that academic year. The institution will also act as the Commissioner's agent in disbursing funds to students. In the event that the eligible institution the student wishes to attend does not choose to act as the Commissioner's agent, the student will submit the "Student Eligibility Report" directly to the Commissioner following the procedures contained in regulations which will be published subsequent to these regulations.

Section 190.63 *Calculation of basic educational opportunity grants at "less than full funding".* The Office of Education will make an estimate of the amount required to extend grants at the full-funding level to all eligible students during any fiscal year. When an appropriation is available for a fiscal year, the Office of Education will calculate whether the amount appropriated is sufficient to ex-

tend full-funding to all eligible students, or whether awards must be made on the basis of less than full-funding. If awards are to be at less than full funding, the Office will determine which of the various reduction provisions of section 411(b)(3) of the Act will be in effect. The Office will then issue a simple table of student award payments which will specify the amount of the Basic Grant for that academic year which will be made to a student with a given family contribution and cost of education.

Section 190.64 *Calculation of basic educational opportunity grant award for less than a full school year.* An eligible program must be at least 6 months in length. At the same time, a school year generally must be at least 8 months in length. In order for a student to receive the full amount of his grant he must be in attendance for a full school year, provided that school year falls within an academic year. (If the school year spans two academic years, Section 190.55 is used to calculate the amount of the grant.)

Those students who are enrolled in programs which are at least 6 months but less than 8 months in length will not receive a full grant. The amount of their grants will first be calculated as if they were in attendance for a school year, but will then be reduced in the same proportion as the length of the program bears to 8 months.

For instance, if a student is enrolled in an eligible program which is 6 months in length, his grant would be first calculated for the full school year. However, he would only be awarded six-eighths or three-quarters of that amount initially calculated.

Similarly, if a student is enrolled for a portion of a school year during an academic year, i.e., one semester, his Basic Grant will be calculated on the basis of his attendance for a full school year, but will be reduced in the same proportion as the length of time which he is enrolled in the academic year bears to the length of time of the school year.

Section 190.65 *Calculation of Basic Educational Opportunity Grant awards for a school year which is longer than twelve months in length.* All eligible programs of study which are longer than twelve months in length shall be considered to be twelve month programs for purposes of calculating awards.

In determining the amount of a student's award, the following process will be followed:

1. Calculate the full Basic Grant for which the student is eligible for the first academic year.
2. Determine how many months the student is enrolled between July 1 and the subsequent June 30. (For instance, a student enrolled in an eighteen-month course which begins in September would be enrolled nine months between July 1 and the subsequent June 30.)
3. Express that number of months as the numerator in a fraction with 12 as the denominator ( $\frac{9}{12}$ ).
4. The student would then receive  $\frac{9}{12}$ 's or  $\frac{3}{4}$ 's of his total award for that academic year.
5. The process is then repeated for the subsequent academic year, using a newly calculated grant for the second academic year.

Section 190.66 *Calculation of Basic Educational Opportunity Grant awards for a school year which spans two academic years.* When the situation occurs where a student's school year spans two academic years, awards will be calculated in the following manner:

1. At the time that the student initiates his school year (i.e. April), his award is calculated on the basis of the Family Con-

## RULES AND REGULATIONS

tribution Schedules and payment schedules in effect for that academic year. The award would be calculated for a full academic year.

2. The student's award would be disbursed to him in installments in proportion to the number of months remaining in his school year until June 30. A student who enrolled

in April would then receive a payment equal to 3 months of his total award.

3. In order to receive an award after July 1, the student would submit a Basic Grant application form for the subsequent academic year.

4. Upon receipt of the notification received as a result of this second application, the

institution will calculate the student's award based on the payment schedule effective for that academic year.

5. The student's award will then be disbursed on the basis of the months remaining in the student's school year.

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**federal register**

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PART II



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**DEPARTMENT OF  
HEALTH,  
EDUCATION, AND  
WELFARE**

**Office of Education**



**BASIC EDUCATIONAL  
OPPORTUNITY GRANT  
PROGRAM**

**Administration of Payments**

## Title 45—Public Welfare

## CHAPTER I—OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

## PART 190—BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM

## Regulations Covering the Administration of Grant Payments

A notice of proposed rule making was published in the FEDERAL REGISTER on March 15, 1974 (39 FR 9995 et seq.) relating to administrative matters with respect to the disbursement of payments under the Basic Educational Opportunity Grant Program (Title IV-A-1 of the Higher Education Act of 1965, as amended, (20 U.S.C. 1070a)). At the time of publication of the proposed regulations, the Office of Education distributed them directly to 5,000 institutions of postsecondary education for review and comment. Although some verbal comments were offered, no written responses were received.

The verbal comments received were primarily of a technical nature dealing with the procedure for calculation of institutional refunds and the treatment of a payment made to a student in the event that a student becomes ineligible during that payment period.

With regard to the procedures for calculation of institutional refunds (§ 190.78), the proposed regulations provided that the portion of a student's refund to be restored to the Basic Grant account shall be in the same ratio as the student's Scheduled Award bears to the average student budget as determined by the institution. However, for a considerable number of schools which make a single charge to the student for his academic program but make Basic Grant payments in several installments, this formula may result in a credit to the Basic Grant account of an amount larger than the actual disbursement to the student at the time the refund is requested. For this reason, the proposed regulations have been revised to provide that the amount to be restored to the Basic Grant account shall be in the same ratio to the amount of the refund as the amount of the Basic Grant funds already disbursed to the student at the time he requests the refund bears to the institution's calculation of average student budget for the period of enrollment for which such refund is requested. This procedure is equitable for all institutions and accommodates the differences in tuition charges and Basic Grant payments among different types of institutions of postsecondary education.

With respect to the treatment of Basic Grant payments made to a student who subsequently becomes ineligible (§ 190.75 (c)), the regulations provide that such payment applicable to that particular payment period shall not be reduced or revoked unless the provisions governing the institutional refund policy apply. However, the student shall not receive additional Basic Grant payments unless the student reestablishes his eligibility. This amendment has been added in re-

sponse to a number of inquiries from institutions which were uncertain as to program procedures in the event that a student is a full-time student at the time he receives his payment, but subsequently enrolls on a less than full-time basis.

The regulations were also amended to bring certain definitions and terminology in conformity with the regulations covering the scope, general definitions, application procedures, and allowable educational costs for the Basic Educational Opportunity Grant Program. The regulations covering these latter topics have previously been published as a final regulation. These changes are technical in nature and do not change the intent or purpose of the regulations covering administration of grant payments.

The regulations, as published, also contained some technical inaccuracies and omissions. These inaccuracies and omissions have been corrected in this publication of the regulations. There has also been some rearrangement of text to give greater clarity, and deletion of text where the material published was more appropriate for some other portion of the regulations. Specifically, a number of sections previously contained in these regulations have been incorporated in the regulations dealing with general definitions, application procedures and allowable educational costs. These sections are as follows: (1) § 190.72 Special Definitions; (2) § 190.82 Duration of student eligibility; and (3) § 190.84 Concurrent receipt of multiple Basic Educational Opportunity Grant payments prohibited.

In the light of the foregoing, Part 190 of Title 45 of the Code of Federal Regulations is amended by the addition of Subpart G as set forth below.

**Effective Date:** Pursuant to section 431(d) of the General Education Provisions Act, as amended, (20 U.S.C. 1232(d)) these regulations have been transmitted to the Congress concurrently with the publication of this document in the FEDERAL REGISTER. That section provides that regulations subject thereto shall become effective on the forty-fifth day following the date of such transmission, subject to the provisions therein concerning Congressional action and adjournment. A subsequent notice will be published in the FEDERAL REGISTER stating the specific date on which these regulations have become effective.

(Catalog of Federal Domestic Assistance No. 13.639 Basic Educational Opportunity Grant Program)

Dated: October 10, 1974.

T. H. BELL,  
U.S. Commissioner of Education.

Approved: November 22, 1974.

CASPAR W. WEINBERGER,  
Secretary of Health,  
Education, and Welfare.

Part 190 of Title 45 of the Code of Federal Regulations is amended by adding a new Subpart, Subpart G, to read as follows:

## Subpart C—Administration of Grant Payments

## § 190.71 Scope.

The provisions of this subpart, which deal with matters relating to program administration by institutions of higher education, unless otherwise noted are applicable only to those institutions that have entered into agreements with the Commissioner for that purpose pursuant to § 190.73.

(20 U.S.C. 1070a)

## § 190.72 [Reserved]

## § 190.73 Institutional agreements.

(a) The Commissioner may enter into an agreement with an institution of higher education whereby the institution will calculate and disburse Basic Educational Opportunity Grant awards to students enrolled in that institution. The agreement shall be on a standard form provided by the Commissioner and shall contain such terms as are necessary to carry out this part.

(b) The Commissioner will send to each institution with which he has an agreement pursuant to paragraph (a) of this section a payment schedule for each academic year.

(20 U.S.C. 1070a)

## § 190.74 Advancement of funds to institutions.

The Commissioner will make funds available to an institution of higher education for the purpose of making Basic Educational Opportunity Grant payments to eligible students at that institution. The amount of funds advanced to such institution will reflect the amount estimated by the Commissioner to be needed by that institution to make such payments and such amount may be adjusted periodically to reflect that need more accurately.

(20 U.S.C. 1070a (b) (3) (A))

## § 190.75 Payment of Basic Educational Opportunity Grant awards.

(a) An institution shall make payment of a Basic Educational Opportunity Grant to a student on the basis of having made the following determinations:

(1) that the student applying for the grant meets the eligibility requirements of § 190.3. In making this determination the institution is entitled to rely on information provided by the student if the institution has no direct independent knowledge with respect to such information;

(2) the amount equal to the actual cost of attendance of such student, calculated in accordance with § 190.51;

(3) the amount of the student's Scheduled Basic Educational Opportunity Grant, calculated in accordance with the payment schedule in effect for the period involved; and,

(4) the amount, if any, by which the amount determined in paragraph (a) (3) of this section should be adjusted in accordance with §§ 190.64-190.66 of this part.



(b) (1) Payment of Basic Educational Opportunity Grant awards shall be made in equal amounts at least once each semester, trimester, or quarter for those institutions which utilize such academic units. (2) For those institutions not utilizing such academic periods, payments shall be made in equal amounts not less than twice during that portion of the school year which falls within the academic year, with one payment to be made at the beginning and the other to be made at the midpoint of that portion of the school year which falls within the academic year; provided that if the portion of a school year which falls within an academic year is less than three months, only one payment need be made.

(3) Except where prohibited by § 190.76(c), funds paid to a student with respect to an academic period which has already been completed may be paid to such student in one lump sum payment.

(c) (1) Before making any payment to a student under this section, an institution shall confirm that the student is eligible to receive such funds for the period covered by the grant payment.

(2) Except as provided for in § 190.78, if an institution disburses funds to a student for a particular period, and during that period the student becomes ineligible to participate in the program, the payment applicable to that period shall not be revoked; however, the student shall not receive additional Basic Grant payments unless the student re-establishes his eligibility.

(d) Payments to a student may be made by check or by credit to the student's account with the institution. If payments are made to a student by crediting his account, the institution shall retain a receipt signed by the student for each such transaction and the credit entry to the student's account shall be clearly identifiable.

(20 U.S.C. 1070a)

**§ 190.76 Cut-off dates for making application for awards.**

(a) Except in cases where paragraph (b) of this section applies, in order to receive a Basic Educational Opportunity Grant for an academic year a student must apply for such a grant by submitting an official "Student Eligibility Report" to the institution in which he is enrolled, pursuant to § 190.61, or to the Commissioner pursuant to § 190.86, prior to May 31 of that academic year.

(b) If a student enrolls in an institution on or after May 1 of an academic year, he may receive a Basic Educational Opportunity Grant for that academic year if he submits the official "Student Eligibility Report" to the institution, or pursuant to § 190.86 to the Commissioner, prior to June 30 of that academic year.

(c) No payment may be made to a student who at the time he submits a "Student Eligibility Report" to an institution of higher education is no longer enrolled and in attendance in an eligible program in that institution of higher education.

(20 U.S.C. 1070a)

**§ 190.77 Overpayment of a Basic Educational Opportunity Grant.**

In the event that an institution makes an overpayment to a student under this part, the institution shall cooperate fully with the Commissioner, by making a reasonable effort to effect the return of such overpayment. The institution is not, however, liable for any overpayments which are not recovered unless such overpayment was made by the institution under circumstances where the regulations of the Commissioner clearly indicate that such payment should not have been made.

(20 U.S.C. 1070a)

**§ 190.78 Effect of institutional refunds.**

An institution shall reduce to writing its policy for making refunds of amounts paid for tuition, fees, room and board to students who withdraw or fail to pursue their course of study at such institution. A copy of such policy shall be made available to the Commissioner upon request. If a refund is due to a student pursuant to this policy, a portion of such refund must be restored to the Basic Educational Opportunity Grant account. The amount so restored shall bear the same ratio to the amount of the refund as the amount of the Basic Educational Opportunity Grant already disbursed to the student at the time he withdraws bears to the amount determined by the institution to be the average amount required for a student to pursue studies at that institution for the period of enrollment for which such refund is requested. Such amount shall be returned to the Commissioner by the student if the refund is made to a student by an institution of higher education which has not entered into an agreement under § 190.73.

(20 U.S.C. 1070a)

**§ 190.79 Fiscal control and fund accounting procedures.**

(a) All funds received and disbursed by an institution under this part shall be handled through one identifiable account in accordance with generally accepted accounting procedures. Such account may be an existing account (preferably one maintained for Federal funds), provided adequate control ledgers are maintained to properly account for such funds separately from other funds. Any such account shall be subject to audit by the Commissioner at such reasonable times as the Commissioner will determine. At no time may the funds in such account be in an amount less than the balance reflected in the institution's control ledgers for the Basic Educational Opportunity Grant Program.

(b) Funds received by an institution pursuant to this part are to be held in trust for the intended student beneficiaries. Such funds may be used only for the purposes for which they are advanced and may not be pledged or hypothecated for any other purpose.

(20 U.S.C. 1070a)

**§ 190.80 Maintenance and retention of records.**

Each institution shall maintain adequate records with regard to (a) the eligibility or lack thereof, of all students enrolled in the institution who have applied to the institution for a Basic Educational Opportunity Grant, (b) the amount of such grants as have been awarded and to whom, (c) the amount and date of disbursements of such grants to such students, and (d) the amount and date of any overpayments of awards that have been restored to the program account. Such records shall include the "Student Eligibility Report" for each student, the student's cost of attendance at the institution, the basis on which his full-time or part-time enrollment status was determined and the basis on which the portion of the academic year for which the student was enrolled was determined. Further, the institution shall make such records available for inspection by authorized representatives of the Commissioner, at any reasonable time at the offices of the institution. The institution shall retain such records for three years following the date of submission of a final report covering such funds.

(20 U.S.C. 1070a)

**§ 190.81 Submission of reports.**

The institution shall submit such reports and information as the Commissioner may reasonably require in connection with the funds advanced to it in accordance with § 190.74 and shall comply with such procedures as the Commissioner may find necessary to ensure the correctness of such reports.

(20 U.S.C. 1070a)

**§ 190.82 [Reserved]**

**§ 190.83 Attendance at more than one institution during an academic year.**

(a) If a Basic Educational Opportunity Grant recipient withdraws from one institution and applies for a Basic Educational Opportunity Grant at another institution during the same academic year, the student shall submit to that institution an official copy of his "Student Eligibility Report" for calculation of a new Scheduled Basic Educational Opportunity Grant award. If a student transfers to an institution which has not entered into an agreement under § 190.73 he shall follow the procedures described in § 190.86.

(b) The institution to which the student has transferred shall calculate and disburse the student's award in accordance with § 190.75.

(20 U.S.C. 1070a)

**§ 190.84 [Reserved]**

**§ 190.85 Recalculation of Basic Educational Opportunity Grant award.**

(a) The amount of a student's Basic Educational Opportunity Grant award for an academic year may be recalculated

## RULES AND REGULATIONS

lated during that academic year if the amount of a student's expected family contribution is redetermined in accordance with § 190.15 or § 190.16, or if the student enrolls at more than one institution during the course of an academic year.

(b) If a student's Basic Educational Opportunity Grant is adjusted in accordance with § 190.15 or § 190.16 subsequent payments to the student shall be adjusted, based on the newly calculated scheduled award, to ensure that the student is paid the entire amount of his newly calculated award (subject to any adjustments pursuant to §§ 190.64-190.66) before the conclusion of the academic period for which the grant is made. However, an institution calculating an award under § 190.83(b) shall

only pay that portion of the newly calculated award which is commensurate with that portion of the school year within the academic year spent at that institution.

(20 U.S.C. 1070a)

**§ 190.86 Calculation and disbursement of awards by the Commissioner of Education.**

(a) If a student enrolls in or transfers to an institution of higher education which has not entered into an agreement with the Commissioner pursuant to § 190.73, the student shall apply to the Commissioner for his Basic Educational Opportunity Grant award. The student shall provide the Commissioner with such information in such form as the Commissioner may from time to time prescribe.

(b) (1) The Commissioner will pay to a student his Basic Educational Opportunity Grant award computed in accordance with the relevant provisions of this part in equal amounts at least once each semester, trimester, or quarter for those institutions which utilize such academic units. (2) For those institutions not utilizing such academic periods, payments will be made in equal amounts not less than twice during that portion of the school year which falls within the academic year, with one payment to be made at the beginning and the other to be made at the midpoint of that portion of the school year which falls within the academic year; provided that if the portion of a school year which falls within the academic year is less than three months, only one payment need be made.

(20 U.S.C. 1070a)

[FR Doc. 74-27928 Filed 11-29-74; 8:45 am]

**federal register**

Appendix H

**TUESDAY, AUGUST 10, 1976**



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**PART V:**

**DEPARTMENT OF  
HEALTH,  
EDUCATION, AND  
WELFARE**

**Office of Education**



**BASIC EDUCATIONAL  
OPPORTUNITY GRANT  
PROGRAM**

## Title 45—Public Welfare

## CHAPTER I—OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

## PART 190—BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM

## Eligibility of Part-Time Students and Method of Award Calculation

A notice of proposed rulemaking was published in the FEDERAL REGISTER on June 3, 1975 (40 FR 23970 et seq.) covering the eligibility of part-time students and the method of award calculation for students enrolling on less than a full-time basis for the Basic Educational Opportunity Grant Program. Interested parties were invited to submit written comments, suggestions, or objections with regard to the proposed Amendments.

In addition to verbal comments, a total of 21 written responses were received. The public comments received centered around four major issues: the exclusion of members of a religious community, society, or order (45 CFR 190.3(c) in the proposed rule, and 190.3(b) in the final rule); the reduction of grants in proportion to the degree to which a student is not attending an institution on a full-time basis (45 CFR 190.63); the \$200 minimum grant which may be awarded to part-time students (45 CFR 190.62); and the use of actual costs of attendance in determining awards for students enrolling on less than a full-time basis (45 CFR 190.51).

## COMMENT

Several comments were expressed with regard to the procedures established for determining awards for part-time students. One group of comments concerned the fact that the actual costs of attendance for part-time students typically are not in direct proportion to a student's enrollment status and suggested that the rate of payment for part-time students should be a higher percentage than the rates proposed in the regulations.

## RESPONSE

This regulation was not changed. The proposed reductions of awards are in accord with the authorizing legislation which states that when "a student attends an institution of higher education on a less than full-time basis during an academic year, the amount of the Basic Grant to which that student is entitled shall be reduced in proportion to the degree to which that student is not so attending on a full-time basis \* \* \*" (20 U.S.C. 1070a(a)(2)(A)(ii)). Consequently, the regulations provide that a part-time student's award is determined in terms of the reduced academic workload carried by the student rather than in terms of estimated student budgets for part-time students.

## COMMENT

Several commenters were concerned with the use of actual costs of attendance in the determination of the student's award for students enrolling on a

part-time basis. Commenters felt that the costs of attendance for less than full-time students should be derived by using the tuition and fees which would be charged that student if he were to enroll on a full-time basis. Otherwise, the part-time student would be penalized because his cost of education is lower and, therefore, he would receive a portion of a Scheduled Award which has already been reduced by virtue of the student's lower education costs.

## RESPONSE

The regulations provide that the award for a part-time student shall be 50 percent or 75 percent of the award calculated for a full-time student. Therefore, for purposes of calculating the award for a part-time student, the cost of attendance would be based on a full-time enrollment status. However, the regulations were amended to assure that awards for a part-time student may never exceed one-half of that student's actual costs of attendance.

## COMMENT

Several comments were received expressing concern that at full funding the minimum award which a student may receive is \$200. It was felt that this ruling would exclude some part-time students whose need may be small but critical, and that this limitation should only apply to full-time students.

## RESPONSE

The regulation was not changed. We have been advised by the Office of General Counsel that section 411(a)(2)(B)(iii) of Title IV of the Higher Education Act (20 U.S.C. 1070a(a)(2)(B)(iii)), which sets forth the minimum \$200 award limitation, applies to both full-time and part-time students. Of course, a student whose original award for a full academic year was at least \$200 will be paid any prorated payments for attendance of less than a full academic year even if such proration results in amounts of less than \$200.

## COMMENT

A number of commenters noted that the regulations did not accommodate differences in academic program structures among various types of schools in determining awards for part-time students and, therefore, certain inequities resulted in the computation of awards, particularly for students enrolled in institutions with non-standard academic calendars.

## RESPONSE

In response to these comments, the Office of Education undertook a major review of the regulations and prepared award computation procedures which more closely reflected institutional and/or program differences to assure equal benefits regardless of where a student enrolls. However, to achieve the objective of increased equity, albeit for a limited class of students, the complexity of the award computation procedures were of necessity significantly increased.

These procedures were issued as interim guidelines to all participating institutions in September of 1975.

However, actual use of these procedures at the institutional level resulted in additional comments to the effect that the revised computation procedures were difficult, if not impracticable, to administer, and significantly increased administrative burdens for the institutions.

As a consequence of these developments, a determination was made to issue the final regulations governing the part-time awards unchanged. These regulations provide for a simple computation procedure which is based on a percentage reduction of the Scheduled Award for all students regardless of where they enroll.

## COMMENT

Several commenters expressed concern regarding the exclusion of members of religious orders (45 CFR 190.3(c) in the proposed regulation, and 190.3(b) in the final regulation). The regulation provides that a member of a religious order, who by direction of the order is pursuing a course of study at an institution of higher education, or who is receiving support and maintenance from the order, shall be deemed to have a family contribution of \$1201, and, consequently would not be eligible to receive a Basic Grant. The comments received indicated that members of religious orders should meet the same requirements as any other candidate and should not be penalized for choosing to dedicate their lives as members of a particular religious community.

## RESPONSE

The regulation has not been changed. This provision was included to provide comparability with similar ones governing the Supplemental Educational Opportunity Grant, College Work-Study and National Direct Student Loan Programs. The rationale for these provisions is the view that such individuals are not considered to have financial need which should be met by the Federal government since their religious order is responsible for their maintenance and support.

## GENERAL COMMENTS

The requirement set forth in § 190.3(a)(1) is being deleted. This provision limiting the eligibility of students for the Basic Grant program to students who were not enrolled as regular students at any institution of higher education prior to April 1, 1973 was added by Congress in the various acts appropriating funds for the Basic Grants program. However, the appropriation act which appropriated funds for the Basic Grants program for the 1976-77 academic year, Pub. L. 94-94, dropped this limitation and, therefore this provision is being deleted from the regulation effective July 1, 1976. Regardless of the date the provisions contained in this notice become effective, the limitation described above will become inoperative on July 1, 1976.

Other technical amendments were made which assure consistency of terminology and procedure throughout the regulations. The proposed amendments, as published, also contained some technical inaccuracies and omissions which have been corrected in this publication of the regulations. The current regulations to which these amendments apply have been previously published on November 6, 1974 (39 FR 39412) and on December 2, 1974 (39 FR 41800).

In light of the foregoing, Part 190 of Title 45 of the Code of Federal Regulations is amended as set forth below.

Effective date: Pursuant to section 431(d) of the General Education Provisions Act, as amended (20 U.S.C. 1232 (d)), these regulations have been transmitted to the Congress concurrently with the publication of this document in the FEDERAL REGISTER. That section further provides that regulations subject thereto shall become effective on the forty-fifth day following the date of such transmission, subject to the provisions therein concerning Congressional action and adjournment, except that the provision limiting the eligibility of students enrolled in institutions of higher education prior to April 1, 1973 will become inoperative on July 1, 1976.

(Catalog of Federal Domestic Assistance No. 13.539, Basic Educational Opportunity Grant Program)

Dated: June 17, 1976.

T. H. BELL,  
U.S. Commissioner of Education.

Approved: August 4, 1976.

DAVID MATHEWS,  
Secretary of Health, Education,  
and Welfare.

Part 190 of Chapter I of Title 45 of the Code of Federal Regulations is amended as follows:

§ 190.2 [Amended]

1. Section 190.2 is amended as follows: Paragraph (q) becomes (s); paragraph (r) becomes (t); and paragraphs (e) through (p) become (f) through (q). Also, the first sentence of paragraph (i) is revised; paragraph (m) is revised; and paragraphs (e) and (r) are added to read as follows:

(e) "Disbursement Schedule" means a table, effective for a given academic year, published by the Commissioner, which indicates the amount of a student's Basic Educational Opportunity Grant which would be paid to a three-quarter time or half-time student if such student is enrolled for the same number of months during an academic year as is required for a full-time student enrolled in the same program of study to complete a full school year. Such a table is based upon the student's expected family contribution, cost of attendance, and the part-time nature of the student's attendance.

(i) "Half-time student" means a student who is carrying at least a half-time academic work load but less than a three-quarter time work load measured in terms of (1) the tuition and fees customarily charged for half-time study by the institution and (2) the course work or other required activities as determined by the institution in which the student is enrolled: *Provided, however*, That such course work and activities amount to a minimum of (i) 6 semester hours or 6 quarter hours per academic term for institutions utilizing semesters, trimesters, or quarter hour systems; (ii) 12 semester hours or 18 quarter hours per school year for institutions which measure progress in terms of credit hours but which do not utilize semester, trimester, or quarter systems; or (iii) 12 clock hours per week for institutions which utilize clock hours to measure progress.

(m) "Payment Schedule" means a table effective for a given academic year, published by the Commissioner which indicates the amount of a full-time student's Scheduled Basic Educational Opportunity grant based on the Family Contribution Schedules effective for that academic year as described in Subpart C and D of this part, the cost of attendance at the institution in which the student is enrolled as defined in § 190.51, and the amount of funds available for making grants under this part for that academic year.

(r) "Three-quarter time student" means a student who is carrying at least a three-quarter time academic work load but less than a full-time work load measured in terms of (1) the tuition and fees customarily charged for three-quarter time study by the institution and (2) the course work or other required activities as determined by the institution in which the student is enrolled: *Provided, however*, That such course work and activities amount to a minimum of (i) 9 semester hours or 9 quarter hours per academic term for institutions utilizing semesters, trimesters, or quarter hour systems; (ii) 18 semester hours or 27 quarter hours per school year for institutions which measure progress in terms of credit hours but which do not utilize semester, trimester, or quarter systems; or (iii) 18 clock hours per week for institutions which utilize clock hours to measure progress. For students enrolled in an institution which measures progress in terms of both credit and clock hours, a student shall be considered a three-quarter time student at that institution if the sum of the fractions representing the number of credit hours taken by the student, when divided by 9 and the number of clock hours per week taken by the student when divided by 18 is equal to or greater than one, and if such student is charged the tuition and fees customarily charged for three-quarter time study by

the institution. Furthermore, a student shall be considered a three-quarter time student if he undertakes a series of courses or seminars, which extends over a period not exceeding 18 weeks and which, if completed, would amount to the equivalent of at least 9 semester or 9 quarter hours and is charged the tuition and fees customarily charged for three-quarter time study by the institution.

(20 U.S.C. 1088(c) (2))

2. Section 190.3 is amended by deleting paragraphs (a) (1) and (b), and by adding new paragraph (b) so that § 190.3 reads as follows:

§ 190.3 Eligible student.

(a) A student is eligible to receive a Basic Educational Opportunity Grant under this part if he:

(1) Is accepted for enrollment or is enrolled in good standing as at least a half-time undergraduate student at an institution of higher education.

(2) Is enrolled in an eligible program as defined in § 190.2(i), and

(3) Is a citizen or national of the United States or is in the United States for other than a temporary purpose and is, or intends to become, a permanent resident thereof; or is a permanent resident of the Trust Territory of the Pacific Islands.

(b) A member of a religious community, society, or order who by direction of his or her order is pursuing a course of study in an institution of higher education or who receives support and maintenance from the community, society, or order shall be deemed to have a family contribution of not less than \$1,201. For purposes of this part "a religious community, society, or order" includes an agency or organization which has, as a primary objective, the promotion of ideals and beliefs regarding a Supreme Being and which provides subsistence support to its members and require its members to forego monetary compensation or other support substantially beyond other support provided by the agency or organization.

NOTE.—For academic years 1973-1974 through 1975-1976 an additional eligibility criterion was that the student not be enrolled at any eligible institution of higher education prior to April 1, 1973.

3. Section 190.11 is amended to read as follows:

§ 190.11 Application.

In order to have the expected family contribution calculated for any academic year, a person shall submit to the Commissioner a form, approved by the Commissioner for that purpose, containing such information as the Commissioner may from time to time prescribe, unless the Commissioner specifically provides an alternative method of receiving such information. Information submitted shall

be accurate and complete for the date on which the application is completed.

4. Section 190.15 is revised to read as follows:

**§ 190.15 Request by applicant for recomputation of expected family contribution because of clerical or arithmetic error.**

An applicant may request a recomputation of his expected family contribution if he believes a clerical or arithmetic error has occurred, or if the information submitted by the application was inaccurate for the date on which the application was completed. Such a request for recomputation shall be made in such form as the Commissioner may prescribe and must be received by the Commissioner no later than the cutoff date established annually by the Commissioner for such requests.

(20 U.S.C. 1070a (b) (2))

5. In § 190.51 paragraph (d) is revised to read as follows:

**§ 190.51 Cost of attendance.**

(d) In the case of students engaged in a program of study by correspondence, only the costs of tuition and fees determined in accordance with paragraph (a) of this section shall be recognized as a student's cost of attendance for the purposes of this part: *Provided however*, That travel and room and board costs incurred specifically in fulfillment of a required period of residential training may be recognized as a cost of attendance for such a student.

6. Section 190.62 is revised to read as follows:

**§ 190.62 Calculation of basic educational opportunity grant awards at full-funding.**

(a) When funds are available to satisfy such payments, the Commissioner will pay to each eligible applicant who is enrolled as a full-time student for any academic year a Basic Educational Opportunity Grant in an amount equal to \$1400 minus his expected family contribution, except that no award will be made (1) which is in excess of 50 percent of the applicant's actual cost of attendance at the institution of higher education in which the applicant is enrolled, (2) which exceeds the difference between the expected family contribution of the applicant and his actual cost of attendance at the institution in which he is enrolled, or (3) which is less than \$200.

(b) In the event that a student enrolls as a three-quarter time student, the amount of his award shall equal 75 percent of the award established in accordance with paragraph (a) of this section; provided that in no event shall the award exceed 50 percent of the cost of attendance of that three-quarter time student: *And provided further*, That no award will be made if the amount of such award after reduction in accordance with this section is less than \$200.

(c) In the event that a student enrolls as a half-time student the amount of his

award shall equal 50 percent of the award established in accordance with paragraph (a) of this section; provided that in no event shall the award exceed 50 percent of the cost of attendance of that half-time student: *And provided further*, That no award will be made if the amount of such award after reduction in accordance with this section is less than \$200.

(20 U.S.C. 1070a (2))

7. Section 190.63 is revised to read as follows:

**§ 190.63 Calculation of basic educational opportunity grant awards at less-than-full-funding.**

(a) When funds are not available to fully satisfy all Basic Educational Opportunity Grant awards, each grant awarded to an eligible applicant who is enrolled as a full-time student shall be reduced in accordance with the provisions of section 411(b) (3) of the Act. The amount to be reduced in accordance with section 411(b) (3) will be the remainder of \$1400 less the applicant's expected family contribution. No award will be made if the amount of such award after the application of the provisions of section 411(b) (3) of the Act is less than \$50, nor may an award be made under this section to an applicant whose award was calculated to be less than \$200 under § 190.62(a).

(b) In the event that a student enrolls as a three-quarter time student, the amount of his award shall equal 75 percent of the award established in accordance with paragraph (a) of this section; *Provided*, That in no event shall the award exceed 50 percent of the difference between the expected family contribution and the actual cost of attendance of that three-quarter time student: *And provided further*, That no award will be made if the amount of such award after reduction in accordance with this section is less than \$50.

(c) In the event that a student enrolls as a half-time student, the amount of his award shall equal 50 percent of the award established in accordance with paragraph (a) of this section; *Provided*, That in no event shall the award exceed 50 percent of the difference between the expected family contribution and the actual cost of attendance of that half-time student: *And provided further*, That no award will be made if the amount of such award after reduction in accordance with this section is less than \$50.

(20 U.S.C. 1070a (a) (2) (b) (iii))

8. Section 190.64 is revised to read as follows:

**§ 190.64 Calculation of basic educational opportunity grant awards for less than a full school year.**

(a) In the event that an applicant is enrolled as at least a half-time student in an eligible program which is less than a full school year in duration, the amount of his grant shall be reduced in the same proportion as that period of time bears to eight months.

(b) In the event that an applicant is enrolled as at least a half-time student in an eligible program which meets the definition of "school year", but the student enrolls for a period of time which is less than the full school year, the amount of his grant shall be reduced in the same proportion as the period of his enrollment bears to the length of such school year.

(20 U.S.C. 1070a (a) (2))

9. Section 190.65 is revised to read as follows:

**§ 190.65 Calculation of basic educational opportunity grant awards for a school year which is longer than twelve months in length.**

In the event that a student is enrolled as at least a half-time student for a school year which is longer than 12 months, the amount of a Basic Grant payable for an academic year shall be in the same proportion to his Scheduled Basic Educational Opportunity Grant or the amount determined from the appropriate Disbursement Schedule whichever is applicable, as the number of months of the school year occurring in the academic year for which payment is requested bears to twelve months.

(20 U.S.C. 1070a)

10. Section 190.66 is revised to read as follows:

**§ 190.66 Calculation of basic educational opportunity grant awards for a school year which spans two academic years.**

Subject to the provision of §§ 190.64 and 190.65, in the event that an applicant is enrolled as at least a half-time student for a school year which spans two academic years, the amount of his grant payable during any one academic year, by reason of enrollment in such school year, shall be equal to an amount which bears the same proportion to his Scheduled Basic Educational Opportunity Grant or the amount determined from the appropriate Disbursement Schedule, whichever is applicable, for that academic year as the number of months of such school year occurring within that academic year bears to the total number of months of that school year.

(20 U.S.C. 1070a)

11. Section 190.73 is amended by revising paragraph (b) to read as follows:

**§ 190.73 Institutional agreements.**

(b) The Commissioner will send to each institution with which he has an agreement pursuant to paragraph (a) of this section a payment schedule and a disbursement schedule for each academic year.

(20 U.S.C. 1070a)

12. Section 190.75 is revised to read as follows:

**§ 190.75 Payment of basic educational opportunity grant awards.**

(a) An institution shall make payment of a Basic Educational Opportunity

Grant to a student on the basis of having made the following determinations:

(1) That the student applying for the grant meets the eligibility requirements of § 190.3. In making this determination the institution is entitled to rely on information provided by the student if the institution has no direct independent knowledge with respect to such information;

(2) That the student is enrolled as a full-time, three-quarter time, or half-time student;

(3) The amount equal to the actual cost of attendance of such student, calculated in accordance with § 190.51;

(4) The amount of the student's Scheduled Basic Educational Opportunity Grant, calculated in accordance with the payment scheduled in effect for the period involved;

(5) The amount by which the Scheduled Grant Award determined in subparagraph (4) of this paragraph should be adjusted for three-quarter and half-time students (this amount is set forth in the disbursement schedule in effect for the period involved); and

(6) The amount, if any, by which the amount determined in subparagraph (4) or (5) of this paragraph should be adjusted in accordance with §§ 190.64-190.66.

(b) (1) Payment of Basic Educational Opportunity Grant awards shall be made in equal amounts at least once at the beginning of each semester, trimester, or quarter for those institutions which utilize such academic units. For those institutions not utilizing such academic periods, payments shall be made in equal amounts not less than twice during that portion of the school year which falls within the academic year, with one payment to be made at the beginning and the other to be made at the midpoint of that portion of the school year which falls within the academic year; provided that if the portion of a school year which falls within an academic year is less than three months, only one payment need be made.

(2) Except where prohibited by § 190.76(c), funds paid to a student with respect to an academic period which has already been completed may be paid to such student in one lump sum payment.

(c) (1) Before making any payment to a student under this section, an institution shall confirm that the student meets or continues to meet the eligibility requirements of § 190.3.

(2) In addition to the requirement set forth in subparagraph (1) of this paragraph, the institution shall confirm at the beginning of each semester, trimester, or quarter (or for institutions not utilizing such academic periods, at the

beginning and midpoint of the school year) and before making payment to a student for such period, that the student is entitled to receive the amount of the grant payment calculated for that period.

(3) If an institution determines at the beginning of a semester, trimester, or quarter, or for institutions not utilizing such academic periods, at the beginning and midpoint of the school year, that the amount calculated for that student no longer reflects the enrollment status of such student at that institution, it shall recalculate the amount of that student's grant payment for that period in accordance with paragraph (a) of this section.

(4) If an institution disburses funds to a student for a particular academic period and during that period the student increases or decreases his academic workload while continuing to meet the eligibility requirements of § 190.3, the institution may, but need not, adjust the amount of the student's grant attributable to that academic period in accordance with this section and with § 190.85.

(5) Except as provided in § 190.78, if an institution disburses funds to a student for a particular academic period and during that period the student becomes ineligible to participate in the program, the payment applicable to that period need not be returned by the student if such payment was not made on the basis of inaccurate information or statements provided by the student; however, the student shall not receive additional basic grant payments unless he reestablishes his eligibility.

(d) No grant may be paid under this part unless the student to whom it is made has filed with the institution of higher education which he intends to attend, or is attending, an affidavit on a form approved by the Commissioner stating that the money attributable to such grant will be used solely for expenses related to attendance or continued attendance at such institution. The student must sign the affidavit in the presence of a notary or other person who is legally authorized to administer oaths or affirmations and who does not take part in the recruiting of students for enrollment at such institution. The notary or other person must enter his signature and as applicable, his seal or stamp on the affidavit form.

(e) Payments to a student may be made by check or by credit to the student's account with the institution. If payments are made to a student by crediting his account, the institution shall retain a receipt signed by the student for each such transaction and the credit entry to the student's account shall be clearly identifiable.

(20 U.S.C. 1070a)

13. Section 190.85 is revised to read as follows:

**§ 190.85 Recalculation of Basic Educational Opportunity Grant awards.**

(a) The amount of a student's Basic Educational Opportunity Grant award for an academic year may be recalculated during that academic year if the amount of a student's expected family contribution is redetermined in accordance with § 190.15, § 190.39, or § 190.48; if the student enrolls at more than one institution during the course of an academic year; or if a student varies his academic workload from one-half, three-quarter, or a full-time enrollment.

(b) If a student's Basic Educational Opportunity Grant is adjusted in accordance with § 190.15, § 190.39, or § 190.48, or is increased because of a change in his academic workload, subsequent payments to the student shall be adjusted, based on the newly calculated scheduled award, to ensure that the student is paid the entire amount of his newly calculated award (subject to any adjustments pursuant to §§ 190.64-190.66) before the conclusion of the academic period for which the grant is made. However, an institution calculating an award under § 190.83(b) shall only pay that portion of the newly calculated award which is commensurate with that portion of the school year within the academic year for which the student is enrolled at that institution.

(20 U.S.C. 1070a)

14. Section 190.86 is amended by deleting the numbers (1) and (2) in paragraph (b). As revised, § 190.86(b) reads as follows:

**§ 190.86 Calculation and disbursement of awards by the Commissioner of Education.**

(b) The Commissioner will pay to a student his Basic Educational Opportunity Grant award computed in accordance with the relevant provisions of this part in equal amounts at least once each semester, trimester, or quarter for those institutions which utilize such academic units. For those institutions not utilizing such academic periods, payments will be made in equal amounts not less than twice during that portion of the school year which falls within the academic year, with one payment to be made at the beginning and the other to be made at the midpoint of that portion of the school year which falls within the academic year; *Provided*, That if the portion of a school year which falls within the academic year is less than three months, only one payment need be made.

[FR Doc.76-23232 Filed 8-9-76;8:45 am]

Appendix I

**FRIDAY, APRIL 8, 1977**

**PART III**



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**DEPARTMENT OF  
HEALTH,  
EDUCATION, AND  
WELFARE**

**Office of Education**



**STUDENT ASSISTANCE  
PROGRAMS**

**Proposed Rules**

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## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

[45 CFR Parts 144, 175, 176, and 190]

### NATIONAL DIRECT STUDENT LOAN, COLLEGE WORK-STUDY, SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT, AND BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAMS

#### Proposed Rulemaking on Student Eligibility for Payment of Funds

Under the authority contained in section 497(e), Subpart 1 of Part F of Title IV of the Higher Education Act of 1965, as amended (20 U.S.C. 1088f(e)), the Commissioner of Education is giving notice that he proposes to issue, with the approval of the Secretary of Health, Education, and Welfare, the following regulation governing student eligibility for assistance through programs under Title IV.

#### EXPLANATION OF NEED FOR REGULATIONS

Section 132 of the Education Amendments of 1976, Pub. L. 94-482, 90 Stat. 2150, added a new subsection (e) to section 497 of the Higher Education Act of 1965, as amended, which deals with student eligibility for assistance under Title IV of the Act. The new subsection sets forth certain conditions which must be met if a student is to receive payments under that Title. The text of section 497 (e) is as follows:

(e) Any student assistance received by a student under this title shall entitle the student receiving it to payment only if—

(1) that student is maintaining satisfactory progress in the course of study he is pursuing, according to the standards and practices of the institution at which the student is in attendance, and

(2) that student does not owe a refund on grants previously received at such institution under this title, or is not in default on any loan from a student loan fund at such institution provided for in Part E, or a loan made, insured, or guaranteed under this title for attendance at such institution.

The Commissioner is adding to Parts 144, 175, 176, and 190 of Title 45 of the Code of Federal Regulations provisions required by Section 497(e). The provisions deal with conditions governing the denial of payments to students; the definition, determination, and effect of student-owned refunds; the attribution of grant funds determined to be a student-owned refund; and the definition, determination and effect of student default on loans.

#### SUMMARY OF COMMENTS PREVIOUSLY RECEIVED

The Commissioner published in the FEDERAL REGISTER, Vol. 41, No. 230, Monday, November 29, 1976, a Notice of Intent to Issue Regulations implementing the provisions of the Education Amendments of 1976 (41 FR 52410). At page 52412, comments were invited concerning the implementation of section 132. Five public conferences were held at various locations between December 13-17, 1976, at which the Office of Education received comments on this and

other provisions of the Education Amendments. Further written comments were received through December 30, 1976. The following is a summary of the comments received and the Office of Education's response.

*Comment.* Three commenters felt that it might be of benefit to institutions in setting reference points for determining what constitutes "satisfactory progress" if the Commissioner were to define broadly, or establish minimum standards in this regard, in the regulations.

*Response.* This suggestion has been reviewed in the light of Section 497(e). The statute provides that a student is to be maintaining satisfactory progress according to the standards and practices of the institution; thus no minimum standards have been included in the proposed regulations. An institution which lacked such standards would, however, be precluded from making any payments to students under Title IV until it adopted standards.

*Comment.* Another commenter cited the practice of his own institution, which provides special consideration for what are felt to be "marginal" students, or "slow starters." The institution deems such students to be making "satisfactory progress" if they complete a normal four-year undergraduate program in not more than five academic years.

*Response.* This type of standard would be compatible with the statute if the institution's standards of satisfactory progress allow for five years for completion of the undergraduate program.

*Comment.* Another commenter noted that, under present BEOG regulations, students who are allowed to enroll at an institution and who are in attendance and in good standing at the institution are entitled to receive payments without reference to whether they are making "satisfactory progress" as defined by the institution.

*Response.* The new regulations would not eliminate this provision, but would require that students also be making satisfactory academic progress in order to receive payments of BEOG awards or any other payments under Title IV of the Act.

The National Direct Student Loan Program Regulations being amended, 45 CFR 144, can be found in the FEDERAL REGISTER of November 24, 1976 (41 FR 51946-51973). For the convenience of the reader the section being amended, § 144.15 (45 CFR 144.15) is set out in full. However, comments are requested only on paragraphs (c) through (f) of that section.

The College Work Study Program Regulations being amended, 45 CFR 175, can be found in the FEDERAL REGISTER of September 1, 1976 (41 FR 36872-36895). For the convenience of the reader the section being amended, § 175.9 (45 CFR 175.9) is set out in full. However, comments are requested only on paragraphs (g) through (j) of that section.

The Supplemental Educational Opportunity Grant Program Regulations being amended, 45 CFR 176, can be found in the FEDERAL REGISTER of No-

vember 24, 1976 (41 FR 51973-51982). For the convenience of the reader the sections being amended, §§ 176.14 and 176.17, are set out in full. However, comments are requested only on paragraph (g) of § 176.14 and paragraphs (c) through (f) of § 176.17.

The Basic Educational Opportunity Grant Program regulations being amended, 45 CFR 190, can be found in title 45 of the Code of Federal Regulations. For the convenience of the reader the sections being amended, §§ 190.75 and 190.77, are set out in full. However, comments are requested only on paragraphs (c) through (f) of § 190.75 and paragraph (b) of § 190.77.

The implementation of section 132 of the Education Amendments of 1976, Pub. L. 94-482, for the State Student Incentive Grant Program and the Guaranteed Student Loan Program will be handled in a separate document.

#### INSTRUCTIONS CONCERNING COMMENTS

Interested persons are invited to direct comments concerning these proposed regulations to:

Mr. John R. Proffitt, Director, Division of Eligibility and Agency Evaluation, Room 3030, Regional Office Building 3, 7th and D Streets SW., Washington, D.C. 20202. Telephone: (202) 245-9873.

In order for comments to receive full consideration they should be received not later than 4:30 p.m. on May 10, 1977. The Commissioner will not acknowledge the comments individually, but they will be available for inspection in Room 406, Regional Office Building 3, between 8:30 a.m. and 4 p.m., Monday through Friday.

Public hearings on these proposed regulations will be held at times, dates, and locations to be announced in a forthcoming issue of the FEDERAL REGISTER.

The Office of Education has determined that this document does not contain a major proposal requiring preparation of an Inflation Impact Statement under Executive Order 11821 and OMB Circular A-107.

Dated: February 18, 1977.

WILLIAM F. PIERCE,  
Acting Commissioner  
of Education.

Approved: March 31, 1977.

JOSEPH A. CALIFANO, Jr.,  
Secretary of Health, Education,  
and Welfare.

#### PART 144—NATIONAL DIRECT STUDENT LOAN PROGRAM

Section 144.15 of Part 144 of Title 45 of the Code of Federal Regulations is amended to read as follows:

##### § 144.15 Disbursement of loans.

(a) Except as provided in paragraphs (c) through (f) of this section, a loan for an academic year shall be advanced by the institution to the student borrower in equal installments in each semester, trimester, or quarter if the institution uses such academic periods (payment period); otherwise, for those institutions not using such academic periods, ad-

**CONTINUED**

**1 OF 2**

vances shall be made at least twice per academic year with one advance being at the beginning and the other at the midpoint of that academic year.

(b) Except as provided in paragraphs (c) through (f) of this section, a loan for a period shorter than an academic year shall be advanced by the institution to the student borrower in such installments as are deemed appropriate so as to enable the borrower to apply such payments to the costs reasonably necessary for his attendance at the institution during the academic period for which the loan was approved; except that no borrower may receive, during a given academic period, a loan in an amount in excess of the amount of his need for such a loan during that period, determined pursuant to § 144.14.

(c) No advance of funds may be made unless the institution determines that the borrower:

(1) Is maintaining satisfactory progress in the course of study he is pursuing, according to the standards and practices of the institution at which the student is in attendance;

(2) Is not in default on any loan made from a student loan fund at that institution or on a loan made, insured, or guaranteed under the Guaranteed Student Loan Program (Title IV-B, HEA) for attendance at such institution; and

(3) Does not owe a refund on grants previously received for attendance at such institution under the Basic Educational Opportunity Grant Program, the Supplemental Educational Opportunity Grant Program, or the State Student Incentive Grant Program.

(d) Notwithstanding paragraph (c) of this section, if an institution at the beginning of a payment period determines that the student is not maintaining satisfactory progress, but is able prior to the close of that payment period to reverse that determination, it may advance the loan installment for that period to the student; if that determination is made subsequent to the close of that period no funds may be advanced to the student for that period, nor may the student's award be adjusted to reflect the loss of aid for that period. For purposes of this paragraph, a payment period is the period for which an advance is made under paragraph (a) and (b) of this section.

(e) Notwithstanding paragraph (c) of this section: (1) If a student receives an overpayment, and thus owes a refund, on a grant for attendance at that institution because of institution error, the institution may disburse funds to that student, assuming the student is otherwise eligible to receive such funds, if that student acknowledges in writing the amount of the overpayment and agrees to pay the refund in a reasonable period of time.

(2) If a student receives an overpayment, and thus owes a refund on a Basic Grant awarded for attendance at an institution, that institution may disburse student aid funds to that student, assuming the student is otherwise eligible to receive such funds, if the institution can eliminate the overpayment in the

academic year in which the Basic Grant occurred by adjusting subsequent Basic Grant payments due to the student for that year.

(3) If a student receives an overpayment, and thus owes a refund on a Supplemental Educational Opportunity Grant awarded for attendance at an institution, that institution may disburse student aid funds to that student, assuming the student is otherwise eligible to receive such funds, if the institution can eliminate the overpayment in the academic year in which the grant overpayment occurred by adjusting subsequent financial aid payments due to the student for that year.

(f) In determining whether a student is in default on a loan made under the Guaranteed Student Loan Program, the institution may rely on a written statement from the student that he is not in default on a Guaranteed Student Loan made for the purpose of attending that institution.

(g) For purposes of this section a program of training of at least six months duration to prepare students for gainful employment is a recognized occupation shall be considered an academic year.

(h) Loan payments from a Fund shall be evidenced in the institution's records by cancelled checks or vouchers, or, if the institution elects any other method of disbursement, by a clear audit trail including an acknowledgement of receipt from each borrower indicating the method by which payments to him were made.

(i) Loan payments from a Fund shall not be made unless the borrower has filed with the institution the affidavit required pursuant to § 144.9(f) of this part and the institution has complied with the Truth in Lending requirements of Regulation Z (12 CFR 226).

(20 U.S.C. 424, 1087cc.)

#### PART 175—COLLEGE WORK-STUDY PROGRAM

Section 175.9 of Part 175 of Title 45 of the Code of Federal Regulations is amended to read as follows:

§ 175.9 Eligibility and selection of students.

(a) *Eligibility.* Except as provided in paragraphs (g) through (j) of this section, a student enrolled in an institution of higher education is eligible for part-time employment under this part if such student:

(1) Is a national of the United States, is in the United States for other than a temporary purpose and intends to become a permanent resident thereof, or is a permanent resident of the Trust Territory of the Pacific Islands;

(2) Has been accepted for enrollment as at least a half-time student at the institution or, in the case of a student already attending the institution, is enrolled as at least a half-time student and is in good standing as an undergraduate, graduate, or professional student.

(3) Shows evidence of academic or creative promise and is capable, in the

opinion of the institution of maintaining good standing in such course of study while employed under this program; and

(4) Is in need of the earnings from such employment in order to pursue a course of study at the institution.

(b) *Eligibility of area vocational school students.* Except as provided in paragraphs (g) through (j) of this section, a student enrolled in an area vocational school is eligible for part-time employment under this part if, in addition to the conditions described in paragraphs (a) (1) through (4) of this section, such student:

(1) Has a certificate of graduation from a school providing secondary education or the recognized equivalent of such a certificate; and

(2) Is pursuing a program of education or training which requires at least 6 months to complete and which is designed to prepare the student for gainful employment in a recognized occupation.

(c) *Programs of study abroad.* Except for in paragraphs (g) through (j) of this section, a student participating in a program of study abroad will be considered to be enrolled in his "home" institution if (1) the program of study abroad is arranged or approved in advance by the home institution and (2) the student's academic performance during the program of study abroad becomes a part of his permanent academic record at the home institution in the same manner as if performed at that institution.

(d) *Need.* Except as provided for in paragraphs (g) through (j) of this section, (1) in determining whether a student is in need as described in paragraph (a)(4) of this section, the institution shall take into account the student's actual cost of education at such institution as described in § 175.11 and his expected family contribution as determined pursuant to § 175.12.

(2) A member of a religious community, society, or order who by direction of his or her community, society, or order is pursuing a course of study in an institution or who receives support and maintenance from the community, society, or order shall be deemed not to have financial need.

(e) *Institutional responsibility.* Except as provided for in paragraphs (g) through (j) of this section, each institution participating in the College Work-Study Program shall be responsible for determining the eligibility of the students participating in its program regardless of whether the students will be engaged in work for the institution itself or for a public or private non-profit organization.

(f) *Selection.* Except as provided for in paragraphs (g) through (j) of this section, an eligible institution shall make employment under the Work-Study Program, or equivalent employment offered or arranged for by the institution, reasonably available (to the extent of available funds) to all eligible students in the institution in need thereof. In the event that requests for employment exceed available funds, the institution shall

give preference in the awarding of employment to those of its students with the greatest financial need. In determining such need the institution shall take into account grant assistance provided such student from any public or private source including grant funds which the student is entitled to receive under the Basic Educational Opportunity Grants Program, whether or not he has applied for such funds. The institution's selection procedures shall be uniformly applied, set forth in writing, and maintained in the files of the institution's office which selects student aid recipients. All applications for employment under this part shall be maintained on file by the institution as specified in § 175.28(c) (2).

(g) No student may be employed under this part unless the institution determines that the student:

(1) Is maintaining satisfactory progress in the course of study he is pursuing, according to the standards and practices of the institution at which the student is in attendance;

(2) Is not in default on any loan made from a student loan fund at that institution or on a loan made, insured, or guaranteed under the Guaranteed Student Loan Program (Title IV-B, HEA) for attendance at such institution; and

(3) Does not owe a refund on grants previously received for attendance at such institution under the Basic Educational Opportunity Grant Program, the Supplemental Educational Opportunity Grant Program, or the State Student Incentive Grant Program.

(h) Notwithstanding paragraph (g) of this section, if an institution at the beginning of a payment period determines that the student is not maintaining satisfactory progress, but is able prior to the close of that payment period to reverse that determination, it may provide employment under this part of that period to the student; if that determination is made subsequent to the close of that period no employment may be provided to the student for that period, nor may the student's award be adjusted to reflect the loss of aid for that period. For the purposes of this paragraph, a payment period is a semester, trimester, or quarter; however, for those institutions which do not utilize such periods it is the period between the beginning of an academic year and the midpoint and the midpoint to the end of that year.

(i) Notwithstanding paragraph (g) of this section: (1) If a student receives an overpayment, and thus owes a refund, on a grant for attendance at that institution because of institutional error, the institution may provide employment to that student if that student acknowledges in writing the amount of the overpayment and agrees to repay the refund in a reasonable period of time.

(2) If a student receives an overpayment and thus owes a refund on a Basic Educational Opportunity Grant awarded for attendance at an institution, that institution may provide employment to that student, assuming the student is

otherwise eligible to receive such funds, if the institution can eliminate the overpayment in the academic year in which the Basic Educational Opportunity Grant occurred by adjusting subsequent Basic Educational Opportunity Grant payments due to the student for that year.

(3) If a student receives an overpayment, and thus owes a refund on a Supplemental Educational Opportunity Grant awarded for attendance at an institution, that institution may provide employment to that student, assuming the student is otherwise eligible to receive such funds, if the institution can eliminate the overpayment in the academic year in which the grant overpayment occurred by adjusting subsequent financial aid payments due the student for that year.

(j) In determining whether a student is in default on a loan made under the Guaranteed Student Loan Program, the institution may rely on a written statement from the student that he is not in default on a Guaranteed Student Loan made for the purpose of attending that institution.

(42 U.S.C. 2754)

#### PART 176—SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS PROGRAM

Section 176.14 of Part 176 of Title 45 of the Code of Federal Regulations is amended to read as follows:

§ 176.14 Coordination of student financial aid programs, grant amount, and overaward.

(a) *Coordinating official.* The institution shall appoint an official who shall have the responsibility of coordinating the program covered by this part with the institution's other Federal and non-Federal programs of student financial aid.

(b) *Total award.* The institution shall not award a Supplemental Grant to a student in an amount which, when combined with all of the resources made available to the student from Federal and non-Federal sources, would exceed the difference between the student's cost of education and his expected family contribution, as determined in accordance with one of the need analysis systems or methods of calculation approved by the Commissioner pursuant to § 176.13; Provided, however, that in no event may the total amount of aid received from all Federal and non-Federal sources, exceed the student's cost of education.

(c) *Resources.* For purposes of paragraph (b) of this section, the term "resources made available to the student from Federal and non-Federal sources" includes, but is not limited to, the amount of funds a student is entitled to receive under the Basic Educational Opportunity Grants Program, regardless of whether the student has applied for such funds, any waiver of tuition and fees, any scholarship or grant including Supplemental Educational Opportunity Grants and athletic scholarships, any fellowship or assistantship, any loan made

under the Guaranteed Student Loan Program (Title IV-B of the Higher Education Act of 1965) except in cases in which paragraph (c) of this section applies, any long-term loan made by the institution other than under the Guaranteed Student Loan Program, and any expected net earnings from employment during periods for which the student receives a grant. For purposes of this section "net earnings" means gross earnings minus required withholdings and any costs incidental to obtaining such earnings.

(d) *Treatment of Guaranteed Loans.*

(1) Except as provided in paragraph (d) (2) of this section, loans made under the Guaranteed Student Loan Program shall not be considered a student resource and may be used to satisfy the expected family contribution of the borrower calculated in accordance with § 176.12. If the amount of such a loan exceeds the borrower's expected family contribution, only such excess shall be considered a student resource.

(2) Loans for which interest benefits are payable under section 428 of Title IV-B of the Higher Education Act of 1965, as amended (20 U.S.C. 1078), shall be considered a student resource and may not be used to satisfy a student's expected family contribution if the borrower has adjusted family income of \$25,000 or more as determined in accordance with applicable Guaranteed Student Loan Program Regulations (45 CFR Part 177).

(e) *Administrative responsibility.* The institution's responsibility under paragraph (b) of this section shall extend only to those resources which the institution itself makes available to the student, or about which it knows or has reason to know or can reasonably anticipate at the time that Supplemental Grant funds are disbursed to the student. The amount of net earnings from any employment provided by the institution for any academic year and/or special session covered by the grant award shall be deemed to have been known by the institution at the time of disbursement of such grant.

(f) An institution will be deemed to have violated the requirements of this section only if the sum of all the resources made available to the student, including assistance under this part, exceeded the student's need by more than \$100. However, if the resources made available to the student included compensation for work-study employment and the student earned additional money from other employment, the institution will be deemed to have violated the requirements of this section only if the sum of the assistance received by the student exceeded the student's need by more than \$200.

(g) Calculation of student owed refund for grant funds disbursed directly to the student. A student owed refund is calculated as follows: (1) Determine the amount of aid disbursed to the student for a payment period for room and board costs and for the transportation allowance included by the institution in the student's budget which was not paid to the institution by the student nor credited to the student's account. For the

purposes of this section, a payment period is a period of time covered by the applicable disbursement.

(2) If a student withdraws from or is terminated by an institution prior to the institution's scheduled start of classes, all funds described in paragraph (g) (1) of this section shall be considered an overpayment to be refunded.

(3) If a student withdraws from or is terminated by an institution between the institution's scheduled start of classes and the midpoint of the payment period: (i) Determine the total number of days within the payment period and divide that number in half to determine the number of days to the midpoint of that payment period; (ii) subtract the number of days the student was enrolled during that period from the number of days making up the midpoint; (iii) divide the remainder obtained in paragraph (g) (3) (ii) of this section by the number of days to the midpoint of that payment period; (iv) multiply the amount disbursed to the student as determined in paragraph (g) (1) of this section by the ratio established in paragraph (g) (3) (iii) of this section.

(4) Any institution of higher education which disburses funds to students on a monthly basis or more frequent intervals, shall be exempt from the provisions of paragraph (g) (3) of this section.

(5) If a student withdraws from, or is terminated by the institution after the midpoint of the payment period, none of the funds described in paragraph (g) (1) of this section shall be considered an overpayment.

(6) If at the time the institution determines whether a student is making satisfactory progress in the course of study he is pursuing, it finds that the student did not (i) attend any classes, (ii) prepare any required work, or (iii) take any final examinations during the prior payment period, any funds described in paragraph (g) (1) of this section shall be considered an overpayment to be refunded.

(7) Determine grant funds to be restored. If a refund is determined under paragraphs (g) (2), (3), and (6) of this section, the amount of grant funds to be restored to the appropriate grant account shall bear the same ratio to the total refund as the grant award bears to the sum of the financial aid (i) disbursed to that student and (ii) credited to his account, for that payment period.

(20 U.S.C. 1088f.)

Section 176.17 of Part 176 of Title 45 of the Code of Federal Regulations is amended to read as follows:

§ 176.17 Payment of grant.

(a) A student's award for an academic year shall be divided among payment periods which correspond to the number of semesters, trimesters, or quarters in the institution's academic year. The amounts which may be paid during any payment period shall be in the same ratio to the student's award for the academic year as the length of that payment period bears to the length of the

academic year at that institution. An institution which does not utilize such academic terms shall reserve at least half of a student's Supplemental Grant for an academic year for payment to him after the midpoint of such academic year. Within each payment period the institution may pay the student at such times and in such installments as the institution determines will best meet his need for such funds.

(b) Before making the initial payment of a Supplemental Grant for any year to a student the institution shall obtain from that student a written acceptance of the grant and a signed statement indicating that the student received notice of the amount of his Supplemental Grant, of the fact that such amount may not exceed 50 percent of the total amount of student financial aid made available to him through the institution, of the nature and source of the other student financial aid made available to him through the institution, and of the fact that the payment of the Supplemental Grant is conditional on the recipient's maintaining satisfactory progress in the course of study he is pursuing according to the regularly prescribed standards and practices of the institution from which he received the grant and on the recipient's carrying an academic workload sufficient to qualify him as at least a half-time student during the academic year.

(c) No payment of funds may be made unless the institution determines that the student:

(1) Is maintaining satisfactory progress in the course of study he is pursuing, according to the standards and practices of the institution at which the student is in attendance;

(2) Is not in default on any loan made from a student loan fund at that institution or on a loan made, insured, or guaranteed under the Guaranteed Student Loan Program (Title IV-B, HEA) for attendance at such institution; and

(3) Does not owe a refund on grants previously received for attendance at such institution under this part, the Basic Educational Opportunity Grant Program or the State Student Incentive Grant Program.

(d) Notwithstanding paragraph (c) of this section, if an institution at the beginning of a payment period determines that the student is not maintaining satisfactory progress, but is able prior to the close of that payment period to reverse that determination, it may make grant payments for that period to the student; if that determination is made subsequent to the close of that period no funds may be advanced to the student for that period, nor may the student's award be adjusted to reflect the loss of aid for that period.

(e) Notwithstanding paragraph (c) of this section: (1) If a student receives an overpayment, and thus owes a refund, on a grant for attendance at that institution because of institutional error, the institution may disburse funds to that student, assuming that the student is otherwise eligible to receive such funds

if that student: (i) Acknowledges in writing the amount of the overpayment and (ii) Agrees to repay the refund in a reasonable period of time.

(2) If a student receives an overpayment and thus owes a refund on a Basic Grant awarded for attendance at an institution, that institution may disburse student aid funds to that student, assuming the student is otherwise eligible to receive such funds, if the institution can eliminate the overpayment in the academic year in which the Basic Grant occurred by adjusting subsequent Basic Grant payments due to the student for that year.

(3) If a student receives an overpayment, and thus owes a refund on a Supplemental Educational Opportunity Grant awarded for attendance at an institution, that institution may disburse student aid funds to that student, assuming that the student is otherwise eligible to receive such funds, if the institution can eliminate the overpayment in the academic year in which the grant overpayment occurred by adjusting subsequent financial aid payments due the student for that year.

(f) In determining whether a student is in default on a loan made under the Guaranteed Student Loan Program, the institution may rely on a written statement from the student that he is not in default on a Guaranteed Student Loan made for the purpose of attending that institution.

(g) A recipient of a Supplemental Grant under this part shall remain eligible to receive payments only if the recipient: (1) Continues to be in exceptional financial need; (2) maintains satisfactory progress in the course of study he is pursuing according to the regularly prescribed standards and practices of the institution from which he received the grant; and (3) carries an academic workload sufficient to qualify him as at least a half-time student during the academic year.

(20 U.S.C. 1070b.)

PART 190—BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM

Section 190.75 of Part 190 of Title 45 of the Code of Federal Regulations is amended to read as follows:

§ 190.75 Payment of basic educational opportunity grant awards.

(a) An institution pays a Basic Educational Opportunity Grant to a student on the basis of having determined:

(1) That the student applying for the grant meets the eligibility requirements of § 190.3. In making this determination the institution is entitled to rely on information provided by the student if the institution has no direct independent knowledge with respect to that information;

(2) That the student is enrolled as a full-time, three-quarter time, or half-time student;

(3) The student's actual cost of attendance, calculated in accordance with § 190.51;

## PROPOSED RULES

(4) The amount of the student's scheduled Basic Educational Opportunity Grant, calculated in accordance with the payment schedule in effect for the period involved;

(5) The amount by which the scheduled Grant Award determined in paragraph (a)(4) of this section should be adjusted for three-quarter and half-time students (this amount is set forth in the disbursement schedule in effect for the period involved); and

(6) The amount, if any, by which the amount determined in paragraph (a)(4) or (5) of this section should be adjusted in accordance with §§ 190.64-190.66.

(b)(1) Institutions shall pay Basic Educational Opportunity Grant awards in equal amounts at least once at the beginning of each semester, trimester, or quarter for those institutions which utilize such academic units. For an institution not utilizing such academic periods, payments shall be made in equal amounts not less than twice during that portion of the school year which falls within the academic year. The institution shall make one payment at the beginning and the other at the midpoint of that portion of the school year which falls within an academic year. In those cases where the student's period of enrollment overlaps two academic years (for instance, the school year extends from February 1 to August 30) and the length of enrollment in either of two academic years is less than three months, only one payment need be made.

(2) Except where prohibited by § 190.76(c), funds paid to a student with respect to an academic period which has already been completed may be paid to such students in one lump sum payment.

(c)(1) Before paying a student an institution shall confirm (i) that the student meets or continues to meet the eligibility requirements of § 190.3 and (ii) that at the beginning of each semester, trimester, or quarter (or for institutions not utilizing such academic periods at the beginning and midpoint of the school year) the student is entitled to receive the amount of grant payment calculated for that period.

(2) If an institution determines at the beginning of a semester, trimester, or quarter, or for institutions not utilizing such academic periods, at the beginning and midpoint of the school year, that the amount calculated for that student no longer reflects the enrollment status of such student at that institution, it shall recalculate the amount of that student's grant payment for that period in accordance with paragraph (a) of this section.

(3) If an institution disburses funds to a student for a particular academic period and during that period the student increases or decreases his academic workload while continuing to meet the eligibility requirements of § 190.3, the institution may, but need not, adjust the amount of the student's grant attributable to that academic period in accordance with this section and with § 190.85.

(4) Except as provided in § 190.78, if an institution disburses funds to a student for a particular academic period

and during that period the student becomes ineligible to participate in the program, the payment applicable to that period need not be returned by the student if such payment was not made on the basis of inaccurate information or statements provided by the student; however, the student shall not receive additional basic grant payments unless he reestablishes his eligibility.

(d) No grant may be paid under this part unless the student to whom it is made has filed with the institution of higher education which he intends to attend, or is attending, an affidavit on a form approved by the Commissioner stating that the money attributable to such grant will be used solely for expenses related to attendance or continued attendance at such institution. The student must sign the affidavit in the presence of a notary public or other person who is legally authorized to administer oaths or affirmations and who does not take part in the recruiting of students for enrollment at such institutions. The notary public or other person must enter his signature and as applicable, his seal or stamp on the affidavit form.

(e) Payments to a student may be made by check or by credit to the student's account with the institution. If payments are made to a student by crediting his account, the institution shall retain a receipt signed by the student for each such transaction and the credit entry to the student's account shall be clearly identifiable.

(f) No payment of funds may be made unless the institution determines that the student:

(1) Is maintaining satisfactory progress in the course of study he is pursuing, according to the standards and practices of the institution at which the student is in attendance;

(2) Is not in default on any loan made from a student loan fund at that institution or on a loan made, insured, or guaranteed under the Guaranteed Student Loan Program (Title IV-B, HEA) for attendance at such institution; and

(3) Does not owe a refund on grants previously received for attendance at such institution under this part, the Supplemental Educational Opportunity Grant Program, or the State Student Incentive Grant Program.

(g) Notwithstanding paragraph (f) of this section, if an institution at the beginning of a payment period determines that the student is not maintaining satisfactory progress, but is able prior to the close of that payment period to reverse that determination, it may make payments for that period to the student; if that determination is made subsequent to the close of that period no funds may be advanced to the student for that period, nor may the student's award be adjusted to reflect the loss of aid for that period.

(h) Notwithstanding paragraph (f) of this section: (1) If a student receives an overpayment, and thus owes a refund, on a grant for attendance at that institution because of institutional error, the

institution may disburse funds to that student, assuming the student is otherwise eligible to receive such funds, if that student acknowledges in writing the amount of the overpayment and agrees to repay the refund in a reasonable period of time.

(2) If a student receives an overpayment and thus owes a refund on a Basic Grant awarded for attendance at an institution, that institution may disburse student aid funds to that student, assuming the student is otherwise eligible to receive such funds, if the institution can eliminate the overpayment in the academic year in which the Basic Grant occurred by adjusting subsequent Basic Grant payments due to the student for that year.

(3) If a student receives an overpayment, and thus owes a refund on a Supplemental Educational Opportunity Grant awarded for attendance at an institution, that institution may disburse student aid funds to that student, assuming the student is otherwise eligible to receive such funds, if the institution can eliminate the overpayment in the academic year in which the grant overpayment occurred by adjusting subsequent financial aid payments due the student for that year.

(4) In determining whether a student is in default on a loan made under the Guaranteed Student Loan Program, the institution may rely on a written statement from the student that he is not in default on a Guaranteed Student Loan made for the purpose of attending that institution.

(20 U.S.C. 1070a.)

Section 190.77 of Part 190 of Title 45 of the Code of Federal Regulations is amended to read as follows:

§ 190.77 Overpayment of a Basic Educational Opportunity Grant.

(a) In the event that an institution makes an overpayment to a student under this part, the institution shall cooperate fully with the Commissioner by making a reasonable effort to effect the return of such overpayment. The institution is not, however, liable for any overpayments which are not recovered unless such overpayment was made by the institution under circumstances where the regulations of the Commissioner clearly indicate that such payment should not have been made.

(b) Calculation of student owed refund for grant funds disbursed directly to the student. (1) Determine the amount of aid disbursed to the student for a payment period for room and board costs and for the transportation allowance included by the institution in the student's budget which was not paid to the institution by the student nor credited to the student's account. For the purposes of this section, a payment period is a period of time covered by the applicable disbursement.

(2) If a student withdraws from or is terminated by an institution prior to the institution's scheduled start of classes, all funds described in paragraph (b)(1)

of this section shall be considered an overpayment to be refunded.

(3) If a student withdraws from or is terminated by an institution between the institution's scheduled start of classes and the midpoint of the payment period, the student's refund shall be calculated as follows: (i) Determine the total number of days within the payment period and divide that number in half to determine the number of days to the midpoint of that payment period; (ii) Subtract the number of days the student was enrolled during that period from the number of days making up the midpoint; (iii) Divide the remainder obtained in paragraph (b) (3) (ii) of this section by the number of days to midpoint of that payment period; (iv) Multiply the amount disbursed to the student as determined in paragraph (b) (1) of this section by the ratio established in (b) (3) (iii) of this section.

(4) Any institution of higher education which disburses funds to students on a monthly basis or more frequent intervals, shall be exempt from the provisions of the paragraph (b) (3) of this section.

(5) If a student withdraws from, or is terminated by the institution after the midpoint of the payment period, none of the funds described in paragraph (b) (1) of this section shall be considered an overpayment.

(6) If at the time the institution determines whether a student is making satisfactory progress in the course of study he is pursuing it finds that the student did not (i) Attend any classes, (ii) Prepare any required work, or (iii) Take any final examinations during the prior payment period, any funds described in paragraph (b) (1) of this section shall be considered an overpayment to be refunded.

(7) Determine grant funds to be restored. If a refund is determined under paragraphs (b) (2), (3), and (6) of this section, the amount of grant funds to be restored to the appropriate grant account shall bear the same ratio to the total refund as the grant award bears to the sum of the financial aid (i) disbursed to that student and (ii) credited to his account, for that payment period.

(20 U.S.C. 1070b.)

[FR Doc. 77-10128 Filed 4-7-77; 8:45 am]

[ 45 CFR Part 163 ]

**GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS; PROCEDURES FOR THE LIMITATION, SUSPENSION, OR TERMINATION OF INSTITUTIONAL ELIGIBILITY FOR PROGRAMS UNDER TITLE IV OF THE HIGHER EDUCATION ACT OF 1965, AS AMENDED**

*Proposed Rulemaking*

Under the authority contained in section 497A(a)(4) of the Higher Education Act of 1965, as amended (20 U.S.C. 1088f-1), as added by section 133(a) of Pub. L. 94-482, the Commissioner of Education is giving notice that he proposes to issue, with the approval of the Secretary of Health, Education, and Wel-

fare, the following regulations providing procedures for the limitation, suspension, or termination of institutional eligibility for programs under Title IV of the Higher Education Act, as amended.

**EXPLANATION OF NEED FOR REGULATIONS**

Section 133(a) of the Education Amendments of 1976 added a new section 497A to the Higher Education Act of 1965, as amended. Section 497A(a)(4) authorizes the Commissioner to issue necessary regulations to provide procedures for the limitation, suspension, or termination of the eligibility for any program under Title IV of any otherwise eligible institution when the Commissioner determines, after notice and an opportunity for a hearing, that the institution has violated or failed to carry out any provision of Title IV or the applicable regulations under that title. Section 133(b)(2) directs the Commissioner of Education to issue regulations modifying similar regulations previously issued for the Guaranteed Student Loan Program (45 CFR Part 177, Subpart G), to make them applicable, to the extent possible, to all programs under Title IV of the Act.

The proposed rule promulgates a new Subpart H of Part 168 of Title 45 of the Code of Federal Regulations, establishing procedures for the limitation, suspension, or termination of institutional eligibility for participation in any or all programs under Title IV of the Higher Education Act.

**SUMMARY OF COMMENTS PREVIOUSLY RECEIVED**

The Commissioner published in the FEDERAL REGISTER, Vol. 41, No. 230, Monday, November 29, 1976, a Notice of Intent to Issue Regulations implementing the provisions of the Education Amendments of 1976 (41 FR 52410). On page 52417, comments were invited concerning procedures for the limitation, suspension, or termination of institutional eligibility for programs under Title IV of the Act. Five Public conferences were held at various locations between December 13-17, 1976, at which the Office of Education received comments on this and other provisions of the Education Amendments. Written comments were also received through December 30, 1976. The following is a summary of the comments received and the Office of Education's response.

*Comment.* One commenter recommended simply adopting, for all Title IV programs, the regulations already promulgated for the Guaranteed Student Loan Program particularly those provisions designed to assure due process of law.

*Response.* The Office of Education has retained and adapted many of the previous provisions of the Guaranteed Student Loan Program regulations in the development of this proposed regulation.

*Comment.* Several commenters felt that enforcement of these provisions should only be initiated by reports of violations by students, regulatory bodies, or auditors.

*Response.* The regulations are cast in terms of whether the information that precipitates OE action is reliable and not on the source of that information. Of course, generally, the source of information is directly related to its reliability.

*Comment.* One commenter stated that informal proceedings should not be used in cases of limitation, suspension, or termination. Other commenters suggested case-by-case determination of appropriate action and issuance of a show cause order followed by a staff visit.

*Response.* The Commissioner, in promulgating these proposed regulations, seeks to provide wherever possible for informal, prompt, and voluntary proceedings to correct violations. He has concluded that the majority of violations and alleged violations can and should be resolved in this manner. Therefore, he has provided for informal compliance procedures in § 168.73.

*Comment.* Several commenters felt that preventive measures rather than sanctions should be stressed, and that program reviews should be used.

*Response.* The Commissioner agrees that preventions of violations through program reviews and other methods should be stressed. However, if these are not effective, the remedies and procedures provided in this part will be utilized.

*Comment.* A commenter recommended that, in cases of deficiencies which could lead to limitation, a plan using administrative monies provided under section 493 should be developed to correct the deficiencies.

*Response.* The Commissioner is not legally authorized to require that these funds be used in that manner. The statute provides for institutional discretion in this regard once the expenditures required to carry out the consumer information dissemination activities warranted under section 493A of the Act have been accomplished.

*Comment.* Another commenter recommended that the responsibility within the Office of Education for limiting or removing eligibility should be separate from the responsibility for recommending eligibility.

*Response.* Both of these matters are the responsibility of the Commissioner. However, the procedures for these two functions are not the same and the OE personnel involved with these questions are not necessarily the same.

**SUPPLEMENTARY INFORMATION**

Under section 438(a)(3) of the Higher Education Act, as added by Pub. L. 92-318, the Office of Education issued regulations on February 20, 1975, which provided the Office of Education with a procedural framework in accordance with which it could—

(1) Take emergency action for a limited period of time (7 days) to stop the flow of loans to an institution under the Guaranteed Student Loan Program;

(2) Provide a show cause hearing to an institution on a suspension proceeding, the result of which, by regulation, was limited to 60 days unless limitation

or termination proceedings were started before the suspension ended;

(3) Provide a hearing before an impartial presiding officer in limitation or termination proceedings; and

(4) Provide for reinstatement of institutions after a certain period of time upon a showing that the violations for which they were suspended or terminated were corrected.

The proposed rules establishes similar procedures applicable to all programs under Title IV. Proceedings under the proposed regulation would apply only after an institution, which has met the statutory definitions for eligibility, has both complied with the general provisions governing eligibility for Title IV programs and entered into a special arrangement or agreement to participate in any specific program. These procedures are not applicable to a determination that an institution has or has not met any provision of a statutory definition of eligibility.

The proposed regulation, while similar in many respects to the regulation governing limitation, suspension, or termination proceedings under the Guaranteed Student Loan Program, differs, by reason of statutory differences between the two authorities on which the regulations are based, in two major respects. Section 497A(a)(4) on which this proposed regulation is based, requires the Commissioner to provide a hearing on the record in suspension, limitation, or termination proceedings. It also statutorily limits the period of any suspension to 60 days, unless within that period of time limitation or termination proceedings are initiated. Section 438(a)(3) contained neither of these provisions.

This proposed regulation follows the general format of the regulations issued in Subpart G of Part 177 of Title 45 governing limitation, suspension, or termination of institutional eligibility for the Guaranteed Student Loan Program. These provisions encourage the use of informal compliance procedures. The proposal also allows the Office of Education to take emergency action when it has reliable information that the institution is in substantial violation of Title IV and related regulations, and that a likelihood of substantial loss of funds to the Federal government or to students may occur. The result of emergency action is to withhold additional funds from an institution and to prohibit the institution from making obligations against any student assistance funds which it may have.

The period during which emergency action would be valid is set at 30 days. However, if during that time, suspension or termination proceedings are begun, the Commissioner must provide the institution with an opportunity to show cause that the emergency action is unwarranted, pending the outcome of those proceedings. Administrative experience with the emergency action provided for under the Guaranteed Student Loan Program regulation, limited to 7 days,

has proved that period to be too short even to notify an institution that emergency action has been taken. The greater time period is felt to be necessary to permit the institution and the Office of Education to arrive at a voluntary agreement respecting corrective action.

Suspension proceedings under the proposed rule begin with a notice from the Office of Education, effective no earlier than 20 days after issuance, unless the institution requests a hearing or corrects the violation before that time. Any hearing is on the record before an impartial presiding officer. Only after a suspension becomes effective does the 60-day period begin to run. The 60-day period may be extended beyond that date by agreement of the parties, or, as provided in the statute, until the end of a termination proceeding if that is begun before the 60-day period ends. The effect of a suspension is to remove an institution's eligibility for a limited period of time.

A termination proceeding either ends the eligibility of an institution for any or all Title IV programs, or results in limitation of an institution's eligibility. A termination proceeding is a hearing on the record before an impartial presiding officer. Its procedure parallels that provided for a suspension proceeding.

The Commissioner makes the final decision in a termination proceeding either by adopting the initial decision of the presiding officer, or by deciding an appeal from the initial decision of the presiding officer, if that appeal is filed within 20 days of the initial decision.

The proposed rule not only lists some possible types of limitations that may be imposed on an institution as the result of a termination proceeding, but also, for the first time, sets out in a regulation the effects of a termination on the flow of Title IV assistance funds to both the institution and the students attending it. The regulation provides that the flow of funds to the institution ceases when an adverse decision is issued in a termination proceeding, except for the payment of commitments to students already enrolled and attending that institution before the date of termination. Payments based on such commitments may be paid only through the end of the payment period during which the termination was made. The meaning of the term "payment period" may vary according to specific program regulations.

The proposed regulation also allows the Commissioner, the designated OE official, or the presiding officer to require an institution to take reasonable and appropriate corrective action for violations by making repayments or reimbursements of any funds the institution has improperly received, withheld, disbursed or caused to be disbursed.

The proposed regulation allows reinstatement after termination, subject to a waiting period of 24 months after the decision to terminate. Compliance with certain limitations may be a condition of reinstatement. The proposed regulation provides for reinstatement of full

eligibility, after a limitation decision, subject to a waiting period of 12 months. Such a reinstatement may be subject to other continuing limitations.

The proposed regulation contemplates the bringing of suspension, limitation, or termination proceedings as expeditiously as possible. However, administrative experience under a similar regulation governing the Guaranteed Student Loan Program has shown that the time allowed for taking action under that regulation was unrealistically short. Consequently, the following major differences are proposed for this regulation:

(1) The period of emergency action extends for 30 days (rather than 7 days). If, however, suspension or termination proceedings are begun, and the emergency action continues, the institution is entitled to request a show cause hearing for a determination why the emergency action should not be rescinded altogether;

(2) The effective date of a suspension or termination under the proposed rule may be no earlier than 20 days after sending the notice (rather than 15 days). This additional time will allow the institution ample time to decide upon the response it wishes to file. An institution which appeals the action and requests a hearing is not subject to suspension until the hearing is concluded.

#### INSTRUCTIONS CONCERNING COMMENTS

Interested persons are invited to direct comments concerning these proposed regulations to:

Mr. John E. Proffitt, Director, Division of Eligibility and Agency Evaluation, Room 3030, Regional Office Building 3, 7th and D Streets, S.W., Washington, D.C. 20202. Telephone: (202) 245-9873.

In order for comments to receive full consideration they should be received not later than 4:30 p.m. on May 10, 1977. The Commissioner will not acknowledge the comments individually, but they will be available for inspection in Room 4068, Regional Office Building 3, between 8:30 a.m. and 4:00 p.m., Monday through Friday.

Public hearings on these proposed regulations will be held at times, dates, and locations to be announced in a forthcoming issue of the FEDERAL REGISTER.

The Office of Education has determined that this document does not contain a major proposal requiring preparation of an Inflation Impact Statement under Executive Order 11821 and GMB Circular A-107.

Dated: February 11, 1977.

WILLIAM F. PIERCE,  
Acting Commissioner  
of Education.

Approved: March 31, 1977.

JOSEPH A. CALIFANO, Jr.,  
Secretary of Health, Education,  
and Welfare.

Chapter I of Title 45 of the Code of Federal Regulations is amended by adding Part 168 to read as follows:



**PART 168—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS**

**Subpart H—Procedures for the Limitation, Suspension, or Termination of Institutional Eligibility for Programs Under Title IV of the Higher Education Act of 1965, as Amended**

- Sec.
- 168.71 Purpose and scope.
- 168.72 Definitions.
- 168.73 Informal compliance procedures.
- 168.74 Emergency action.
- 168.75 Suspension proceedings.
- 168.76 Termination proceedings.
- 168.77 Initial and final decisions.
- 168.78 Verification of mailing dates.
- 168.79 Effect of termination proceeding.
- 168.80 Limitation.
- 168.81 Termination.
- 168.82 Reimbursements, refunds, and offsets.
- 168.83 Reinstatement after termination.
- 168.84 Removal of limitation.

**Authority:** Sec. 497A(a)(4) of the Higher Education Act of 1965, as added by sec. 133 of Pub. L. 94-482, 90 Stat. 2150-2151, 20 U.S.C. 1088f-1(a)(4), unless otherwise noted.

**Subpart H—Procedures for the Limitation, Suspension, or Termination of Institutional Eligibility for Programs under Title IV of the Higher Education Act of 1965, as amended**

**§ 168.71 Purpose and scope.**

(a) This subpart establishes rules for the limitation, suspension, or termination of the eligibility of an otherwise eligible institution participating in any or all programs authorized by Title IV of the Higher Education Act of 1965. These rules apply to an institution which violates any provision of that Title or any regulation, special arrangement, agreement or limitation prescribed under that Title. These rules also apply to an institution participating in the Guaranteed Student Loan Program which comes within the terms of 45 CFR 177.66.

(b) This subpart does not apply to a determination (1) that an institution of higher education fails to meet the statutory definition set forth in sections 435(b), 491(b)(3), or 1201(a) of the Act, or (2) that a vocational school fails to meet the statutory definition set forth in section 435(c) of the Act.

(c) This subpart does not apply to administrative action by the Department of Health, Education, and Welfare based on any alleged violation of Title VI of the Civil Rights Act of 1964, which is governed by 45 CFR Parts 80 and 81; Title IX of the Education Amendments of 1972, which is governed by 45 CFR Part 86; or the Family Educational Rights and Privacy Act of 1974 (section 438 of the General Education Provisions Act, as amended) which is governed by 45 CFR Part 99.

(20 U.S.C. 1088f-1(a)(4).)

**§ 168.72 Definitions.**

"Act" means the Higher Education Act of 1965, as amended.

"Designated OE official" means an official of the U.S. Office of Education, to whom the Commissioner has delegated responsibilities indicated in this subpart.

"Eligible institution" means (1) an institution of higher education, (2) a vocational school, or (3) with respect to students who are nationals of the United States, an institution outside the United States which is comparable to an institution of higher education or to a vocational school and which has been approved by the Commissioner for purposes of participation in Title IV programs.

(20 U.S.C. 1088f-1(e); 1085(a).)

"Funds" means any money, commitments to provide money and commitments of insurance or reinsurance provided under any or all Title IV programs to an institution or to students enrolled and attending an institution.

"Institution of higher education" means an institution as defined in sec-

tions 435(b), 491(b), and 1201(a) of the Act.

(20 U.S.C. 1085(b), 1088(b), 1141(a).)

"Limitation" means the continuation of an institution's eligibility for any or all Title IV programs subject to compliance with special conditions which the Commissioner has set as a result of a decision in a termination proceeding.

"Suspension" means the removal of an institution's eligibility for any or all Title IV programs for a period of time.

"Termination" means the unqualified removal of an institution's eligibility for any or all Title IV programs for an indefinite period of time.

"Title IV" means Title IV of the Higher Education Act of 1965. The programs under that title, and the governing statutory and regulatory provisions, are as follows:

Program	Statutory provisions	Regulatory provisions
National direct student loan program	Title IV-E, HEA	45 CFR pt. 144.
Educational opportunity center program	Title IV-A-1, HEA	45 CFR pt. 154.
Upward bound program	do	45 CFR pt. 155.
Special services for disadvantaged students program	do	45 CFR pt. 157.
Talent search program	do	45 CFR pt. 159.
College work-study program	Title IV-C, HEA	45 CFR pt. 175.
Supplemental educational opportunity grant program	Title IV-A-2, HEA	45 CFR pt. 176.
Federal, State, and private programs of low-interest loans to vocational students and students in institutions of higher education.	Title IV-B, HEA	45 CFR pt. 177.
Veterans cost-of-instruction payments to institutions of higher learning.	Title IV-A-6, HEA	45 CFR pt. 180.
Basic educational opportunity grant program	Title IV-A-1, HEA	45 CFR pt. 190.
State student incentive grant program	Title IV-A-3, HEA	45 CFR pt. 192.

"Vocational school" means a school as defined in section 435(c) of the Act.

(20 U.S.C. 1085(c).)

(20 U.S.C. 1088f-1(a)(4), unless otherwise noted.)

**§ 168.73 Informal compliance procedures.**

(a) If the Commissioner receives a complaint, or has other information which the Commissioner believes to be reliable, indicating that an institution is, or may be, in violation of applicable laws, regulations, special arrangements, agreements, or limitations, the Commissioner may call the matter to the attention of the institution and may give it a reasonable opportunity—

(1) To respond to the complaint or other information;

(2) To show that the matter has been corrected; or

(3) To submit an acceptable plan to correct the violation and prevent its recurrence.

(b) The procedures provided in this Subpart for suspension or termination need not be delayed during the informal compliance procedure if the Commissioner believes—

(1) The delay would have an adverse effect on any or all Title IV programs, or

(2) The informal compliance procedure will not result in a correction of the alleged violation.

(20 U.S.C. 1088f-1(a)(4).)

**§ 168.74 Emergency action.**

(a) The Office of Education, through a designated OE official, may take emergency action to withhold funds from an

institution or its students and to withdraw the authority of an institution to obligate funds under any or all Title IV programs if the designated OE official—

(1) Receives reliable information that an institution is in violation of applicable laws, regulations, special arrangements, agreements, or limitations,

(2) Determines that such action is necessary to prevent the likelihood of substantial loss of funds to the Federal government or to the students at the institution, and

(3) Determines that the likelihood of loss outweighs the importance of following the procedures set forth in this subpart for suspension or termination.

(b) The designated OE official begins an emergency action by notifying the institution, by certified mail with return receipt requested, of the action and the basis on which it is taken. The effective date of the action is the date on which the notice is mailed.

(c) An emergency action shall not exceed 30 days unless suspension or termination proceedings are begun under this subpart before the expiration of that period. In such case, the period may be extended until the completion of those proceedings, including any appeal to the Commissioner.

(d) If suspension or termination proceedings are begun, the Commissioner shall provide the institution, if it so requests, an opportunity to show cause that the emergency action is unwarranted, pending the outcome of those proceedings.

(20 U.S.C. 1088f-1(a), 1232c(c), 1232d, and section 113(b) of Pub. L. 94-482.)

**§ 168.75 Suspension proceedings.**

(a) *Scope and consequences.* From its effective date, a suspension removes an institution's eligibility for any or all Title IV programs for a period of time not exceeding 60 days unless—

(1) The institution and the designated OE official agree to an extension where the institution has not requested a hearing, or

(2) The designated OE official begins a termination proceeding under § 168.76.

(b) *Procedures.* (1) The designated OE official begins suspension proceedings by sending a notice to an institution by certified mail with return receipt requested. The notice must—

(i) Inform the institution of the intent of the Office of Education to suspend the institution's eligibility, cite the consequences of that action, and identify the alleged violations which constitute the basis for the action;

(ii) Specify the proposed effective date of the suspension, which shall be at least 20 days after the date of mailing of the notice of intent;

(iii) Inform the institution that the suspension will not be effective on the date specified in the notice if the Office of Education receives, at least 5 days before that date, a request for a hearing or written material indicating why the suspension should not take place; and

(iv) Invite voluntary efforts to correct the violation(s) which led to the commencement of the action.

(2) If the institution does not request a hearing, but submits written material, the designated OE official, after considering that material, notifies the institution that—

(i) The proposed suspension is dismissed, or

(ii) The suspension is effective as of a specified date.

(3) If the institution on a timely basis requests a hearing, the designated OE official sets a date and place for it. The date will be at least 15 days after the designated OE official receives the request. No suspension takes place until a hearing is held.

(4) At the hearing, the presiding officer shall consider any written material presented to him before the hearing or any material or other evidence presented to him during the course of the hearing.

(5) If, after considering the evidence, the presiding officer concludes that the suspension is warranted, the presiding officer may suspend the eligibility of all or part of the institution.

(c) Notice of the suspension must be promptly mailed to the institution. The suspension takes effect either upon the date of mailing or the original proposed effective date stated in the notice of intent, whichever is later.

(d) A suspension shall not exceed 60 days unless termination proceedings are begun under this subpart before the expiration of that period. In such case, the period may be extended until the completion of those proceedings, including any appeal to the Commissioner.

(20 U.S.C. 1088f-1(a)(4).)

**§ 168.76 Termination proceeding.**

(a) *Scope and consequences.* From its effective date, a termination shall either—

(1) End the eligibility of an institution for any or all Title IV programs, or

(2) Result in limitations on an institution's eligibility.

(b) *Procedures.* (1) The designated OE official begins a termination proceeding, whether or not a suspension proceeding has begun under § 168.75, by sending an institution a notice, by certified mail with return receipt requested. This notice must—

(i) Inform the institution of the intent of the Office of Education to terminate the institution's eligibility, cite the consequences of that action, and identify the alleged violations which constitute the basis for the action;

(ii) Specify the proposed effective date of the termination, which shall be at least 20 days after the date of mailing of the notice of intent;

(iii) Inform the institution that the termination will not be effective on the date specified in the notice if the Office of Education receives, at least 5 days before that date, a request for a hearing or written material indicating why the termination should not take place;

(iv) Invite voluntary efforts to correct the violation(s) which led to the initiation of the action.

(2) If the institution does not request a hearing but submits written material, the designated OE official, after considering that material, notifies the institution that;

(i) The proposed termination is dismissed,

(ii) Limitations are effective as of a specified date, or

(iii) The termination is effective as of a specified date.

(3) If the institution on a timely basis requests a hearing, the designated OE official sets a date and a place for it. The date will be at least 15 days after the designated OE official receives the request. No proposed termination takes place until after a hearing is held.

(4) A presiding officer conducts the hearing on the record.

(5) At the hearing the presiding officer shall consider any written material presented to him before the hearing, or any material or other evidence presented to him during the course of the hearing.

(6) If, after considering the evidence the presiding officer concludes that limitation or termination is warranted the presiding officer may limit or terminate the institution's eligibility in whole or in part.

(c) *Expedited hearings.* With the approval of the presiding officer and the mutual consent of the parties, any time schedules specified in this section may be shortened.

(20 U.S.C. 1088f-1(a)(4).)

**§ 168.77 Initial and final decisions.**

(a) The presiding officer issues an initial decision in any termination proceeding based on findings of fact and

conclusions of law. Findings of fact shall be based only on evidence considered at the hearing and matters of which official notice has been taken. The initial decision of the presiding officer becomes the Commissioner's final decision 20 days after being issued, unless within that 20-day period the institution or the designated OE official appeals the decision to the Commissioner.

(b) Within a period of time specified by the Commissioner, the party that appeals to the Commissioner may submit any additional written material, including exceptions to the initial decision, proposed findings and conclusions, and supporting briefs and statements. The opposing party shall respond within such time as the Commissioner specifies. Parties making any submission to the Commissioner must provide a copy to each party that participated in the hearing.

(c) The initial decision of the presiding officer limiting or terminating the institution's eligibility does not take effect pending the appeal, unless the Commissioner determines that a stay would produce a serious and adverse effect upon the programs involved.

(d) In the case of an appeal, the Commissioner issues a final decision affirming, modifying, or reversing the initial decision, including a statement of reasons for the decision.

(20 U.S.C. 1088f-1(a)(4).)

**§ 168.78 Verification of mailing dates.**

Verification of the Office of Education's mailing dates as referred to in this subpart is evidenced by the original receipt from the U.S. Postal Service.

(20 U.S.C. 1088f-1(a)(4).)

**§ 168.79 Effect of termination proceeding.**

A decision adverse to an institution in a termination proceeding may result in a limitation on, or a termination of, the institution's eligibility for any or all Title IV programs.

(20 U.S.C. 1088f-1(a)(4).)

**§ 168.80 Limitation.**

A limitation may include, as appropriate to the program in question—

(a) A limit on the number or percentage of students enrolled in an institution who may receive Title IV funds;

(b) A limit, for a stated period of time, on the percentage of an institution's total receipts from tuition and fees derived from Title IV funds;

(c) A requirement that an institution obtain a bond, in a specified amount, to assure its ability to meet its financial obligations to students who receive Title IV funds; or

(d) Such other conditions as may be determined to be reasonable and appropriate.

(20 U.S.C. 1088f-1(a)(4).)

**§ 168.81 Termination.**

(a) *A termination.* (1) Ends an institution's eligibility for any or all Title IV programs;

(2) Prohibits an institution or the Commissioner from making or increasing financial aid awards;

(3) Prohibits an institution from making any other new obligations against Title IV funds; and

(4) Prohibits further commitments of insurance or reinsurance by the Commissioner under the Guaranteed Student Loan Program for loans to students to attend that institution.

(b) If an institution is terminated during a payment period, any student at that school who has received an award or to whom a commitment has been made before the effective date of the termination may receive payment only for that payment period.

(c) For the purposes of this section (1) a commitment under the Basic Educational Opportunity Grant Program occurs after a student is enrolled and attending the institution and has submitted a valid Student Eligibility Report to the institution or to the Commissioner, if the student is attending an institution which is under the Alternate Disbursement System, and (2) a commitment under the Supplemental Educational Opportunity Grant, College Work-Study, or National Direct Student Loan program occurs when the student is enrolled and attending the institution and has received an award letter from the institution.

(20 U.S.C. 1088f-1(a) (4).)

§ 168.82 Reimbursements, refunds, and offsets.

(a) The designated OE official, presiding officer, or Commissioner may require an institution to take reasonable and appropriate corrective action to remedy a violation of applicable laws, regulations, special arrangements, agreements, or limitations.

(b) The corrective action may include payment of any funds, to the Office of Education or to designated recipients, which the institution improperly received, withheld, disbursed, or caused to be disbursed, including, but not restricted to (1) With respect to the Guaranteed Student Loan Program—(i) Ineligible interest benefits, special allowances or other claims paid by the Commissioner, and (ii) Discounts, premiums, or excess interest paid in violation of § 177.13 of Title 45 of the Code of Federal Regulations and (2) With respect to all Title IV programs—(i) Refunds due to students under the Title IV regulations, and (ii) any grants, work-study assistance, or loans made in violation of program regulations.

(c) If any final decision requires an institution to reimburse or make any other payment to the Office of Education, the Office of Education may offset its claims against any benefits or claims due to the institution.

(20 U.S.C. 1088f-1(a) (4).)

§ 168.83 Reinstatement after termination.

(a) An institution whose eligibility for any or all Title IV programs has been terminated may not file a request for re-

instatement of its eligibility before the expiration of 24 months from the effective date of its termination.

(b) After the minimum termination period, the institution may request reinstatement of its eligibility before the writing and must show that the institution has corrected the violations on which the termination was based and that it meets all qualifications for eligibility.

(c) Not later than 60 days after receipt of the request for reinstatement, the Commissioner shall respond to the institution—

- (i) Granting its request;
- (ii) Denying its request; or
- (iii) Granting the request subject to limitations.

(d) (1) If the Commissioner denies the institution's request, or allows reinstatement subject to limitation(s), the institution, upon request, will be granted an opportunity to show cause why it should be fully reinstated.

(2) In the event the Commissioner's response allows reinstatement subject to limitation, the institution, by requesting a show cause meeting, shall not be deemed to waive its rights to participate in any or all Title IV programs if it complies with the reinstatement limitations pending the outcome of the meeting.

(20 U.S.C. 1088f-1(e) (4).)

§ 168.84 Removal of limitation.

(a) An institution whose eligibility for any or all Title IV programs has been limited may not apply for removal of the limitation of its eligibility before the expiration of 12 months from the effective date of the limitation.

(b) After the minimum limitation period, the institution may request removal of the limitation. The request must be in writing and show that the institution has corrected the violations on which the limitation was based.

(c) No later than 60 days after the receipt of the request, the Commissioner shall respond to the institution—

- (i) Granting its request;
- (ii) Denying its request; or
- (iii) Granting the request subject to other limitations.

(d) If the Commissioner denies the request, or establishes other limitations, the institution upon request will be granted an opportunity to show cause why its eligibility should be fully reinstated.

(e) The institution's request for a show cause meeting shall not be deemed to waive its right to participate in any or all Title IV programs if it complies with such continuing limitations pending the outcome of the meeting.

(20 U.S.C. 1088f-1(e) (4).)

[FR Doc. 77-10127 Filed 4-7-77; 8:45 am]

[ 45 CFR Part 178 ]

STUDENT CONSUMER INFORMATION SERVICES

Proposed Rulemaking

Under the authority contained in section 493A of Part F of Title IV of the

Higher Education Act of 1965 as amended (20 U.S.C. 1088b-1), the Commissioner of Education is giving notice that he proposes to issue, with the approval of the Secretary of Health, Education, and Welfare, the following regulations governing institutional and financial assistance information for students.

EXPLANATION OF NEED FOR REGULATIONS

Section 131(b) of the Education Amendments of 1976 added a new section 493A to the Higher Education Act of 1965, as amended, dealing with institutional and financial assistance information for students (consumer information dissemination activities).

The statute provides that effective July 1, 1977, institutions of higher education and other eligible institutions which receive an administrative cost allowance because of participation in the Basic Educational Opportunity Grant, College Work-Study, National Direct Student Loan, Supplemental Educational Opportunity Grant, or Guaranteed Student Loan programs must provide student consumer information dissemination activities to prospective and enrolled students who request such information. The types of information to be disseminated include, but are not limited to, a description of the student financial aid programs available at the institution, including a statement of the student's rights and responsibilities under the programs authorized under Title IV of the Act, the school's academic program and educational costs, its student retention rate, and its refund policy. This information must be made readily available, through "appropriate publications and mailings," to all current students and to any prospective student upon request. The law also requires that effective July 1, 1977, an employee or group of employees be available on a full-time basis at the institution to assist students or potential students in obtaining this information. The Commissioner, however, may waive the requirement that a full-time person be assigned to these duties when the total institutional enrollment or the number of students receiving assistance from programs under Title IV of the Act is too small to necessitate a full-time employee.

The Commissioner is promulgating a new Part 178 of Title 45 of the Code of Federal Regulations to assure uniform procedures for administration of these new provisions.

SUMMARY OF COMMENTS PREVIOUSLY RECEIVED

The Commissioner published in the FEDERAL REGISTER, Vol 41, No. 230, Monday, November 29, 1976, a Notice of Intent to Issue Regulations implementing the provisions of the Education Amendments of 1976 (41 FR 52410). On page 52416, comments were invited concerning institutional and financial assistance information for students. Five public conferences were held at various locations between December 13-17, 1976, at which the Office of Education received comments on this and other provisions of the Education Amendments. Written com-

ments were also received through December 30, 1976. The following is a summary of the comments received and the Office of Education's response.

**Comment.** One commenter suggested that the student consumer information provisions and the information provision requirements of the Guaranteed Student Loan Program should be closely related.

**Response.** To the extent that legal provisions for the two programs are similar, the two regulatory provisions will be similar or comparable.

**Comment.** Five commenters addressed the definition of "appropriate publications and mailings." One, for example, suggested that the term be defined as "those publications and information generally made available to students for the purposes of explaining the institution's policies and practices." Another commenter suggested that the term be limited to two or three standard categories, such as catalogues and course schedules.

**Response.** The Commissioner does not want to define the specific documents that must be used as an appropriate publication or mailing, because he wants to allow flexibility for institutions to use existing documents to the extent possible. Instead, the proposed regulations specify the categories of information that must be disseminated and the fact that the appropriate publications must be available to enrolled or prospective students either at no charge or at a charge not to exceed the actual unreimbursed cost of the publications.

**Comment.** The statute requires that the information to be made available to students and prospective students include data regarding student retention. Six comments were received concerning retention rates. These reflected opposition to any attempt by the Commissioner to establish a uniform retention rate policy, since the statute simply requires publication of this information. Other suggestions, however, included recommendations that the Office of Education provide a definition of "retention" to institutions; a suggestion that a retention rate table for the most recent year available would satisfy the requirements of the statute; and suggestions of detailed procedures for establishing retention rates.

**Response.** The Commissioner is aware of the difficulties of providing single definitions of retention rate and completion rate that are applicable to all institutions. However, he is also concerned that these retention data enable students to make meaningful comparisons among institutions. The proposed regulations, therefore, provide a flexible definition of "retention," while specifying a three-year period over which the rates must be computed. The proposed regulations also specify that data on completion rates of each program in which a student is interested be provided to that student, if such data are available at the institution. However, the Commissioner would welcome further suggestions for the treatment of this topic. Each suggestion should reflect consideration both of the

feasibility of institutions collecting the data suggested and the usefulness of such information to students.

**Comment.** Several comments addressed the requirement that staff be made available full-time to assist students or prospective students in obtaining the types of information called for in the statute. One commenter suggested that regulations specify whether information dissemination would be such an employee's sole responsibility at the institution and whether entirely new staff would have to be hired. It was also suggested that regulations distinguish between an "available" full-time employee and an individual "assigned" to provide student consumer information.

**Response.** Although the statute requires the equivalent of a full-time employee to provide information, the Commissioner does not interpret that to mean that a full-time person must necessarily be hired specifically for this purpose, nor does the Commissioner interpret this necessarily to be the sole responsibility of an employee, if there is insufficient demand for such services.

**Comment.** One commenter suggested that regulations should include the criteria to be employed by the Commissioner for waiving the requirement that a full-time employee be available to assist students or prospective students in obtaining information. Another commenter suggested a procedure by which such waivers could be appropriately determined.

**Response.** The Commissioner has included in the proposed regulations a specific number of aid recipients and a specific size of student enrollment below which a waiver will be granted. Furthermore, the proposed regulations also provide for waivers being granted upon evidence of insufficient need for a full-time employee. However, the Commissioner would especially welcome suggestions, with supporting evidence or justification, concerning the appropriate figures to use for enrollment and participating students when granting a waiver.

#### INSTRUCTIONS CONCERNING COMMENTS

Interested persons are invited to direct comments concerning these proposed regulations:

Mr. John R. Proffit, Director, Division of Eligibility and Agency Evaluation, Room 3030, Regional Office Building 3, 7th and D Streets SW., Washington, D.C. 20202, Telephone: (202) 245-9878.

In order for comments to receive full consideration they should be received not later than 4:30 p.m. on May 10, 1977. The Commissioner will not acknowledge the comments individually, but they will be available for inspection in Room 4068, Regional Office Building 3, between 8:30 a.m. and 4:00 p.m., Monday through Friday.

Public hearings on these proposed regulations will be held at times, dates, and locations to be announced in a forthcoming issue of the FEDERAL REGISTER.

The Office of Education has determined that this document does not contain a major proposal requiring prep-

aration of an Inflation Impact Statement under Executive Order 11821 and OMB Circular A-107.

Dated: February 18, 1977.

WILLIAM F. PIERCE,  
Acting Commissioner of Education.

Approved: March 31, 1977.

JOSEPH A. CALIFANO, JR.,  
Secretary of Health,  
Education, and Welfare.

1. Part 178 of Title 45 of the Code of Federal Regulations is redesignated as Part 177a of that title.

2. Part 178 of Title 45 of the Code of Federal Regulations is added to read as follows:

#### PART 178—STUDENT CONSUMER INFORMATION SERVICES

##### Sec.

- 178.1 Purpose of scope.
- 178.2 Definitions.
- 178.3 Information dissemination requirements.
- 178.4 Information dissemination topics.
- 178.5 Availability of employees for information dissemination purposes.
- 178.6 Use of funds.
- 178.7 Compliance procedures and records.
- 178.8 Audits—Non-Federal.

**AUTHORITY:** Sec. 493A of Title IV of the Higher Education Act of 1965 as added by sec. 131 of Pub. L. 94-482, 50 Stat. 2148-2149 (20 U.S.C. 1088b-1), unless otherwise noted.

##### § 178.1 Purpose and scope.

This part establishes rules for the dissemination of information required by section 493A of the Higher Education Act of 1965. It applies to any institution or school which receives a payment under section 411(d), 428(e), or 493 of that Act (20 U.S.C. 1070a(d), 1078(e) and 1088b). Section 411(d) refers to payments made to an institution of higher education under the Basic Grant Program. Section 428(e) refers to payments to an eligible institution under the Guaranteed Student Loan Program. Section 493 refers to payments received by an institution of higher education because of its participation in the Supplemental Educational Opportunity Grant, College Work-Study, or National Direct Student Loan Programs and to payments received by an area vocational school because of its participation in the College Work-Study Program.

(20 U.S.C. 1088b-1.)

##### § 178.2 Definitions.

As used in this part:

- (a) "Act" means the Higher Education Act of 1965, as amended.
- (b) "Academic year" means the period of time between July 1 of one year and June 30 of the subsequent year.
- (c) "Administrative cost allowance" means the payment to any institution pursuant to section 411(d), 428(e), or 493 of the Act.
- (d) "Institution" means an institution of higher education as defined in section 1201(a) of the Act, a proprietary institution of higher education as defined in section 491(b) of the Act, an eligible institution as defined in section 435 of the Act, or an area vocational school as de-

defined in section 8(2) of the Vocational Education Act of 1963.

(e) "Prospective student" means any individual who has contacted an institution requesting information for the purpose of enrolling at that institution.

(f) "Student financial aid program" means any program available to a student attending an institution that provides financial assistance to meet the costs of attending that institution and for which the primary criterion of student eligibility is demonstrated financial need for the assistance because of financial conditions of the student or his family. For purposes of compliance with the requirements of this part, the term includes, but is not limited to, all student financial aid programs authorized under Title IV of the Act, all programs administered by the State in which the institution is located, all major national programs offered by private sources, and any other programs of which a financial aid administrator at an institution should reasonably be aware.

(20 U.S.C. 1088b-1.)

§ 178.3 Information dissemination requirements.

(a) Each institution which receives an administrative cost allowance for any academic year shall, for that year, (1) prepare material, if necessary, on the topics set forth in § 178.4 and (2) disseminate that information through appropriate publications and mailings to these prospective students or enrolled students who request it.

(b) An appropriate publication or mailing is one that is provided to an enrolled or prospective student at no charge to the student or at a charge which does not exceed the actual unreimbursed cost to the institution for its preparation and publication.

(20 U.S.C. 1088b-1.)

§ 178.4 Information dissemination topics.

The information to be prepared and disseminated to students includes:

(a) A description of all student financial aid programs available to students who enroll at that institution, including the procedures and forms for applying for such aid, the student eligibility requirements, the criteria for selecting recipients from the group of eligible applicants, and the criteria for determining the amount of a student's award;

(b) A statement of the rights and responsibilities of students receiving financial aid under the Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant, College Work-Study, National Direct Student Loan, or Guaranteed Student Loan Programs. This information shall include:

(1) Criteria for continued eligibility for each program, including the financial conditions which must be met;

(2) Criteria for determining that a student is, in good standing and maintaining satisfactory progress in his course of study, as required by section 497(e) (1) of the Act for the purposes of receiving financial aid payments, and the

criteria by which a student who has failed to maintain satisfactory progress or good standing may reestablish his eligibility for payment;

(3) The means by which payment of awards will be made to students and the frequency of such payments;

(4) The terms of and expected schedules for repayment of any loan received by a student as part of his student financial aid; and

(5) The general conditions and terms applicable to any employment provided to a student as part of his financial aid;

(c) The cost of attending the institution, including tuition and fees, books and supplies, estimates of typical room and board and transportation costs for students living on-campus, off-campus, or at home, and any additional cost of the program in which the student is enrolled or expresses a specific interest;

(d) The refund policy of the institution for the return of unearned tuition and fees or other refundable portion of cost paid to that institution, as described in paragraph (c) of this section;

(e) The academic program of the institution, including the current degree programs and other educational and training programs; the instructional, laboratory, and other physical facilities which relate to the academic program; and the faculty and other instructional personnel;

(f) Data regarding student retention at the institution, including, for each of three most recent academic years, the number of students who enrolled and were still enrolled at the end of that year or who graduated from the institution, and the percentage that such students represent of the total enrolled;

(g) The number and percentage of students completing the program in which a student is enrolled or expresses interest, if such data are available at the institution; and

(h) The names of persons designated under § 178.5 and information regarding how and where such persons may be contacted.

(20 U.S.C. 1088b-1.)

§ 178.5 Availability of employees for information dissemination purposes.

(a) Except as provided in paragraph (b) of this section, each institution which receives an administrative cost allowance under any of the programs for which such allowance is paid in any academic year shall designate, for that year, an employee or group of employees who shall be available on a full-time basis to assist students or prospective students in obtaining the information specified in § 178.4. If the institution designates one person, that person shall be available, upon reasonable notice, to any interested student or prospective student through the normal administrative working hours of that institution. If more than one person is designated, their combined schedules shall be arranged in such a manner that at least one of them is available, upon reasonable notice, throughout the normal administrative working hours of that institution.

(b) *Waiver.* (1) The Commissioner may waive the requirement that an employee or group of employees be available on a full-time basis for carrying out the requirements of this part at any institution when the total enrollment, or the portion of the enrollment participating in student financial aid programs authorized under Title IV of the Act (the Basic Educational Opportunity Grant Program, Supplemental Educational Opportunity Grant Program, College Work-Study Program, National Direct Student Loan Program, Guaranteed Student Loan Program, and State Student Incentive Grant Program), is too small to necessitate the availability of an employee or group of employees on a full-time basis. The Commissioner may waive the requirement of full-time availability for any institution that submits a timely application for the waiver if it: (i) Has a total enrollment of not more than 1,000 in the academic year for which the waiver is requested and has not more than 500 recipients of student financial aid from the programs authorized under Title IV of the Act; or (ii) Can substantiate that there is insufficient demand among its students or prospective students to necessitate the full-time availability of an employee or group of employees to carry out the requirements of this part.

(2) The granting of a waiver under subparagraph (1) of this paragraph does not exempt an institution from designating a specific employee or group of employees to carry out the provisions of this section.

(20 U.S.C. 1088b-1.)

§ 178.6 Use of funds.

Any institution which receives an administrative cost allowance for any academic year shall first use such funds to carry out the provisions of this part. If any funds remain, the institution shall use those funds for such other costs of administering the student financial aid programs authorized under Title IV of the Act as it determines necessary.

(20 U.S.C. 1088b-1.)

§ 178.7 Compliance procedures and records.

(a) *Retention of records.* Each institution which receives an administrative cost allowance for any academic year shall keep intact and accessible all records relating to the receipt and expenditure of Federal funds in accordance with Section 434(a), General Education Provisions Act 20 U.S.C. 1232c), including all accounting records and related original and supporting documents that substantiate costs.

(b) *Audit questions.* The records involved in any claim or expenditure which has been questioned by audit shall be further retained until resolution of any such audit questions; provided, however, that records need not be retained if they relate to a payment with respect to which actions by the United States to recover for diversion of Federal funds are barred by the statute of limitations in 28 U.S.C. 2415(b).

(c) *Audit and examination.* The Secretary of Health, Education, and Welfare and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access, for the purpose of audit and examination, to the records specified in paragraph (a) of this section and to any other pertinent documents, papers, and records of the institution.

(20 U.S.C. 1088b-1, 1232c.)

#### § 178.6 Audits—non-Federal.

(a) All of an institution's transactions relating to its use of administrative cost allowances received shall be audited by the institution or at the institution's direction to determine, at a minimum, the fiscal integrity of financial transactions and reports and whether such transactions are in compliance with applicable laws and regulations. Such audits shall be performed in accordance with the Department of Health, Education, and Welfare "Audit Guide" for student financial aid programs. If the institution participates in the Supplemental Educational Opportunity Grant, College Work-Study, or National Direct Student Loan Programs, then the audit required by this part shall be included as part of an audit performed for any of those programs. If the institution does not participate in any of the above three programs, then the audit required by this part shall be performed at least once every two years.

(b) Audit reports shall be submitted to the HEW Audit Agency at the regional office of the Department of Health, Education, and Welfare serving the region in which the institution is located for its review. The Audit Agency and the Commissioner shall also be given access to records or other documents as may be necessary to review the results of such audits.

(20 U.S.C. 1088b-1, 1232c.)

[FR Doc. 77-10129 Filed 4-7-77; 8:46 am]

#### [ 45 CFR Part 178a ]

### STATE ADMINISTERED PROGRAMS—INCENTIVE GRANTS FOR STATE STUDENT FINANCIAL ASSISTANCE TRAINING PROGRAMS

#### Proposed Rulemaking

Under the authority contained in section 493C of Part F of Title IV of the Higher Education Act of 1965, as amended (20 U.S.C. 1088b-3), the Commissioner of Education is giving notice that he proposes to issue, with the approval of the Secretary of Health, Education, and Welfare, the following regulation governing the operation of Incentive Grants for State Student Financial Assistance Training Programs.

#### EXPLANATION OF NEED FOR REGULATIONS

Section 493C authorizes incentive grants to States, which must be matched with State funds, for the design and development of statewide training programs for financial aid administrators.

Funds are drawn from two sources: an authorization for an appropriation of \$280,000, to be divided equally among the States which submit approvable applications, and the lesser of .05 percent, or \$10,000, from each State's annual allotment under each of the Supplemental Educational Opportunity Grant, College Work-Study, and National Direct Student Loan Programs.

#### SUMMARY OF COMMENTS PREVIOUSLY RECEIVED

In the FEDERAL REGISTER, Vol. 41, No. 230, Monday, November 29, 1976, the Commissioner published a Notice of Intent to Issue Regulations implementing the provisions of the Education Amendments of 1976 (41 FR 52410). At page 52416, comments were invited concerning the State Financial Assistance Training Programs. Five public conferences were held at various locations between December 13-17, 1976, at which the Office of Education received comments on this and other provisions of the Education Amendments. Further written comments were received through December 30, 1976. A summary of the comments received and the Office of Education's responses are set forth below.

*Comment.* Several comments were received recommending that the State Student Financial Assistance Training Programs be extended to students as well as to financial aid administrators. One commenter suggested that the inclusion of students as recipients of the training would provide them with a needed knowledge of the mechanics of student financial aid programs. Another commenter recommended that at least those students employed part time by an institution's financial aid office should be permitted to receive training.

*Response.* The statute does not provide authority for including students, as students, in the training programs authorized by this part. However, a State may include part-time administration in its training programs, including students who are part-time financial aid administrators.

*Comment.* One comment urged that the application for funding include an explanation of the expected relationships among the planned training under this section, the Basic Grant training program, and the training program authorized under section 533 of the Higher Education Act, as amended. It was also recommended that the applications be submitted annually.

*Response.* The proposed regulations do contain provisions that training provided under this part shall be coordinated with other student financial aid training programs in the State, to the extent possible, and that each State agency must submit an application annually.

*Comment.* Another comment was received concerning the design and development of these training programs. It was suggested that comprehensive program manuals should first be developed to provide a sound basis for guidance and instruction for the management and

administration of all student aid programs.

*Response.* The Commissioner recognizes that the lack of comprehensive program manuals is a continuing problem in improving the administration of student financial aid programs and will attempt to develop such manuals, subject to budgetary and personnel constraints. However, he believes that the need for student financial aid training programs is sufficiently urgent that training should be initiated using the regulations and other materials currently available.

#### INSTRUCTIONS CONCERNING COMMENTS

Interested persons are invited to direct comments concerning these proposed regulations to:

Mr. John R. Proffitt, Director, Division of Eligibility and Agency Evaluation, Room 3030, Regional Office Building 3, 7th and D Streets SW., Washington, D.C. 20202. Telephone: (202) 245-9873.

In order for comments to receive full consideration they should be received not later than 4:30 p.m. on May 10, 1977. The Commissioner will not acknowledge the comments individually, but they will be available for inspection in Room 4068, Regional Office Building 3, between 8:30 a.m. and 4 p.m., Monday through Friday.

Public hearings on these proposed regulations will be held at times, dates, and locations to be announced in a forthcoming issue of the FEDERAL REGISTER.

The Office of Education has determined that this document does not contain a major proposal requiring preparation of an Inflation Impact Statement under Executive Order 11821 and OMB Circular A-107.

(Catalog of Federal Domestic Assistance No. 13.582, Student Financial Assistance Training Program.)

Dated: February 16, 1977.

WILLIAM F. PIERCE,  
Acting Commissioner  
of Education.

Approved: March 31, 1977.

JOSEPH A. CALIFANO, JR.  
Secretary of Health, Education,  
and Welfare.

1. Chapter I of Title 45 of the Code of Federal Regulations is amended by adding a new Part 178a, which reads as follows:

Sec.	Purpose.
178a.1	Purpose.
178a.2	Definitions.
178a.3	Allotments.
178a.4	Student Financial Assistance Training Program requirements.
178a.5	Training program components.
178a.6	State applications.
178a.7	Review of State applications.
178a.8	State matching requirements.
178a.9	Use of funds.
178a.10	Reporting requirements.

AUTHORITY: Sec. 493C of Title IV of the Higher Education Act of 1965, as amended by sec. 131(b) of Pub. L. 94-482, 90 Stat. 2149-2150 (20 U.S.C. 1088b-3), unless otherwise noted.

§ 178a.1 Purpose.

(a) The purpose of this part is to make incentive grants available to the States to be administered, in consultation with statewide financial aid administrator organizations, for the purpose of designing and developing programs to increase the proficiency of institutional and State financial aid administrators in all aspects of student financial aid.

(b) Assistance provided under this part is subject to the applicable provisions of Subchapter A of this chapter relating to fiscal, administrative and other matters (General Provisions for Office of Education Programs (45 CFR 100a)).

(20 U.S.C. 1088b-3.)

§ 178a.2 Definitions.

(a) "Act" means the Higher Education Act of 1965, as amended.

(b) "Institution of postsecondary education" means an institution of higher education, as defined in section 1201(a) of the Act, a proprietary institution of higher education, as defined in section 491(b) of the Act, an eligible institution, as defined in section 435 of the Act, or an area vocational school, as defined in section 8(2) of the Vocational Education Act of 1963.

(c) "State" means, in addition to the several States of the Union, the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands.

(20 U.S.C. 1141(b), 1088(a), and 1085.)

§ 178a.3 Allotments.

(a) Funds appropriated pursuant to section 493C(b) of the Act will be divided equally among States submitting approvable applications by the announced closing date.

(b) The Commissioner will transfer to each State which has been awarded a grant under this part amounts equal to .05 percent of the funds allotted to that State under each of the Supplemental Educational Opportunity Grant, College Work-Study, and National Direct Student Loan Programs, except that the amount transferred from each program may not exceed \$10,000. This amount will be added to the amount received by each State under paragraph (a) of this section.

(20 U.S.C. 1088b-3.)

§ 178a.4 Student Financial Assistance Training Program requirements.

(a) The State agencies which administer the State Student Incentive Grant Program authorized by Title IV, Part A, Subpart 3 of the Act will be responsible for the design and development of financial assistance training programs under this part, for the purpose of increasing the proficiency of institutional and State financial aid administrators in all aspects of student financial aid. If such agency does not exist in any State, an agency or organization designated by the State will be responsible for the

design and development of the program. The State agencies shall develop the programs in consultation with statewide financial aid administrator organizations.

(b) The training programs under this part shall:

(1) Identify the current and future need for financial aid administrators at State agencies and at institutions of post-secondary education throughout the State and the qualifications of such administrators;

(2) Assess the strengths and weaknesses of any current programs in the State which provide training in State and institutional financial aid policies and procedures;

(3) Develop programs to overcome the weaknesses identified in subparagraph (2) of this paragraph;

(4) Design and develop training materials and programs to improve the quality of financial aid administrators through inservice and preservice training, which shall include the components set forth in § 178a.5;

(5) Evaluate the effectiveness of the training materials and programs developed under this part; and

(6) Provide instruction in the administration of the Basic Educational Opportunity Grant, Supplemental Educational Opportunity Grant, State Student Incentive Grant, College Work-Study, National Direct Student Loan, and Guaranteed Student Loan Programs.

(20 U.S.C. 1088b-3.)

§ 178a.5 Training program components.

Each training program developed under this part shall provide:

(a) A description of the principles upon which student financial aid is based;

(b) The theory, methodology, and forms of the principal systems of need analysis used for awarding student financial aid, such as the systems of the College Scholarship Service, the American College Testing Program, and the Basic Educational Opportunity Grant Program, and of the system used to determine eligibility for the receipt of a Guaranteed Student Loan;

(c) Familiarity with the statutes, regulations, handbooks, and any other applicable administrative materials pertaining to the student financial aid programs authorized under Title IV of the Act and to all student financial aid programs administered by that State;

(d) Strategies for packaging Federal, State, private, and institutional programs of student financial aid;

(e) Requirements for maintaining student records, State and institutional accounts, and disbursement systems;

(f) Student and institutional rights and responsibilities pertaining to financial aid programs;

(g) Management practices and procedures so as to eliminate institutional and student fraud and abuse in the operation of student financial aid programs; and

(h) Any other subjects determined by the State agency to be necessary to carry out the purposes of this part.

(20 U.S.C. 1088b-3.)

§ 178a.6 State applications.

(a) Any State desiring to obtain a grant under this part shall file an application with the Commissioner, through the State agency administering its State Student Incentive Grant Program, except that, if no such agency exists in the State, the application shall be filed through an agency or organization designated by the State for this purpose. The application shall include the name of the State agency administering the program, shall describe the activities to be undertaken, and shall contain sufficient information to enable the Commissioner to determine that the State program will meet the requirements set forth in §§ 178a.4 and 178a.5.

(b) As part of its application, each State shall provide assurances that the Federal funds received under this part for any academic year will be matched by an amount at least equal to the Federal funds reserved for that State under § 178a.3, or, if the State cannot make such an assurance, the amount of Federal funds that the State does plan to match for that academic year.

(c) The Commissioner will from time to time establish cut off dates for the filing of applications.

(20 U.S.C. 1088b-3.)

§ 178a.7 Review of State applications.

The Commissioner will review each State's application to insure that it meets the requirements §§ 178a.4, 178a.5, and 178a.6. The Commissioner will not disapprove any State's application without giving the State agency an opportunity to remedy the deficiencies in its application within a reasonable time period.

(20 U.S.C. 1088b-3.)

§ 178a.8 State matching requirements.

In satisfying its matching requirements, the State is subject to §§ 100a.90 through 100a.94 of the Office of Education General Provisions (45 CFR 100a.90-100a.94). Such matching must be from non-federal sources and may be cash or in kind. The State shall maintain supporting records to indicate the amount and sources of such matching.

(20 U.S.C. 1088b-3.)

§ 178a.9 Use of funds.

(a) Funds received by a State under this part must be used with matching State funds to pay the costs of designing and developing programs to increase the proficiency of institutional and State financial aid administrators.

(b) Funds received under this part may not be used solely for the operation of an existing program. However, if the State already has such a program developed or in operation, funds may be used to refine or evaluate that program or to demonstrate and disseminate effective materials and practices.

(20 U.S.C. 1088b-3.)

## PROPOSED RULES

## § 178a.10 Reporting requirements.

At the end of each academic year for which a State receives a grant under this part, the State shall provide a report containing such information as the Commissioner determines necessary to insure that the State is adequately performing its responsibilities under this part.

(20 U.S.C. 1088b-3.)

[FR Doc.77-10130 Filed 4-7-77;8:45 am]



Institutional PROGRESS REPORT for  
Basic Educational Opportunity Grants.



DEPARTMENT OF HEALTH,  
EDUCATION, AND WELFARE  
OFFICE OF EDUCATION  
Washington, D.C. 20202

PLEASE read instructions before  
completing this form. Show dol-  
lars only.

Form Approved  
OMB.: 051R 0993

Academic Year: 1976-77

<p>(1-6) 1. A. BEOG ID NO.: _____ (17-8)</p> <p>(9-20) 2. EIN NO.: _____</p>	<p>(27) 3. Report for: (Check One Box Only)</p> <p>1 <input type="checkbox"/> Oct. 31      2 <input type="checkbox"/> Feb. 28      3 <input type="checkbox"/> June 30</p> <p>4 <input type="checkbox"/> AD HOC Request for Change in current OE Approved Authorization (to be used between reporting periods)</p>
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**SECTION I: GENERAL INFORMATION**

<p>(28) 4. Institution NAME and ADDRESS: (as shown on Authorization Letter)</p> <p><input type="checkbox"/> Check here when NAME and/or ADDRESS has changed</p> <p>Official responsible for this PROGRESS REPORT (sign item 30)</p> <p>5. Name: _____</p> <p>6. Title: _____</p> <p>7. Phone: _____</p>	<p>(29-34) 8. Date of Submission: _____ / _____ / _____ mo. day year</p> <p>(35) 9. Accreditation Status: Specify Agency: _____</p> <p>Status:    1 <input type="checkbox"/> Fully Accredited             2 <input type="checkbox"/> Candidate             3 <input type="checkbox"/> Correspondent             OR 4 <input type="checkbox"/> "3 Letters"</p> <p>(36) 10. Check here if NO BEOG recipients are expected at this institution. PLEASE return this report for USOE records. <input type="checkbox"/></p>
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**SECTION II:**

<p>(37) 11. Type of Institution:</p> <p>1 <input type="checkbox"/> University</p> <p>2 <input type="checkbox"/> Other 4-year</p> <p>3 <input type="checkbox"/> 2-year</p> <p>4 <input type="checkbox"/> At least 1-year, but less than 2-year</p> <p>5 <input type="checkbox"/> At least 6 months, but less than 1-year</p> <p>12. Control:</p> <p>(38) 1 <input type="checkbox"/> Public</p> <p>2 <input type="checkbox"/> Private, non-profit</p> <p>3 <input type="checkbox"/> Private, profit making</p> <p>13. U. S. Congressional District: (39-41) _____</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">1976-77 Undergraduate Enrollment</th> <th style="text-align: center;">Percent Living On-Campus</th> </tr> <tr> <td>14. A. Full-time: _____ (42-47)</td> <td>B. _____ % (48-50)</td> </tr> <tr> <td>15. A. Part-time: _____ (51-56)</td> <td>B. _____ % (57-59)</td> </tr> </table> <p>16. No. of 1976-77 Part-time BEOG Recipients: (60-66) _____</p>	1976-77 Undergraduate Enrollment	Percent Living On-Campus	14. A. Full-time: _____ (42-47)	B. _____ % (48-50)	15. A. Part-time: _____ (51-56)	B. _____ % (57-59)	<p>17. Length of Academic Year (from 7/1/76 to 6/30/77) or equivalent on which charges below are based: _____ months (67-68)</p> <p>18. Average Institutional Charges per Full-time Undergraduate Student:</p> <p>For 1976-77</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>2 (7) (9-16) Tuition and Fees (In-State) A. \$ _____</td> <td>Room (On-Campus) B. \$ _____</td> </tr> <tr> <td>(17-24) Board (On-Campus) C. \$ _____</td> <td></td> </tr> </table> <p>For 1977-78 (Estimated)</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>(33-40) Tuition and Fees (In-State) D. \$ _____</td> <td>Room (On-Campus) E. \$ _____</td> </tr> <tr> <td>(41-48) Board (On-Campus) F. \$ _____</td> <td></td> </tr> </table>	2 (7) (9-16) Tuition and Fees (In-State) A. \$ _____	Room (On-Campus) B. \$ _____	(17-24) Board (On-Campus) C. \$ _____		(33-40) Tuition and Fees (In-State) D. \$ _____	Room (On-Campus) E. \$ _____	(41-48) Board (On-Campus) F. \$ _____	
1976-77 Undergraduate Enrollment	Percent Living On-Campus															
14. A. Full-time: _____ (42-47)	B. _____ % (48-50)															
15. A. Part-time: _____ (51-56)	B. _____ % (57-59)															
2 (7) (9-16) Tuition and Fees (In-State) A. \$ _____	Room (On-Campus) B. \$ _____															
(17-24) Board (On-Campus) C. \$ _____																
(33-40) Tuition and Fees (In-State) D. \$ _____	Room (On-Campus) E. \$ _____															
(41-48) Board (On-Campus) F. \$ _____																

**SECTION III: STATUS OF AUTHORIZATION (see instructions)**

		Enter dollars only-- do NOT show cents	
		Amount (A)	Total No. of BEOG Recipients (B)
19. Gross Expenditures (actual payments to students to date)	19.	\$ _____	3 (7) (9-16) (17-24)
20. Less Recoveries (to date)	20.	\$ _____	(25-32) (33-40)
21. Net Expenditures.	19 - 20 = 21.	\$ _____	(41-48)
<b>ESTIMATED DEMAND FOR ADDITIONAL FUNDS (for remainder of academic year):</b>			
22. Amount for Present Recipients	22.	\$ _____	(57-64)
23. Amount for Additional Recipients Expected to Qualify	23.	\$ _____	(65-72) (73-80)
24. Total Estimated Expenditures and Recipients (for ENTIRE academic year: 7/1/76 - 6/30/77)	21 + 22 + 23 = 24A.	\$ _____	4 (7) (9-16) (17-24)
	19 + 23 = 24B.	\$ _____	(17-24)
25. Current OE Approved Authorization (from BEOG Authorization letter)	25.	\$ _____	(25-32)
26. Institution's Estimated Authorization Adjustment	24 - 25 = 26.	\$ ± _____	(33-40)
27. Number of Student Eligibility Reports Previously Submitted (circle one)	27.	_____	(41-48)
28. Number of Student Eligibility Reports Submitted with this Report	28.	_____	(49-56)
29. Total Number of Student Eligibility Reports Submitted	27 + 28 = 29.	_____	(57-64)

Further monies or other benefits may, but not necessarily, be withheld under this program unless this report is completed and filed as required under existing law and regulations (20 USC 1070a, 45 CFR 190.81).

30. SIGNATURE: \_\_\_\_\_  
USOE COPY 1 - PROCESSING

## INSTRUCTIONS FOR PREPARING PROGRESS REPORT

OE FORM 255-3 6/76

Progress Reports are the vehicle through which necessary adjustments to the initial authorization of BEOG funds are made, based on the actual demand for funds as reflected by the enrollment of actual entitled students at the institution. Progress Reports are also intended to monitor the allocation of Basic Educational Opportunity Grant funds for a given funding period and to report the payment of these funds by institutions to student recipients. Progress Reports must be filed for accounting periods ending October 31, February 28, and June 30. These reports must be forwarded to USOE by November 15, March 15, and July 15, respectively. In addition, Ad Hoc Reports may be submitted once per reporting period, if it becomes necessary for an institution to obtain an adjusted authorization amount to receive additional funds. The June 30 Progress Report is intended to be the final report of expenditures of BEOG funds.

The following should be noted with regard to the completion of the Progress Reports:

- A. *Accurate Completion of the Progress Report is essential* to insure that BEOG funds for your students are received without lengthy delays. *You should read the following instructions carefully before entering the information requested for each item.* You should respond to all applicable questions on the Report form.
- B. If you are a Central Administrative Unit reporting for several campuses or schools, you must be certain to include information *only* for those campuses or schools eligible to participate in the BEOG program and included in your Current BEOG Letter of Agreement with the Office of Education.
- C. When estimates of your school's need for additional BEOG funds are requested, *the estimates should be as realistic and accurate as possible.* Since all appropriate BEOG commitments to students will be honored, no systematic advantage will accrue from overrequesting of funds. *If you request excessive funds you may experience a delay in the authorization of the funds you will realistically need for your students as a result of editing and review procedures in USOE.*
- D. The Progress Report is a four part form. *The processing, file, and SER copies, along with the SERs, should be mailed to:*

Basic Grant Program  
P.O. Box 2468  
Washington, D.C. 20013

The SERs are submitted to document the disbursements you have made since filing your last Progress Report (see instructions, Items 27, 28, 29). You should retain the fourth copy of the Progress Report for your records. Do not mail SERs separately. They must accompany a Progress Report. Separately mailed SERs will be returned to the sender.

If you have questions concerning the Progress Report, please contact your Area Representative on (202) 245-1750 for assistance.

### PREFACE

On the regular Progress Report, complete all items. On the computer-generated form, complete all blank spaces and any information which is incomplete or incorrect.

### IDENTIFYING DATA

**Item 1. BEOG ID No.** (Previously referred to as OE Vendor No.) Enter the six digit number assigned to your institution by the U.S. Office of Education. This number appears on your BEOG Authorization Letter. If you are not sure of your number, contact your Area Representative.

**Item 1B. EIN No.** Enter the twelve digit number assigned to your institution by the U.S. Office of Education. This number appears on your BEOG Authorization Letter. If you are not sure of your number, contact your Area Representative.

**NOTE:** YOU MUST ENTER YOUR CORRECT EIN AND BEOG ID NUMBERS FOR FUNDS TO BE ADVANCED TO YOUR STUDENTS IN A TIMELY FASHION. TO INSURE ACCURACY, USE THE NUMBERS AS THEY APPEAR ON YOUR BEOG AUTHORIZATION LETTER.

**Item 3. Report Type.** Progress Reports must be regularly filed for reporting periods ending on October 31, February 28, and June 30. In addition, "Ad Hoc" Requests may be filed once per reporting period when an institution wishes consideration for a revised Authorization Amount. However, filing an "Ad Hoc" Report about the same time as regularly scheduled Reports will often delay the processing of adjusted Authorization Letters. *Check the "Ad Hoc" box if this is a report to request an authorization change at a time other than a regularly scheduled report date.*

### SECTION I: GENERAL INFORMATION

**Item 4. Name/Address.** Enter the name and full address, including zip code, of your institution.

Note: If the name and/or address of your institution differs from that shown on your BEOG Official Authorization Letter, check the box.

**Items 5, 6, 7. Responsible Official.** *The institutional administrator who is officially responsible for the Progress Report must sign the Report at the bottom of the form.* This must be the individual who is authorized by the institution to submit the Progress Report and who is responsible for the accuracy and completeness of the report. This person's name, title, and phone number must be entered in the appropriate space.

**Item 8. Submission Date.** Enter the date this report is submitted. Use numbers only (i.e., November 12, 1976 should be entered as 11/12/76).

**Item 9. Accreditation Status.** If you have status with a nationally recognized accrediting agency, enter the name of the organization and check the type of status which is currently held (full accreditation, candidate, or correspondent).

If you have no such status, but have received a certification letter from the Office of Education confirming the eligibility of your school for this program via the acceptance of credits from your institution "on transfer by not less than three institutions which are so accredited ..." indicate under the eligibility via "3 letters" response.

**Item 10. BEOG Recipient Status.** If your institution has not had any students participating in the BEOG program, nor do you expect any during the current academic year, check the box provided. Complete Section II for first report of academic year only. Please return this report for USOE records.

Note: If your institution has students who have participated in the BEOG program previously in this academic year, but at the present time you have no participants, please complete Section III of this report. In this case do not check the box in Item 10.

If there have been no students at your institution participating in the BEOG program to date, but you are anticipating participation later this academic year, please complete Section III. Do not check the box in Item 10.

## SECTION II

Information in this section is important in monitoring BEOG allocations and student awards by the institution.

**Item 11. Institution Type.** Check the box for the institution type that best describes your school.

**Item 12. Control.** Check the box for institution control that best describes your school.

**Item 13. U.S. Congressional District.** Enter the number of the U.S. Congressional District of the reporting school.

**Item 14A. 1976-77 Full-Time Undergraduate Enrollment.** Report the total number of undergraduate students who are enrolled on a full-time basis for the 1976-77 academic year. Do not include full-time equivalents.

**Item 14B. Percent of Full-Time Enrollment Living on Campus.** Enter the percent of your full-time undergraduate enrollment that will be living on campus for the 1976-77 academic year.

**Item 15A. Part-Time Undergraduate Enrollment.** Report the total number of undergraduate students who are enrolled for less than a full-time course load (as defined by the institution) for the 1976-77 academic year. If the institution has no part-time students, enter zero.

**Item 15B. Percent of Part-Time Enrollment Living on Campus.** Enter the percent of your part-time undergraduate enrollment that will be living on campus for the 1976-77 academic year.

**Item 16. No. of Part-Time BEOG Recipients.** Enter the number of recipients from line 19B who are part-time students.

**Item 17. Length of Academic Year.** Give the length in months of the academic year on which the average charges in Item 18 are based.

**Item 18. Average Institution Charges.** Enter the average institutional charge per full-time undergraduate-student for in-state tuition and fees, on-campus room and on-campus board for each of the academic years indicated. If on-campus room and/or on-campus board are not available at your school, enter "N/A" in the appropriate spaces. Also enter "N/A" in Tuition and Fees for 1977-78 if school will not be operating in that academic year.

## SECTION III: STATUS OF AUTHORIZATION

This is a cumulative report. It is required that you report both the dollar amounts (rounded to the nearest whole dollar—*do not show cents*) and (where appropriate) the corresponding number of BEOG recipients in each category.

**Items 19A, 19B. Gross Expenditures.** In Item 19A, enter the total amount of BEOG funds you have *paid out* and/or credited to students' accounts from July 1 of the current academic year to the end date of the period this report covers. For reporting purposes, this amount should not exceed the current OE approved authorization (Item 25A). In Item 19B, enter the total *unduplicated* number of recipients to whom these funds were paid.

**Items 20A, 20B. Dollar Recoveries.** In Item 20A, enter the total amount of funds recovered from BEOG recipients to the date of this report. Such recoveries would include funds restored to the Basic Grant account at the institution for (1) student withdrawals or terminations which result in credits to the BEOG account or (2) student refunds to the institution. Only those recoveries as of the end date of the period which this report covers should be entered.

In Item 20B enter the number of students involved in the calculation in Item 20A.

**Item 21A. Net Expenditures.** In Item 21A, enter the net expenditures (both direct payments and credits to student accounts) made to BEOG recipients during the current academic year up to and including the current period. This figure is obtained by subtracting Line 20A from Line 19A.

**Item 22A. Estimated Demand for Additional Funds** (for present recipients for remainder of 1976-77 academic year). This item is to reflect your requirements for funds *in addition to those already expended*, as reported in Item 21A, to meet the needs of student recipients currently enrolled at your institution for the remainder of the 1976-77 academic year. To arrive at this estimate, total the amount of BEOG funds obligated to students as the "expected disbursement" in Section 4 of the Student Eligibility Reports you have processed to the date of this report. Subtract from that figure the Gross Expenditures on Line 19A. Adjust this figure by subtracting estimated *additional* recoveries (based on your experience to date) for the remainder of the academic year. Enter the resulting figure on Line 22A.

**Items 23A, 23B. Estimated Additional Recipients.** Enter the total amount of funds you estimate will be necessary to cover the needs of *new* (not currently enrolled or processed) BEOG recipients, who are likely to be eligible during the remainder of the 1976-77 academic year. In arriving at this figure, keep in mind that these new students may not be eligible for a full BEOG award, since a portion of the academic year has expired.

In Item 23B, enter the number of students involved in arriving at the figure in 23A.

**Item 24A. Total Estimated Expenditures.** Enter the total amount of funds you estimate will be necessary to fund all BEOG recipients for the entire 1976-77 academic year. This figure is obtained by adding Lines 21A, 22A, and 23A.

**Item 24B. Total Estimated Recipients.** Enter the total estimated number of BEOG recipients for the entire academic year. This number is obtained by adding items 19B and 23B.

**Item 25A. Current OE Approved Authorization.** This is the USOE approved BEOG Authorized Amount indicated on your *most recent* USOE Authorization Letter.

**Item 26. Estimated Authorization Adjustment.** If Item 25A is greater than Item 24A, subtract Item 24A from Item 25A and enter the dollar amount, circling the (-) prefix.

If Item 25A is smaller than Item 24A, subtract Item 25A from Item 24A and enter the dollar amount, circling the (+) prefix.

This figure should represent the total additional funds you estimate will be necessary to fund your BEOG recipients for the remainder of the academic year. A new Authorization Letter will be produced indicating this change.

**Items 27, 28, 29. Student Eligibility Reports Submitted.** A Student Eligibility Report (SER), reflecting each of your BEOG recipients' entitlements for an award, must be submitted to document your payment of their awards. *These SERs are to be submitted with regularly scheduled as well as Ad Hoc Progress Reports, and should not be sent separately.* Separately mailed SERs will be returned to the sender.

In Item 27, enter the number of SERs you have submitted prior to this report (if any). In Item 28 enter the number of SERs submitted with this Progress Report to reflect students who have begun participation in the BEOG program since your last Progress Report was submitted. Also included in this item will be new SERs for students who are already participating in the program during the current academic year who have had their awards adjusted on the basis of a revised SER.

In Item 29, enter the total number of SERs you have submitted to the date of this report. This is the sum of Items 27 and 28 and should equal or exceed Item 19B.

*These SERs should be packaged and mailed with all three copies of the Progress Report.*

**Item 30. Signature.** If the form is not signed, it will not be processed.

## THE BEOG PROGRAM INFORMATION AND MONITORING SYSTEM

The Progress Report you are being asked to complete is an important part of a total system for allocating BEOG funds to participating institutions, monitoring their disbursement to entitled students and providing reporting information for the program. For those institutions that may not be familiar with this system, it is outlined as follows:

1. A file of eligible institutions was established, based on legislatively prescribed eligibility criteria for institutions to participate in the BEOG program. This file is based on documentation from the Accreditation and Institutional Eligibility Staff of OE.
2. Your school's interaction with the BEOG Program Information and Monitoring System (PIMS) began when you received, as an institution eligible to participate in the BEOG program, a mailing from OE which included instructions for calculating student BEOG awards from their Student Eligibility Reports (SER's), a Payment Schedule for making award determination, and a **Letter of Agreement** for establishing your school's participation in the program. When the **Letter of Agreement** was signed and returned to OE, your school became a participating institution.
3. Next, your school was allocated an initial ceiling amount of BEOG funds which could be drawn from the Departmental Federal Assistance Financing Systems (DFAFS) in order that the first BEOG award payments might be made to your entitled students. This initial ceiling amount was communicated in the **Authorization Letter** you recently received and an institutional BEOG account was established for your school with the DFAFS.
4. DFAFS then utilized one of two methods for paying BEOG funds to your school: the Letter of Credit or Cash Request System. The Letter of Credit method allows the school to draw funds, up to the ceiling amount, from the Federal Reserve System through a local commercial or federal reserve bank. This procedure is established through special arrangement with DFAFS. The Cash Request System, which is the procedure normally used, permits the school to draw funds, up to the ceiling amount, on a monthly basis from the Treasury Department, through DFAFS, using a monthly cash request procedure. Schools using this procedure submit a Grantee's Monthly Cash Request form to DFAFS for funds to cover estimated cash expenditures on a monthly basis. DFAFS, upon receipt of this form, will schedule a payment (U.S. Treasury check) to reach the school during the first week of the month for which cash is requested.

Questions regarding **payment to schools only** should be directed to:

Federal Assistance Financing Branch  
Office of the Secretary  
5333 Westbard Avenue, Room 426  
Bethesda, Maryland 20014

Telephone: Area Code 301-496-7871

Whenever you contact FAFB, you should refer to the Award Recipient EIN and document number as shown on your BEOG Authorization Letter.

5. The funding of the Basic Grants Program for your institution may involve multiple funding authority, more than one Appropriation and Common Accounting Number (CAN). The utilization of funds shown in the Progress Report does not require differentiation of the source of funds under separate CANs, however, you are required by the DFAFS to separately identify expenditures where more than one funding authority has been utilized.
6. The year-end reconciliation of expenditures, required under the Grantee Quarterly Report of Expenditures, should coincide with the final report of expenditures shown on the June 30 Basic Grants Progress Report. End-of-year reconciliation and close-out of financial systems, Basic Grants, Office of Education and DFAFS is facilitated by the reporting of compatible information.

7. The enclosed **Progress Report** is the mechanism through which the initial BEOG ceiling amount may be adjusted to reflect the demand for an increase in BEOG funds to pay entitled students who actually enroll at your school (or a possible decrease if fewer entitled students enroll than was anticipated). Therefore, the accurate completion of the **Progress Report** is essential in insuring that an adequate flow of BEOG funds is accurately directed to each school so that entitled students who enroll in participating schools may be paid their awards in a timely fashion.

In addition, the **Progress Report** also collects a minimum of institutional identifying data which is necessary for initial ceiling allocation, mailing and report purposes. The **Progress Report** information is retained in the institutional file and is also used to adjust institutional ceilings through the DFAFS.

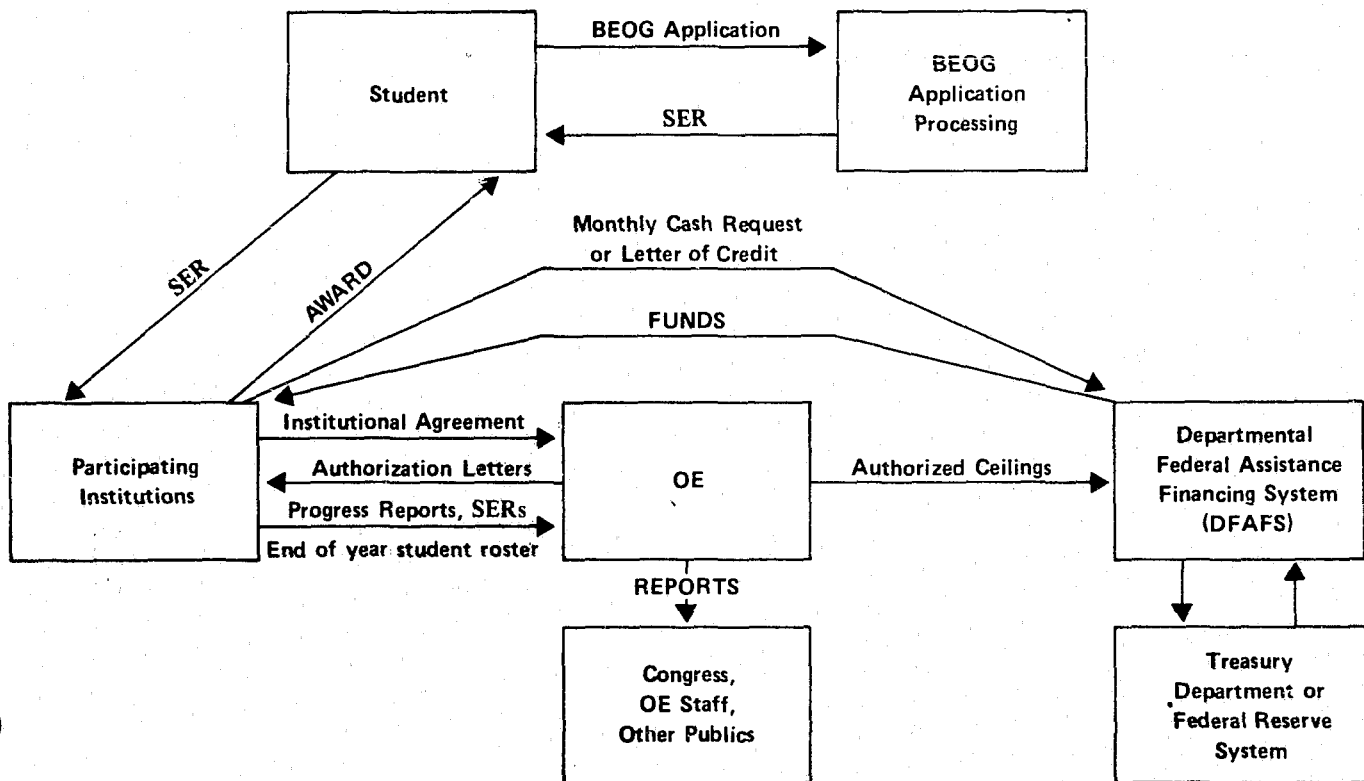
8. SER's reflecting award information for each student to whom an award is paid are forwarded to OE at the same time as the **Progress Report** is filed. These data are used to document your requests for authorization adjustments and to form an informational base from which the continuous eligibility and award status of students may be monitored and from which reports may be generated.

These individual award records will also be identified by the institution which the student is attending. A **BEOG Student Validation Roster** will be generated at the end of each award year and mailed to each school attended by BEOG award recipients. Schools will verify each student recipient's status and the actual award amount each received and return the roster to OE. This information, when compared with **Progress Report** data and actual BEOG institutional accounting data, will serve to reconcile each school's BEOG accounts at the end of the year. It will also serve to monitor the status of individual student award recipients.

9. Data will be drawn from each of the system components and the SER processing system to provide reports for informational, program evaluation, and planning purposes.

The above components are integrated into a total BEOG Information and Monitoring System which is designed to effectively serve the needs of everyone involved in the BEOG program, including students, institutions, and the federal government. Timely submission of all institutionally based reports (the **Progress Report**, the **Student Validation Roster**, etc.) is essential to the efficient operation of the system. This system is graphically illustrated.

### BEOG PROGRAM INFORMATION AND MONITORING SYSTEM



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
OFFICE OF EDUCATION  
WASHINGTON, D.C. 20202

Appendix K



In Reply Refer To:  
U. S. Office of Education  
Basic Grants

OFFICIAL AUTHORIZATION LETTER  
BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM  
Award Period: July 1, 1976 through June 30, 1977

Date:

Requested Authorization:

Adjustments to Authorization

- a. Previous Authorization:
- b. Adjustment (Increase + or Decrease -):
- c. OE Approved Authorization:

Award Recipient EIN:

BEOG ID Number:

Document Number:

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Specimen

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Dear President:

I am pleased to provide notification of the establishment of or change in the authorization ceiling as specified above for Basic Grant entitlements under pertinent statutes, the applicable regulations and your institutional agreement for the period July 1 1976 through June 30, 1977.

This letter constitutes authority to make payments, up to the authorized ceiling amount, to students who have filed an approved BEOG student eligibility report. Revisions to this authorization will be made based on the receipt of periodic institutional progress reports i.e. (for October, February, June, and ad hoc) reflecting the actual and/or expected level of participation in the program.

Funds will be advanced by the Office of the Secretary, DHEW, Federal Assistance Financing Branch upon submission of a written request. Questions pertaining only to payments should be directed to the Department of Health, Education and Welfare, Federal Assistance Financing Branch, 5333 Westbard Avenue, Room 426, Bethesda, Maryland, 20014. Whenever you contact FAFB, you should refer to the payee entity identification number (EIN) and document number shown above.

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Sincerely yours,

Peter K. U. Voigt,  
Director, Division of Basic Grants

INSTITUTIONAL COPY PRESIDENT



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
OFFICE OF EDUCATION  
BUREAU OF POSTSECONDARY EDUCATION  
WASHINGTON, D.C. 20202

TERMS OF AGREEMENT

(Agreement Covering the Computation and Disbursement of Basic Educational Opportunity Grants)  
July 1973

Whereas, the students of Specimen  
(Name of Institution)  
, hereinafter referred to as the  
(Location of Institution)

"Institution", are potentially eligible to receive grant awards under the program of Basic Educational Opportunity Grants administered by the U.S. Commissioner of Education, hereinafter referred to as the "Commissioner," pursuant to Part A, Subpart 1 of Title IV of the Higher Education Act of 1965, as amended (20 U.S.C. 1070a) and the regulations issued pursuant thereto (45 CFR Part 190 et. seq.); and

Whereas, a finding of the eligibility of such students to receive awards, the computation of the amount of such awards, and the disbursement of funds to its students can best be accomplished by the Institution;

Now, therefore, in order to facilitate the conduct of the Basic Educational Opportunity Grants Program with respect to its students the Institution agrees to the following undertakings:

I. General Undertakings

1. The Institution shall make eligibility determinations, computations of awards, and disbursements from sums provided for that purpose by the Commissioner, at such times and in such manner as the Commissioner shall from time to time prescribe. An award shall be paid to a student only if the Institution determines in accordance with the regulations and instructions issued for that purpose that (i) such student is an "eligible student" and (ii) the amount to be paid has been determined in accordance

with the applicable payment schedule and other instructions as are issued by the Commissioner. The payment schedule will reflect the amount of an award to be made with respect to a student on the basis of (i) a dollar amount representing such student's "expected family contribution" (student eligibility index) and (ii) the student's cost of attendance at the Institution. The amount of a student's award will then be adjusted by the Institution on the basis of (i) the portion of the academic year for which the student is enrolled and (ii) the full-time or the part-time nature of his enrollment. The figure representing the student's "expected family contribution" (student eligibility index) is supplied by the Commissioner (Student Eligibility Report) to each student applicant who in turn submits it to the Institution. The figure representing the student's cost of attendance at the Institution is to be computed by the Institution in accordance with the regulations issued by the Commissioner (45 CFR 190.51). The full-time or part-time nature of a student's enrollment and the portion of the academic year for which he is enrolled will also be determined by the Institution in accordance with regulations issued by the Commissioner.

2. The Institution agrees that it will use all funds made available to it by the Commissioner pursuant to this Agreement only for making payments of Basic Educational Opportunity Grants as provided for in this Agreement. In the event that an overpayment is made to a student the Institution will cooperate fully with the Commissioner, making every reasonable effort to effect the return of such overpayment. The Institution does not, however, assume liability for any overpayments which are not so recovered unless such overpayment was made by the Institution under circumstances where the regulations or instructions of the Commissioner clearly indicate that such payment should not have been made. In making a finding that a student is an "eligible student," the Institution is entitled to rely on information provided by the student.

## II. Specific Undertakings

In addition to the foregoing undertakings, and in no way in limitation thereof, the Institution further agrees as follows:

1. All funds received and disbursed under this agreement shall be handled through an account which may be an existing account (preferably one maintained for Federal funds) provided adequate control ledgers are maintained to properly account for such funds separately from other funds.



2. The Institution shall maintain adequate records, for such period of time as prescribed by the Commissioner, with regard to (i) the eligibility, or lack thereof, of all students enrolled in the Institution who have applied to the Institution for payments of a Basic Educational Opportunity Grant; (ii) the amount of such grants as have been awarded and to whom; (iii) the amount and date of disbursement of such grants to such students; and (iv) the amount and date of any overpayments of awards that have been restored to the program account. Such records shall include the "Student Eligibility Report" for each student, the student's cost of attendance at the Institution, and the basis on which his full-time or part-time enrollment status and the portion of the academic year for which the student was enrolled was determined.

3. The Institution will at all reasonable times make available for inspection by authorized representatives of the Commissioner, at the offices of the Institution, all books, records, documents, and other evidence bearing on the receipt and expenditure of such funds as have been made available to the Institution pursuant to this Agreement. Such right of inspection will extend for a period of five (5) years from the date of submission of a final report covering any such funds, unless the Commissioner provides otherwise by regulation.

4. The Institution shall submit such reports and information as the Commissioner may reasonably require in connection with the foregoing undertakings of the Institution and the accounting for the payment of Federal funds.

5. The Institution shall reduce to writing its policy for making refunds of amounts paid on account of tuition, fees, room, and board to students who withdraw or fail to pursue their course of study. A copy of such policy shall be made available to the Commissioner upon request. The Institution agrees that if a refund is made to a student pursuant to the policy of the Institution, the amount of such refund as is reasonably attributable to the payment of a Basic Educational Opportunity Grant in the light of the total of the amount paid to the Institution by the student for tuition, fees, room, and board, shall be treated as an overpayment and restored to the program account.

6. The Institution (if a proprietary Institution of higher education as defined in § 491 of the Higher Education Act of 1965 20 U.S.C. 1088) shall comply with such terms and conditions as the Commissioner determines to be necessary to insure that the availability of assistance under this program to students has not, and will not, increase the tuition, fees or other charges of the Institution.

III. Effect of Agreement

1. This Agreement shall be in effect with respect to all funds advanced to the Institution for disbursement under the Basic Educational Opportunity Grant Program.

2. The Institution understands and agrees that funds shall continue to be advanced to the Institution pursuant to this Agreement and the Institution shall continue to carry out its undertakings pursuant to this Agreement for so long as the Institution and the Commissioner mutually agree to do so.

3. The Institution agrees that reasonable notice shall be given to the Commissioner if it no longer is willing or able to carry out the terms hereof, and the Institution is advised that similar notice will be given to the Institution in the event the Commissioner selects some other means for making Basic Educational Opportunity Grants available to students attending the Institution.

DATE \_\_\_\_\_

\_\_\_\_\_  
(Institutional Authorizing Officer)

\_\_\_\_\_  
(Name and Title)

This Agreement covers the following branch campuses of the Institution

	<u>Name and Address</u>	<u>OE Vendor Number</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____

IRS No.  
(Internal Revenue Service Number)

1976-77

Basic Educational Opportunity Grant Program

PAYMENT

SCHEDULE

and Disbursement Schedules





DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
OFFICE OF EDUCATION  
BUREAU OF POSTSECONDARY EDUCATION  
WASHINGTON, D.C. 20202

June, 1976

Dear Colleague:

As you may be aware, the appropriation process for the Basic Educational Opportunity Grant Program for the 1976-77 academic year has now been concluded. The approval of the supplemental appropriation request has increased the available program funds to a level that a fully-funded Basic Grant Program can be maintained during the 1976-77 academic year.

This means that the maximum award for the 1976-77 academic year is \$1400 which is the limit specified in the law. We recognize that you have been receiving Student Eligibility Reports for some time now, and regret that we were not able to issue the attached Payment Schedule and Disbursement Schedules for the 1976-77 academic year at an earlier date.

As you know, beginning with the 1975-76 academic year, program eligibility criteria were broadened to include students who are enrolled as at least half-time students. Proposed regulations dealing with the calculation of part-time awards were published in the Federal Register on June 23, 1975. A number of comments on these proposed regulations noted that the regulations did not accommodate differences in academic program structures among various types of schools. In response to these comments, we undertook a major review of the regulations and prepared award computation procedures which more closely reflected institutional and/or program differences to assure equal benefits regardless of where a student enrolls. However, to achieve the objective of increased equity, the complexity of the award computation procedures were of necessity significantly increased.

These procedures were issued as interim guidelines to all participating institutions in September of 1975. However, actual use of these procedures at the institutional level resulted in additional comments to the effect that the revised computation procedures were difficult, if not impracticable, to administer and significantly increased administrative burdens for the institutions, particularly institutions which have non-standard academic calendars.

As a consequence of these developments, a determination was made to issue unchanged the final regulations governing part-time awards. We expect that these regulations will be published as a final regulation in the Federal Register in the near future and will apply beginning with the 1976-77 academic year. Part-time awards which have been calculated during the 1975-76 academic

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year in accordance with the interim guidelines issued in September of 1975 will not be subject to revision or change to reflect the computational provisions of the final regulations. The final regulations to be published are essentially unchanged in content from the proposed regulations published on June 23, 1975 and provide for a simple computation procedure which is based on a percentage reduction of the Scheduled Award for all students regardless of where they enroll. That is, three-quarter time and half-time awards will be 75 percent and 50 percent, respectively, of a full-time award for a given student eligibility index and cost of education.

As a result of this decision, the computation of full-time and part-time awards now closely parallel each other. For your convenience, we would like to summarize the procedures for determining the amount of a student's Basic Grant. There are four basic steps involved in the determination of all Basic Grant awards. The first three are identical for both full and part-time students. The fourth step, determining the Expected Disbursement, is essentially the same for all students. However, for part-time students there is an additional step which requires the use of separate Disbursement Schedules to determine the part-time award for a full year.

Please note that there are two major changes in the computation of part-time awards which are not included in Chapter 9 of the 1976-77 Handbook. These changes relate to the determination of cost of education for part-time students and the maximum award which a part-time student may receive during an academic year. These changes are discussed in steps 2 and 4 below. PLEASE NOTE THAT THESE REGULATIONS SUPERCEDE THE COMPUTATIONAL PROCEDURES OUTLINED IN CHAPTER 9 OF THE 1976-77 BASIC GRANT HANDBOOK.

The four steps in calculating Basic Grant awards are as follows:

1. Determine Student's Enrollment Status

As you know, a full-time student is defined as one taking a minimum of 12 semester or quarter hours in institutions with standard academic terms or a minimum of 24 clock hours per week in institutions which measure progress in terms of clock hours. Similarly, the minimum requirements for three-quarter time status are 9 semester or quarter hours or 18 clock hours per week. For half-time students, the minima are 6 semester or quarter hours or 12 clock hours per week. It should be noted the regulations specify that all students engaged in study by correspondence which requires a minimum of 12 hours of preparation per week are considered half-time students. A student must be at least half time to receive an award and must be classified in one of these three categories.

2. Calculate "Cost of Education"

A. "Cost of Education" must be calculated for each student to include an amount for tuition and fees, room and board (see exceptions below), books and supplies, and a miscellaneous expense allowance. The basic grant legislation requires the use of actual cost of attendance in determining a student's Basic Grant award. This means that actual amounts charged by the institution for tuition and fees, and room and board, if appropriate, are to be used as described below in calculating cost of education for full-time students. However, for purposes of simplicity and greater equity to the part-time student whose award is reduced, the final regulations permit the use of full-time tuition and fees in determining part-time awards. See step (a) below for more detail. Please be sure that the correct allowable costs are used in calculating a student's Scheduled Award and Expected Disbursement. The allowable costs are as follows:

(a) Tuition and fees. For full-time students, the actual amount charged to the student for tuition and fees for a regular academic year that is generally charged to all students or to a particular class of students of which the applicant is a member. This means that a Basic Grant recipient may not be charged a different amount of tuition than other students in the same course. Furthermore, if tuition is charged on a per hour basis, the tuition for the school year should be based on the actual number of credits for which the student enrolls. For part-time students, the tuition and fees normally charged to a full-time student for a full school year are to be used.

(b) Room and board. (i) The actual amount charged by the institution pursuant to a contract entered into with the student, whether or not that student is enrolled on a full or part-time basis, under which both room and board are provided by the institution; or,

(ii) The actual amount charged by the institution pursuant to such a contract entered into for room but not board, plus an allowance of \$625; or,

(iii) The actual amount charged by the institution pursuant to such a contract entered into for board but not room, plus an allowance of \$475; or,

(iv) Where no such contract is entered into for either room or board, an allowance of \$1100.

(c) Books, supplies, and miscellaneous expenses. An allowance of \$400.

With a few specific exceptions, all students will have a minimum cost of education of \$1500 (\$1100 living allowance and \$400 books, supplies, and miscellaneous allowance). Students who are attending tuition-free institutions with no on-campus living facilities are still provided the \$1500 minimum allowance. These allowances are provided to full-time and part-time students.

Two specific exceptions to the \$1500 minimum allowance are students in correspondence courses and incarcerated individuals. Basic Grant regulations specify that the cost of education for incarcerated individuals shall include only actual tuition and fees plus \$150 for books and supplies. No allowance for room and board or miscellaneous expenses may be included. The cost of education for individuals pursuing a course of study by correspondence shall include only actual tuition and fees. No additional cost allowances may be included unless such course has a required residential training component in which case actual room and board costs or, if applicable, a prorated room and board allowance may be included in calculating costs of attendance for such students.

### 3. Determine the Scheduled Award

Using the Student Eligibility Index from the 1976-77 Student Eligibility Report and the "Cost of Education" calculated in step 2, the student's Basic Grant Scheduled Award should be located on the attached-Full-Time Payment Schedule. Please note that this procedure must be followed for both full-time and part-time students. This is the amount which should be entered in Box 7 of Section 4 of the SER.

### 4. Determine the Expected Disbursement

The Scheduled Award is the amount a full-time student is entitled to receive for a full academic year. For a student who is expected to be enrolled full-time for a full school year, the Expected Disbursement is the same as the Scheduled Award. However, there are a number of conditions where the Expected Disbursement must be reduced from the level of the Scheduled Award.

A list of these conditions is as follows:

1. The student's full-time course of study is six or seven months in length;
2. The student is enrolled for less than a full school year (e.g., second semester only);

3. The student's school year extends beyond June 30, 1977 (or started before July 1, 1976);
4. The student's full-time school year is longer than twelve months, and the student is enrolled for less than twelve months during the academic year;
5. The student is enrolled on less than a full-time basis.

Specific procedures for the reduction of awards in accordance with conditions 1-4 above are discussed in Chapter 7 of the 1976-77 Basic Grant Handbook. Reduction of awards for part-time students are based on the same concepts governing reduction of awards for full-time students, but require some additional explanation as outlined below.

As noted previously, there will no longer be a distinction in the computation between schools with and without standard academic terms. The award for a full year at a given part-time enrollment status should be located from either the Half-Time or Three-Quarter Time Disbursement Schedule, whichever is appropriate, using the Student Eligibility Index and the Cost of Education in the same manner as was done in determining the Scheduled Award. Please be very careful to use the correct schedule. They have been labeled as clearly as possible to avoid confusion, and to facilitate correct computation of awards.

The amount taken from the appropriate Disbursement Schedule is the Expected Disbursement. This amount is based on the assumption that a part-time student is enrolled during an academic year for at least the same amount of time as is required for a full-time student to complete a full school year. In other words, the amount indicated on the Disbursement Schedule is the maximum amount a part-time student may receive during any academic year (i.e., fiscal year) assuming that such student does not change enrollment status and is enrolled for at least the same length of time as is required for a full-time student to complete a full school year. In this context, the maximum award of a half-time student is \$700 and for a three-quarter time student \$1,050.

However, as for full-time students, the amount indicated on the Disbursement Schedule must be prorated if conditions 1-4 outlined above apply. It is important to note that the proration procedures use the length of the full-time program as a basis for reducing part-time awards. For example, a student with a "0" eligibility index and a cost of education of \$2,800 enrolling for four months during the academic year as a half-time student in a program which requires eight months for completion by a full-time student would receive one-half of the award indicated on the Disbursement Schedule, as illustrated below:



$$\text{Award} = \frac{\text{Amount from Half-Time Disbursement Schedule} \times \text{Number of months enrolled as half-time student during academic year}}{\text{Number of months in school year for full-time student}}$$

Number of months in school year for  
full-time student

or

$$\text{Award} = \frac{\$700 \times 4}{8} = \$350$$

It should be noted that if part-time students enroll in programs whose full-time equivalent is longer than 12 months, the regulations define the school year to be 12 months in length. Therefore, the Expected Disbursement is calculated as the amount from the appropriate Disbursement Schedule multiplied times the number of months of part-time enrollment during the academic year divided by 12 months.

In addition, since the regulations require a full school year to be at least 8 months in length, all awards for full-time as well as part-time students enrolled in a full-time program which is at least 6 months, but less than 8 months, in length are subject to proration by a fraction of 6/8 or 7/8, whichever is applicable.

The Expected Disbursement, after proration if necessary, should be entered in Box 8 labeled "Expected Disbursement" of Section 4 of the Student Eligibility Report.

There are a few general points regarding the use of the Payment and Disbursement Schedules which should be noted:

1. In anticipation of additional questions regarding the computational procedures for part-time awards, we are in the process of developing more detailed instructions including case examples to facilitate the use of the computational procedures. This additional information will be mailed to all institutions as a "Dear Colleague" letter in the near future. In the meantime, we expect that the instructions provided in this document will provide sufficient guidance for accurate computation of part-time awards for the academic year 1976-77.

2. Please note that the Payment and Disbursement Schedules show both cost of education and student eligibility index in intervals of 50. Each corresponding award is based on the midpoints of these intervals. Therefore, some awards may be less than or may exceed one-half cost by a few dollars. Do not make adjustments to the amount shown on the Payment Schedule or Disbursement Schedules to account for the half-cost limitation.

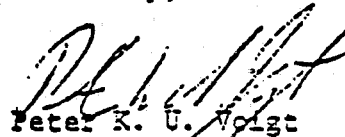
3. Please note that a full range of cost of education is shown on each of the attached Payment and Disbursement Schedules starting at \$400 for full-time students, \$550 for three-quarter time students, and \$800 for half-time students. This was done to facilitate the award calculation in special low-cost circumstances, such as in the case of incarcerated students and students engaged in study by correspondence. Students with cost of education less than the appropriate minimum are not eligible to receive a Basic Grant award in the 1976-77 academic year. This is due to the legislative limitation that awards may not exceed half of cost and may not be less than \$200 at full funding.

4. The maximum total cost of education which affects the amount of a student's Basic Grant is \$2800. This means that a cost of education which exceeds \$2800 will not affect the amount of Basic Grant a student may receive due to the "one-half of cost" limitation of funding specified in the law.

5. Finally, in reference to completion of Sections 3 and 4 of the Student Eligibility Report, we would greatly appreciate all institutions entering actual calculated cost of education even if these costs exceed \$2800. As you can well understand, cost data is a critical element in developing expenditure projections for the Basic Grant Program. Detailed reporting of this information would greatly enhance the accuracy of our program estimates.

We appreciate your continued support and assistance in making Basic Grant assistance available to students. If you have any questions regarding the Payment Schedule and Disbursement Schedules or their use, please do not hesitate to contact us.

Sincerely,



Peter K. U. Voigt  
Director, Division of Basic and  
State Student Grants

Enclosures

**BASIC EDUCATIONAL OPPORTUNITY GRANTS DISBURSEMENT SCHEDULE FOR HALF-TIME STUDENTS  
TO BE USED FOR DETERMINING DISBURSEMENTS FOR HALF-TIME STUDENTS  
ACADEMIC YEAR 1976-77 (JULY 1, 1976 - JUNE 30, 1977)**

1/2  
time

**STUDENT ELIGIBILITY INDEX**

COST OF EDUCATION	0 TO 0	1 TO 50	51 TO 100	101 TO 150	151 TO 200	201 TO 250	251 TO 300	301 TO 350	351 TO 400	401 TO 450	451 TO 500	501 TO 550	551 TO 600	601 TO 650	651 TO 700	701 TO 750	751 TO 800	801 TO 850	851 TO 900	901 TO 950	951 TO 1000	1001 TO 1050	1051 TO 1100	1101 TO 1150	1151 TO 1200
750-799	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800-849	206	206	206	206	206	206	206	206	206	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
850-899	218	218	218	218	218	218	218	218	218	218	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900-949	232	232	232	232	232	232	232	232	232	232	226	200	0	0	0	0	0	0	0	0	0	0	0	0	0
950-999	244	244	244	244	244	244	244	244	244	244	244	226	200	0	0	0	0	0	0	0	0	0	0	0	0
1000-1049	256	256	256	256	256	256	256	256	256	256	256	250	226	200	0	0	0	0	0	0	0	0	0	0	0
1050-1099	268	268	268	268	268	268	268	268	268	268	268	268	250	226	200	0	0	0	0	0	0	0	0	0	0
1100-1149	282	282	282	282	282	282	282	282	282	282	282	282	276	250	226	200	0	0	0	0	0	0	0	0	0
1150-1199	294	294	294	294	294	294	294	294	294	294	294	294	276	250	226	200	0	0	0	0	0	0	0	0	0
1200-1249	306	306	306	306	306	306	306	306	306	306	306	306	300	276	250	226	200	0	0	0	0	0	0	0	0
1250-1299	318	318	318	318	318	318	318	318	318	318	318	318	318	300	276	250	226	200	0	0	0	0	0	0	0
1300-1349	332	332	332	332	332	332	332	332	332	332	332	332	332	326	300	276	250	226	200	0	0	0	0	0	0
1350-1399	344	344	344	344	344	344	344	344	344	344	344	344	344	344	326	300	276	250	226	200	0	0	0	0	0
1400-1449	356	356	356	356	356	356	356	356	356	356	356	356	356	356	338	312	288	262	238	212	0	0	0	0	0
1450-1499	368	368	368	368	368	368	368	368	368	368	368	368	368	368	362	338	312	288	262	238	212	0	0	0	0
1500-1549	382	382	382	382	382	382	382	382	382	382	382	382	382	382	362	338	312	288	262	238	212	0	0	0	0
1550-1599	394	394	394	394	394	394	394	394	394	394	394	394	394	388	362	338	312	288	262	238	212	0	0	0	0
1600-1649	406	406	406	406	406	406	406	406	406	406	406	406	406	406	388	362	338	312	288	262	238	212	0	0	0
1650-1699	418	418	418	418	418	418	418	418	418	418	418	418	418	412	388	362	338	312	288	262	238	212	0	0	0
1700-1749	432	432	432	432	432	432	432	432	432	432	432	432	432	412	388	362	338	312	288	262	238	212	0	0	0
1750-1799	444	444	444	444	444	444	444	444	444	444	444	438	412	388	362	338	312	288	262	238	212	0	0	0	0
1800-1849	456	456	456	456	456	456	456	456	456	456	456	438	412	388	362	338	312	288	262	238	212	0	0	0	0

BASIC EDUCATIONAL OPPORTUNITY GRANTS DISBURSMENT SCHEDULE FOR HALE-TIME STUDENTS  
 TO BE USED FOR DETERMINING DISBURSEMENTS FOR HALE-TIME STUDENTS  
 ACADEMIC YEAR 1976-77 (JULY 1, 1976 - JUNE 30, 1977)

1/2  
time

COST OF EDUCATION	STUDENT ELIGIBILITY INDEX																								
	0 TO 0	1 TO 50	51 TO 100	101 TO 150	151 TO 200	201 TO 250	251 TO 300	301 TO 350	351 TO 400	401 TO 450	451 TO 500	501 TO 550	551 TO 600	601 TO 650	651 TO 700	701 TO 750	751 TO 800	801 TO 850	851 TO 900	901 TO 950	951 TO 1000	1001 TO 1050	1051 TO 1100	1101 TO 1150	1151 TO 1200
1850-1899	468	468	468	468	468	468	468	468	468	468	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
1900-1949	482	482	482	482	482	482	482	482	482	482	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
1950-1999	494	494	494	494	494	494	494	494	494	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2000-2049	506	506	506	506	506	506	506	506	506	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2050-2099	518	518	518	518	518	518	518	518	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2100-2149	532	532	532	532	532	532	532	532	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2150-2199	544	544	544	544	544	544	544	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2200-2249	556	556	556	556	556	556	556	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2250-2299	568	568	568	568	568	568	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2300-2349	582	582	582	582	582	582	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2350-2399	594	594	594	594	594	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2400-2449	606	606	606	606	606	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2450-2499	618	618	618	618	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2500-2549	632	632	632	632	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2550-2599	644	644	644	638	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2600-2649	656	656	656	638	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2650-2699	668	668	662	638	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2700-2749	682	682	662	638	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2750-2799	694	688	662	638	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2800 +	700	688	662	638	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0

BASIC EDUCATIONAL OPPORTUNITY GRANTS DISBURSEMENT SCHEDULE FOR ~~THREE-QUARTER~~ TIME STUDENTS  
 TO BE USED FOR DETERMINING DISBURSEMENTS FOR ~~THREE-QUARTER~~ TIME STUDENTS  
 ACADEMIC YEAR 1976-77 (JULY 1, 1976 - JUNE 30, 1977)

3/4  
time

COST OF EDUCATION	STUDENT ELIGIBILITY INDEX																									
	0 TO 0	1 TO 50	51 TO 100	101 TO 150	151 TO 200	201 TO 250	251 TO 300	301 TO 350	351 TO 400	401 TO 450	451 TO 500	501 TO 550	551 TO 600	601 TO 650	651 TO 700	701 TO 750	751 TO 800	801 TO 850	851 TO 900	901 TO 950	951 TO 1000	1001 TO 1050	1051 TO 1100	1101 TO 1150	1151 TO 1200	
500- 549	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
550- 599	216	216	216	216	216	216	216	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
600- 649	234	234	234	234	234	234	234	226	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
650- 699	254	254	254	254	254	254	254	254	226	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
700- 749	272	272	272	272	272	272	272	272	262	226	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
750- 799	290	290	290	290	290	290	290	290	290	262	226	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
800- 849	310	310	310	310	310	310	310	310	310	300	262	226	0	0	0	0	0	0	0	0	0	0	0	0	0	
850- 899	328	328	328	328	328	328	328	328	328	328	300	262	226	0	0	0	0	0	0	0	0	0	0	0	0	
900- 949	346	346	346	346	346	346	346	346	346	346	338	300	262	226	0	0	0	0	0	0	0	0	0	0	0	
950- 999	366	366	366	366	366	366	366	366	366	366	366	338	300	262	226	0	0	0	0	0	0	0	0	0	0	
1000-1049	384	384	384	384	384	384	384	384	384	384	384	376	338	300	262	226	0	0	0	0	0	0	0	0	0	
1050-1099	404	404	404	404	404	404	404	404	404	404	404	404	376	338	300	262	226	0	0	0	0	0	0	0	0	
1100-1149	422	422	422	422	422	422	422	422	422	422	422	422	412	376	338	300	262	226	0	0	0	0	0	0	0	
1150-1199	440	440	440	440	440	440	440	440	440	440	440	440	440	412	376	338	300	262	226	0	0	0	0	0	0	
1200-1249	460	460	460	460	460	460	460	460	460	460	460	460	460	450	412	376	338	300	262	226	0	0	0	0	0	
1250-1299	478	478	478	478	478	478	478	478	478	478	478	478	478	478	450	412	376	338	300	262	226	0	0	0	0	
1300-1349	496	496	496	496	496	496	496	496	496	496	496	496	496	496	488	450	412	376	338	300	262	226	0	0	0	
1350-1399	516	516	516	516	516	516	516	516	516	516	516	516	516	516	516	488	450	412	376	338	300	262	226	0	0	
1400-1449	534	534	534	534	534	534	534	534	534	534	534	534	534	534	534	506	468	432	394	356	318	282	244	206	0	
1450-1499	554	554	554	554	554	554	554	554	554	554	554	554	554	554	554	506	468	432	394	356	318	282	244	206	0	
1500-1549	572	572	572	572	572	572	572	572	572	572	572	572	572	572	572	544	506	468	432	394	356	318	282	244	206	0
1550-1599	590	590	590	590	590	590	590	590	590	590	590	590	590	582	544	506	468	432	394	356	318	282	244	206	0	

ACADEMIC YEAR 1976-77 (JULY 1, 1976 - JUNE 30, 1977)

3/4  
time

STUDENT ELIGIBILITY INDEX

	0 TO 0	1 TO 50	51 TO 100	101 TO 150	151 TO 200	201 TO 250	251 TO 300	301 TO 350	351 TO 400	401 TO 450	451 TO 500	501 TO 550	551 TO 600	601 TO 650	651 TO 700	701 TO 750	751 TO 800	801 TO 850	851 TO 900	901 TO 950	951 TO 1000	1001 TO 1050	1051 TO 1100	1101 TO 1150	1151 TO 1200
1600-1649	610	610	610	610	610	610	610	610	610	610	610	610	610	582	544	506	468	432	394	356	318	282	244	206	0
1650-1699	628	628	628	628	628	628	628	628	628	628	628	628	618	582	544	506	468	432	394	356	318	282	244	206	0
1700-1749	646	646	646	646	646	646	646	646	646	646	646	646	618	582	544	506	468	432	394	356	318	282	244	206	0
1750-1799	666	666	666	666	666	666	666	666	666	666	666	656	618	582	544	506	468	432	394	356	318	282	244	206	0
1800-1849	684	684	684	684	684	684	684	684	684	684	684	656	618	582	544	506	468	432	394	356	318	282	244	206	0
1850-1899	704	704	704	704	704	704	704	704	704	704	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
1900-1949	722	722	722	722	722	722	722	722	722	722	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
1950-1999	740	740	740	740	740	740	740	740	740	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2000-2049	760	760	760	760	760	760	760	760	760	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2050-2099	778	778	778	778	778	778	778	778	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2100-2149	796	796	796	796	796	796	796	796	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2150-2199	816	816	816	816	816	816	816	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2200-2249	834	834	834	834	834	834	834	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2250-2299	854	854	854	854	854	854	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2300-2349	872	872	872	872	872	872	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2350-2399	890	890	890	890	890	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2400-2449	910	910	910	910	910	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2450-2499	928	928	928	928	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2500-2549	946	946	946	946	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2550-2599	966	966	966	956	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2600-2649	984	984	984	956	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2650-2699	1004	1004	994	956	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2700-2749	1022	1022	994	956	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2750-2799	1040	1032	994	956	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2800 +	1050	1032	994	956	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0

BASIC EDUCATIONAL OPPORTUNITY GRANTS FULL-TIME PAYMENT SCHEDULE  
TO BE USED FOR DETERMINING SCHEDULED AWARDS FOR THE 1976-77 ACADEMIC YEAR (JULY 1, 1976-JUNE 30, 1977)  
MAY 1976

Full  
Time

COST OF EDUCATION	STUDENT ELIGIBILITY INDEX																										
	0 TO 0	1 TO 50	51 TO 100	101 TO 150	151 TO 200	201 TO 250	251 TO 300	301 TO 350	351 TO 400	401 TO 450	451 TO 500	501 TO 550	551 TO 600	601 TO 650	651 TO 700	701 TO 750	751 TO 800	801 TO 850	851 TO 900	901 TO 950	951 TO 1000	1001 TO 1050	1051 TO 1100	1101 TO 1150	1151 TO 1200		
400-449	212	212	212	212	212	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
450-499	238	238	238	238	238	238	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
500-549	262	262	262	262	262	262	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
550-599	288	288	288	288	288	288	288	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
600-649	312	312	312	312	312	312	312	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
650-699	338	338	338	338	338	338	338	338	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
700-749	362	362	362	362	362	362	362	362	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0		
750-799	388	388	388	388	388	388	388	388	388	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0		
800-849	412	412	412	412	412	412	412	412	412	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0		
850-899	438	438	438	438	438	438	438	438	438	438	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0		
900-949	462	462	462	462	462	462	462	462	462	462	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0		
950-999	488	488	488	488	488	488	488	488	488	488	488	450	400	350	300	250	200	0	0	0	0	0	0	0	0		
1000-1049	512	512	512	512	512	512	512	512	512	512	512	500	450	400	350	300	250	200	0	0	0	0	0	0	0		
1050-1099	538	538	538	538	538	538	538	538	538	538	538	538	500	450	400	350	300	250	200	0	0	0	0	0	0		
1100-1149	562	562	562	562	562	562	562	562	562	562	562	562	550	500	450	400	350	300	250	200	0	0	0	0	0		
1150-1199	588	588	588	588	588	588	588	588	588	588	588	588	588	550	500	450	400	350	300	250	200	0	0	0	0		
1200-1249	612	612	612	612	612	612	612	612	612	612	612	612	612	600	550	500	450	400	350	300	250	200	0	0	0		
1250-1299	638	638	638	638	638	638	638	638	638	638	638	638	638	638	600	550	500	450	400	350	300	250	200	0	0		
1300-1349	662	662	662	662	662	662	662	662	662	662	662	662	662	662	650	600	550	500	450	400	350	300	250	200	0		
1350-1399	688	688	688	688	688	688	688	688	688	688	688	688	688	688	688	650	600	550	500	450	400	350	300	250	200		
1400-1449	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	676	626	576	526	476	426	376	326	276	226	
1450-1499	738	738	738	738	738	738	738	738	738	738	738	738	738	738	738	738	726	676	626	576	526	476	426	376	326	276	226
1500-1549	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	726	676	626	576	526	476	426	376	326	276	226

TO BE USED FOR DETERMINING SCHEDULED AWARDS FOR THE 1976-77 ACADEMIC YEAR (JULY 1, 1976-JUNE 30, 1977)  
MAY 1976

Full  
Time

STUDENT ELIGIBILITY INDEX

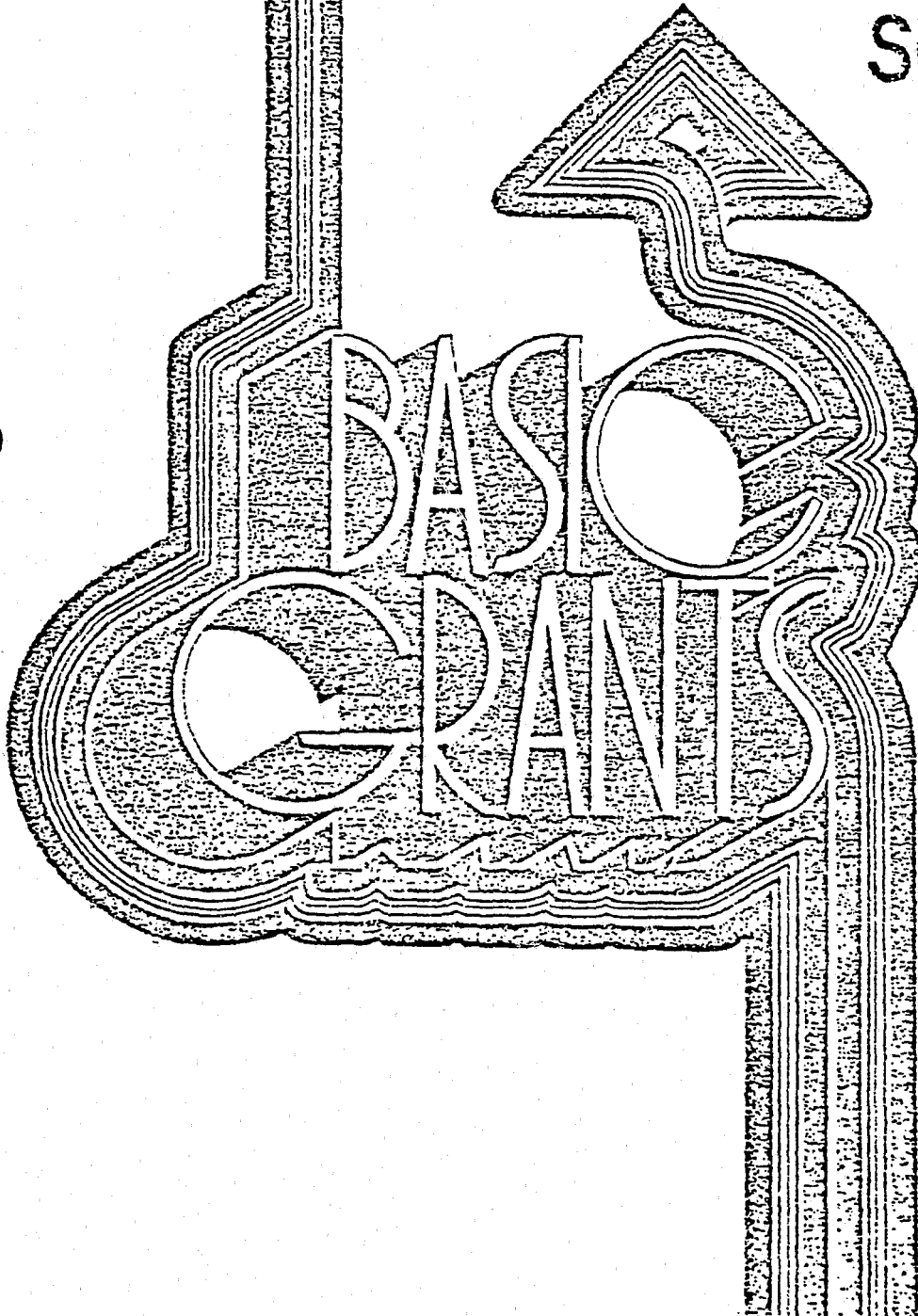
COST OF EDUCATION	0	1	51	101	151	201	251	301	351	401	451	501	551	601	651	701	751	801	851	901	951	1001	1051	1101	1151		
	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	TO	
	0	50	100	150	200	250	300	350	400	450	500	550	600	650	700	750	800	850	900	950	1000	1050	1100	1150	1200		
1600-1649	812	812	812	812	812	812	812	812	812	812	812	812	812	776	776	676	676	576	526	476	426	376	326	276	226		
1650-1699	838	838	838	838	838	838	838	838	838	838	838	838	838	826	776	726	676	626	576	526	476	426	376	326	276	226	
1700-1749	862	862	862	862	862	862	862	862	862	862	862	862	826	776	726	676	626	576	526	476	426	376	326	276	226		
1750-1799	888	888	888	888	888	888	888	888	888	888	888	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
1800-1849	912	912	912	912	912	912	912	912	912	912	912	912	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
1850-1899	938	938	938	938	938	938	938	938	938	938	938	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
1900-1949	962	962	962	962	962	962	962	962	962	962	962	962	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226
1950-1999	988	988	988	988	988	988	988	988	988	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2000-2049	1012	1012	1012	1012	1012	1012	1012	1012	1012	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2050-2099	1038	1038	1038	1038	1038	1038	1038	1038	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2100-2149	1062	1062	1062	1062	1062	1062	1062	1062	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2150-2199	1088	1088	1088	1088	1088	1088	1088	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2200-2249	1112	1112	1112	1112	1112	1112	1112	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2250-2299	1138	1138	1138	1138	1138	1138	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2300-2349	1162	1162	1162	1162	1162	1162	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2350-2399	1188	1188	1188	1188	1188	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2400-2449	1212	1212	1212	1212	1212	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2450-2499	1238	1238	1238	1238	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2500-2549	1262	1262	1262	1262	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2550-2599	1288	1288	1288	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2600-2649	1312	1312	1312	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2650-2699	1338	1338	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2700-2749	1362	1362	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
2750-2799	1388	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		
300 +	1400	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226		



1977 - 1978

Basic Educational Opportunity Grant Program

# PAYMENT SCHEDULE



BASIC EDUCATIONAL OPPORTUNITY GRANTS FULL-TIME PAYMENT SCHEDULE  
TO BE USED FOR DETERMINING SCHEDULED AWARDS

1977-78 Academic Year

STUDENT ELIGIBILITY INDEX

**Full  
Time**

COST OF EDUCATION	0	1	51	101	151	201	251	301	351	401	451	501	551	601	651	701	751	801	851	901	951	1001	1051	1101	1151		
	TO 0	TO 50	TO 100	TO 150	TO 200	TO 250	TO 300	TO 350	TO 400	TO 450	TO 500	TO 550	TO 600	TO 650	TO 700	TO 750	TO 800	TO 850	TO 900	TO 950	TO 1000	TO 1050	TO 1100	TO 1150	TO 1200		
400- 449	212	212	212	212	212	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
450- 499	238	238	238	238	238	238	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
500- 549	262	262	262	262	262	262	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
550- 599	288	288	288	288	288	288	288	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
600- 649	312	312	312	312	312	312	312	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
650- 699	338	338	338	338	338	338	338	338	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
700- 749	362	362	362	362	362	362	362	362	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0	0		
750- 799	388	388	388	388	388	388	388	388	388	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0	0		
800- 849	412	412	412	412	412	412	412	412	412	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0	0		
850- 899	438	438	438	438	438	438	438	438	438	438	400	350	300	250	200	0	0	0	0	0	0	0	0	0	0		
900- 949	462	462	462	462	462	462	462	462	462	462	450	400	350	300	250	200	0	0	0	0	0	0	0	0	0		
950- 999	488	488	488	488	488	488	488	488	488	488	488	450	400	350	300	250	200	0	0	0	0	0	0	0	0		
1000-1049	512	512	512	512	512	512	512	512	512	512	512	500	450	400	350	300	250	200	0	0	0	0	0	0	0		
1050-1099	538	538	538	538	538	538	538	538	538	538	538	538	500	450	400	350	300	250	200	0	0	0	0	0	0		
1100-1149	562	562	562	562	562	562	562	562	562	562	562	562	550	500	450	400	350	300	250	200	0	0	0	0	0		
1150-1199	588	588	588	588	588	588	588	588	588	588	588	588	588	550	500	450	400	350	300	250	200	0	0	0	0		
1200-1249	612	612	612	612	612	612	612	612	612	612	612	612	612	600	550	500	450	400	350	300	250	200	0	0	0		
1250-1299	638	638	638	638	638	638	638	638	638	638	638	638	638	638	600	550	500	450	400	350	300	250	200	0	0		
1300-1349	662	662	662	662	662	662	662	662	662	662	662	662	662	662	650	600	550	500	450	400	350	300	250	200	0		
1350-1399	688	688	688	688	688	688	688	688	688	688	688	688	688	688	688	650	600	550	500	450	400	350	300	250	200		
1400-1449	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	712	676	626	576	526	476	426	376	326	276	226	
1450-1499	738	738	738	738	738	738	738	738	738	738	738	738	738	738	738	726	676	626	576	526	476	426	376	326	276	226	
1500-1549	762	762	762	762	762	762	762	762	762	762	762	762	762	762	762	726	676	626	576	526	476	426	376	326	276	226	
1550-1599	788	788	788	788	788	788	788	788	788	788	788	788	788	788	788	788	726	676	626	576	526	476	426	376	326	276	226

BASIC EDUCATIONAL OPPORTUNITY GRANTS FULL-TIME PAYMENT SCHEDULE  
TO BE USED FOR DETERMINING SCHEDULED AWARDS  
1977-78 Academic Year

Full  
Time

COST OF EDUCATION	STUDENT ELIGIBILITY INDEX																									
	0 TO 0	1 TO 50	51 TO 100	101 TO 150	151 TO 200	201 TO 250	251 TO 300	301 TO 350	351 TO 400	401 TO 450	451 TO 500	501 TO 550	551 TO 600	601 TO 650	651 TO 700	701 TO 750	751 TO 800	801 TO 850	851 TO 900	901 TO 950	951 TO 1000	1001 TO 1050	1051 TO 1100	1101 TO 1150	1151 TO 1200	
1600-1649	812	812	812	812	812	812	812	812	812	812	812	812	812	776	726	676	626	576	526	476	426	376	326	276	226	
1650-1699	838	838	838	838	838	838	838	838	838	838	838	838	826	776	726	676	626	576	526	476	426	376	326	276	226	
1700-1749	862	862	862	862	862	862	862	862	862	862	862	862	826	776	726	676	626	576	526	476	426	376	326	276	226	
1750-1799	888	888	888	888	888	888	888	888	888	888	888	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
1800-1849	912	912	912	912	912	912	912	912	912	912	912	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
1850-1899	938	938	938	938	938	938	938	938	938	938	938	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226
1900-1949	962	962	962	962	962	962	962	962	962	962	962	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226
1950-1999	988	988	988	988	988	988	988	988	988	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2000-2049	1012	1012	1012	1012	1012	1012	1012	1012	1012	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2050-2099	1038	1038	1038	1038	1038	1038	1038	1038	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2100-2149	1062	1062	1062	1062	1062	1062	1062	1062	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2150-2199	1088	1088	1088	1088	1088	1088	1088	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2200-2249	1112	1112	1112	1112	1112	1112	1112	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2250-2299	1138	1138	1138	1138	1138	1138	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2300-2349	1162	1162	1162	1162	1162	1162	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2350-2399	1188	1188	1188	1188	1188	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2400-2449	1212	1212	1212	1212	1212	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2450-2499	1238	1238	1238	1238	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2500-2549	1262	1262	1262	1262	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2550-2599	1288	1288	1288	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2600-2649	1312	1312	1312	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2650-2699	1338	1338	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2700-2749	1362	1362	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	
2750-2799	1388	1376	1326	1276	1226	1176	1126	1076	1026	976	926	876	826	776	726	676	626	576	526	476	426	376	326	276	226	

BASIC EDUCATIONAL OPPORTUNITY GRANTS DISBURSEMENT SCHEDULE FOR THREE-QUARTER TIME STUDENTS  
 TO BE USED FOR DETERMINING DISBURSEMENTS FOR THREE-QUARTER TIME STUDENTS

1977-78 Academic Year

3/4  
time

STUDENT ELIGIBILITY INDEX																									
	0 TO 0	1 TO 50	51 TO 100	101 TO 150	151 TO 200	201 TO 250	251 TO 300	301 TO 350	351 TO 400	401 TO 450	451 TO 500	501 TO 550	551 TO 600	601 TO 650	651 TO 700	701 TO 750	751 TO 800	801 TO 850	851 TO 900	901 TO 950	951 TO 1000	1001 TO 1050	1051 TO 1100	1101 TO 1150	1151 TO 1200
COST OF EDUCATION																									
500- 549	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
550- 599	216	216	216	216	216	216	216	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
600- 649	234	234	234	234	234	234	234	226	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
650- 699	254	254	254	254	254	254	254	254	226	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
700- 749	272	272	272	272	272	272	272	272	262	226	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
750- 799	290	290	290	290	290	290	290	290	290	262	226	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800- 849	310	310	310	310	310	310	310	310	310	300	262	226	0	0	0	0	0	0	0	0	0	0	0	0	0
850- 899	328	328	328	328	328	328	328	328	328	328	300	262	226	0	0	0	0	0	0	0	0	0	0	0	0
900- 949	346	346	346	346	346	346	346	346	346	346	338	300	262	226	0	0	0	0	0	0	0	0	0	0	0
950- 999	366	366	366	366	366	366	366	366	366	366	366	338	300	262	226	0	0	0	0	0	0	0	0	0	0
1000-1049	384	384	384	384	384	384	384	384	384	384	384	376	338	300	262	226	0	0	0	0	0	0	0	0	0
1050-1099	404	404	404	404	404	404	404	404	404	404	404	404	376	338	300	262	226	0	0	0	0	0	0	0	0
1100-1149	422	422	422	422	422	422	422	422	422	422	422	422	412	376	338	300	262	226	0	0	0	0	0	0	0
1150-1199	440	440	440	440	440	440	440	440	440	440	440	440	440	412	376	338	300	262	226	0	0	0	0	0	0
1200-1249	460	460	460	460	460	460	460	460	460	460	460	460	460	450	412	376	338	300	262	226	0	0	0	0	0
1250-1299	478	478	478	478	478	478	478	478	478	478	478	478	478	478	450	412	376	338	300	262	226	0	0	0	0
1300-1349	496	496	496	496	496	496	496	496	496	496	496	496	496	496	488	450	412	376	338	300	262	226	0	0	0
1350-1399	516	516	516	516	516	516	516	516	516	516	516	516	516	516	516	488	450	412	376	338	300	262	226	0	0
1400-1449	534	534	534	534	534	534	534	534	534	534	534	534	534	534	534	506	468	432	394	356	318	282	244	206	0
1450-1499	554	554	554	554	554	554	554	554	554	554	554	554	554	554	554	506	468	432	394	356	318	282	244	206	0
1500-1549	572	572	572	572	572	572	572	572	572	572	572	572	572	572	572	544	506	468	432	394	356	318	282	244	206
1550-1599	590	590	590	590	590	590	590	590	590	590	590	590	590	582	544	506	468	432	394	356	318	282	244	206	0

BASIC EDUCATIONAL OPPORTUNITY GRANTS DISBURSEMENT SCHEDULE FOR THREE-QUARTER TIME STUDENTS  
 TO BE USED FOR DETERMINING DISBURSEMENTS FOR THREE-QUARTER TIME STUDENTS

1977-78 Academic Year

3/4  
time

COST OF EDUCATION	STUDENT ELIGIBILITY INDEX																								
	0 TO 0	1 TO 50	51 TO 100	101 TO 150	151 TO 200	201 TO 250	251 TO 300	301 TO 350	351 TO 400	401 TO 450	451 TO 500	501 TO 550	551 TO 600	601 TO 650	651 TO 700	701 TO 750	751 TO 800	801 TO 850	851 TO 900	901 TO 950	951 TO 1000	1001 TO 1050	1051 TO 1100	1101 TO 1150	1151 TO 1200
1600-1649	610	610	610	610	610	610	610	610	610	610	610	610	610	582	544	506	468	432	394	356	318	282	244	206	0
1650-1699	628	628	628	628	628	628	628	628	628	628	628	628	618	582	544	506	468	432	394	356	318	282	244	206	0
1700-1749	646	646	646	646	646	646	646	646	646	646	646	646	618	582	544	506	468	432	394	356	318	282	244	206	0
1750-1799	666	666	666	666	666	666	666	666	666	666	666	656	618	582	544	506	468	432	394	356	318	282	244	206	0
1800-1849	684	684	684	684	684	684	684	684	684	684	684	656	618	582	544	506	468	432	394	356	318	282	244	206	0
1850-1899	704	704	704	704	704	704	704	704	704	704	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
1900-1949	722	722	722	722	722	722	722	722	722	722	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
1950-1999	740	740	740	740	740	740	740	740	740	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2000-2049	760	760	760	760	760	760	760	760	760	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2050-2099	778	778	778	778	778	778	778	778	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2100-2149	796	796	796	796	796	796	796	796	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2150-2199	816	816	816	816	816	816	816	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2200-2249	834	834	834	834	834	834	834	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2250-2299	854	854	854	854	854	854	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2300-2349	872	872	872	872	872	872	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2350-2399	890	890	890	890	890	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2400-2449	910	910	910	910	910	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2450-2499	928	928	928	928	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2500-2549	946	946	946	946	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2550-2599	966	966	966	956	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2600-2649	984	984	984	956	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2650-2699	1004	1004	994	956	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2700-2749	1022	1022	994	956	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2750-2799	1040	1032	994	956	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0
2800 +	1050	1032	994	956	918	882	844	806	768	732	694	656	618	582	544	506	468	432	394	356	318	282	244	206	0

**BASIC EDUCATIONAL OPPORTUNITY GRANTS DISBURSEMENT SCHEDULE FOR HALF-TIME STUDENTS  
TO BE USED FOR DETERMINING DISBURSEMENTS FOR HALF-TIME STUDENTS**

**1977-78 Academic Year**

**1/2  
time**

COST OF EDUCATION	STUDENT ELIGIBILITY INDEX																								
	0 TO 0	1 TO 50	51 TO 100	101 TO 150	151 TO 200	201 TO 250	251 TO 300	301 TO 350	351 TO 400	401 TO 450	451 TO 500	501 TO 550	551 TO 600	601 TO 650	651 TO 700	701 TO 750	751 TO 800	801 TO 850	851 TO 900	901 TO 950	951 TO 1000	1001 TO 1050	1051 TO 1100	1101 TO 1150	1151 TO 1200
750- 799	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
800- 849	206	206	206	206	206	206	206	206	206	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
850- 899	218	218	218	218	218	218	218	218	218	218	200	0	0	0	0	0	0	0	0	0	0	0	0	0	0
900- 949	232	232	232	232	232	232	232	232	232	232	226	200	0	0	0	0	0	0	0	0	0	0	0	0	0
950- 999	244	244	244	244	244	244	244	244	244	244	244	226	200	0	0	0	0	0	0	0	0	0	0	0	0
1000-1049	256	256	256	256	256	256	256	256	256	256	256	250	226	200	0	0	0	0	0	0	0	0	0	0	0
1050-1099	268	268	268	268	268	268	268	268	268	268	268	268	250	226	200	0	0	0	0	0	0	0	0	0	0
1100-1149	282	282	282	282	282	282	282	282	282	282	282	282	276	250	226	200	0	0	0	0	0	0	0	0	0
1150-1199	294	294	294	294	294	294	294	294	294	294	294	294	294	276	250	226	200	0	0	0	0	0	0	0	0
1200-1249	306	306	306	306	306	306	306	306	306	306	306	306	306	300	276	250	226	200	0	0	0	0	0	0	0
1250-1299	318	318	318	318	318	318	318	318	318	318	318	318	318	318	300	276	250	226	200	0	0	0	0	0	0
1300-1349	332	332	332	332	332	332	332	332	332	332	332	332	332	332	326	300	276	250	226	200	0	0	0	0	0
1350-1399	344	344	344	344	344	344	344	344	344	344	344	344	344	344	344	326	300	276	250	226	200	0	0	0	0
1400-1449	356	356	356	356	356	356	356	356	356	356	356	356	356	356	356	338	312	288	262	238	212	0	0	0	0
1450-1499	368	368	368	368	368	368	368	368	368	368	368	368	368	368	368	362	338	312	288	262	238	212	0	0	0
1500-1549	382	382	382	382	382	382	382	382	382	382	382	382	382	382	382	362	338	312	288	262	238	212	0	0	0
1550-1599	394	394	394	394	394	394	394	394	394	394	394	394	394	394	388	362	338	312	288	262	238	212	0	0	0
1600-1649	406	406	406	406	406	406	406	406	406	406	406	406	406	406	388	362	338	312	288	262	238	212	0	0	0
1650-1699	418	418	418	418	418	418	418	418	418	418	418	418	418	412	388	362	338	312	288	262	238	212	0	0	0
1700-1749	432	432	432	432	432	432	432	432	432	432	432	432	432	412	388	362	338	312	288	262	238	212	0	0	0
1750-1799	444	444	444	444	444	444	444	444	444	444	444	444	438	412	388	362	338	312	288	262	238	212	0	0	0
1800-1849	456	456	456	456	456	456	456	456	456	456	456	456	438	412	388	362	338	312	288	262	238	212	0	0	0

BASIC EDUCATIONAL OPPORTUNITY GRANTS DISBURSEMENT SCHEDULE FOR HALF-TIME STUDENTS  
 TO BE USED FOR DETERMINING DISBURSEMENTS FOR HALF-TIME STUDENTS  
 1977-78 Academic Year

1/2  
time

COST OF EDUCATION	STUDENT ELIGIBILITY INDEX																								
	0 TO 0	1 TO 50	51 TO 100	101 TO 150	151 TO 200	201 TO 250	251 TO 300	301 TO 350	351 TO 400	401 TO 450	451 TO 500	501 TO 550	551 TO 600	601 TO 650	651 TO 700	701 TO 750	751 TO 800	801 TO 850	851 TO 900	901 TO 950	951 TO 1000	1001 TO 1050	1051 TO 1100	1101 TO 1150	1151 TO 1200
1850-1899	468	468	468	468	468	468	468	468	468	468	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
1900-1949	482	482	482	482	482	482	482	482	482	482	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
1950-1999	494	494	494	494	494	494	494	494	494	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2000-2049	506	506	506	506	506	506	506	506	506	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2050-2099	518	518	518	518	518	518	518	518	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2100-2149	532	532	532	532	532	532	532	532	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2150-2199	544	544	544	544	544	544	544	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2200-2249	556	556	556	556	556	556	556	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2250-2299	568	568	568	568	568	568	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2300-2349	582	582	582	582	582	582	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2350-2399	594	594	594	594	594	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2400-2449	606	606	606	606	606	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2450-2499	618	618	618	618	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2500-2549	632	632	632	632	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2550-2599	644	644	644	638	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2600-2649	656	656	656	638	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2650-2699	668	668	662	638	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2700-2749	682	682	662	638	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2750-2799	694	688	662	638	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0
2800 +	700	688	662	638	612	588	562	538	512	488	462	438	412	388	362	338	312	288	262	238	212	0	0	0	0

**BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM  
1977-78 STUDENT ELIGIBILITY REPORT**

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
U.S. Office of Education

OWB NO. 51 R0975  
FORM APPROVED

**CONFIDENTIAL**

I. INFORMATION FROM YOUR BEOG APPLICATION										APPLICANT'S INFORMATION										INFORMATION OF PARENTS							
1) Last Applicant's Name		2) First		3) MI		4) Social Security Number		5) Applicant's Birthdate		6) Citizen-ship?		7) Year in School		8) Parent's Birthdate		PARENTS											
JONES		DEBORAH		L		555 55 5555		11 17 58		YES		13		05 25 30		DIVORCED											
9) State of Legal Residence	10) Date Released	11) Date Signed		12) Signed by Applicant?		Application Processed		13) Applicant Lives with Parents in 1977?		14) Parents Claim Applicant as a Federal Income Tax Exemption in 1976?		15) Parents Provide Applicant over \$600 during 1977?		16) Marital Status		17) Total Size of Household		18) Number in Post-High School in 77-78									
AZ	YES	03 25 77		X X		04 22 77		YES YES NO		YES YES NO		NO NO NO		NO		04		01									
19) Financial Data of PARENTS		20) Non-Taxable Income		21) Exemptions Claimed		22) Adjusted Gross Income		23) Income Earned By		24) Income Earned By		25) Federal Income Tax Paid		26) Itemized Deductions		27) Medical or Dental Expenses		28) Casualty or Theft Losses		29) Elementary High School Tuition							
PARENTS		1600		04		7000		MOTHER 7000				465		0		200		0		200							
30) Home Value		31) Home Mortgage		32) Investments Real Estate Value		33) Investments Real Estate Debts		34) Business Value		35) Business Debts		36) % of Ownership		37) Farm Value		38) Farm Debts		39) % of Ownership		40) Cash, Savings and Checking Accts		41) Applicant's Resources		Monthly Vol. Ben 42) Amt. 43) Mos		Monthly Soc. Sec 44) Amt. 45) Mos	
24500		8000		0		0		0		0		0		0		0		900		250		0		0		0	

**COMMENTS ABOUT YOUR BEOG APPLICATION**

IMPORTANT—SEE REVERSE SIDE FOR INSTRUCTIONS

**\*\*CONGRATULATIONS. YOU ARE ELIGIBLE TO RECEIVE A BASIC GRANT FOR THIS ACADEMIC YEAR. SUBMIT THIS REPORT TO THE FINANCIAL AID OFFICE AT YOUR SCHOOL, WHERE THEY WILL COMPUTE YOUR AWARD BASED ON YOUR ELIGIBILITY INDEX OF 435 AND THE COSTS AT THAT SCHOOL. A LOWER ELIGIBILITY INDEX RESULTS IN A HIGHER GRANT. GRANTS WILL RANGE FROM \$200 TO \$1400.**

**PRELIMINARY NOTIFICATION OF AWARD**

TO THE BEOG APPLICANT: Your Student Eligibility Report has been received and processed by this institution. The amount of your preliminary award is entered below. The final award will be determined at the time of your actual enrollment. NOTE: The amount of the "Preliminary Scheduled BEOG Award" assumes that you would attend this institution for a full academic year and on a full-time basis.

TOTAL STUDENT COST		1
ELIGIBILITY INDEX	435	2
PRELIMINARY SCHEDULED BEOG AWARD	\$	3

INSTITUTION

**THIS REPORT IS PREPARED FOR**

TO THE BEOG APPLICANT: Submit this copy to your institution at the time of enrollment. The final award will be entered by the institution.

Deborah L. Jones  
100 West Third Street  
Phoenix, Az. 98888

**FINAL AWARD**

TO THE SCHOOL: Please complete this section in accordance with the instructions in the BEOG Handbook, including the 1977-78 Payment Schedule.

Total Student Cost	Eligibility Index	Award Recipient EIN	
\$	435		
Scheduled BEOG Award	Expected Disbursement	Date Enrolled	BEOG ID No.
\$	\$		

SCHOOL: We certify that the applicant is an eligible student as defined under the regulations for the BEOG program

Name of Institution \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_

Signed By \_\_\_\_\_ Date \_\_\_\_\_

Appendix N



LETTER OF ENGAGEMENT  
FOR AUDITING SERVICES  
TO A BEOG PROGRAM INSTITUTION  
(SUGGESTED CONTENT)

An institution utilizing an independent auditor to perform the examination described in this Audit Guide may be engaging the same auditor already involved in examining the general financial statements of the institution. In other instances, the independent auditor may be engaged exclusively to perform the BEOG Program examination. In either case, it is advisable to have a separate engagement letter setting forth the special circumstances of the BEOG Program examination in addition to any other general conditions which may be appropriately set forth in writing to assure that both parties understand their joint and several obligations.

The form of the engagement letter may vary from the relatively informal "proposal letter" type frequently prepared by independent auditors and countersigned by the institution, to a more formal type of document prepared by the institution and countersigned by the auditor, which is similar in style to purchase orders used to acquire services from all independent contractors. Regardless of the form and style, the matters described in the following paragraphs should be covered by the engagement letter:

Objectives of Engagement

The general objectives set forth in section 1.4 of the Audit Guide should be spelled out in the letter or incorporated by reference. Since the objectives of this type of examination are somewhat different from that of general purpose financial statements, mutual understanding of the objectives of this special examination is critical to the satisfactory completion of the engagement. The grant period covered by the examination should be set forth. For institutions

having multiple campuses with decentralized funding and/or administration of the BEOG Program, the campuses to be covered by the examination should be designated.

#### Scope of Engagement

The scope of the examination should be described in the letter, and generally should set forth the following representations by the auditor:

1. That his examination will be made in accordance with the financial and compliance elements of the Standards for Audit of Governmental Organizations, Programs, Activities & Functions issued by the Comptroller General of the United States in June 1972 (1974 reprint).

2. That, accordingly, the auditor will conduct such tests of the accounting records and such other auditing procedures as he considers necessary in the circumstances.

3. That the Guide for Audits of Basic Educational Opportunity Grant Program, Department of Health, Education, and Welfare, dated \_\_\_\_\_ 1978 was used in the examination.

4. That the purpose of the examination is to achieve the objectives set forth earlier and to report thereon.

#### How the Engagement is to be Conducted

The engagement letter should contain a description of the conditions which the auditor and the institution are obliged to meet in the conduct of the engagement and for a period after the examination is completed. Special conditions which should be referred to in the letter include:

1. Required communication with the HEW Regional Audit Director when the auditor believes that material errors or irregularities may exist (see Audit Guide, paragraph 1.5).

2. Availability of working papers for review and requirements for retention of working papers (see Audit Guide, paragraph 1.6).

General conditions which should be set forth in the engagement letter include such matters as:

1. Timing of auditor's field work, both interim and final.
2. Availability of records supplied by institution.
3. Support resources (space, personnel, etc.) and coordination efforts to be supplied by the institution. This would include preparation of working papers and schedules, and arranging appointments and other efforts which the institution will undertake that may have a significant impact on the extent of time required of the auditor and, hence, his fees.
4. Estimated date of delivery of his report.
5. The number of copies of the report to be provided by the auditor. This should cover the 13 copies required by HEW Regional Audit Director (see paragraph 3.6) and such additional copies (at least 2) as the institution requires.

#### Fees and Expenses

The cost of an examination will vary substantially, based on a number of factors including the size of the program, strength of the internal controls, availability of records, degree of compliance, support provided by the institution, and familiarity of institutional and audit personnel with the special requirements of the Program and Audit Guide. Where the auditor performs the BEOG Program audit in addition to, but simultaneously with, the examination of the institution's general financial statements, certain economies should be realized as contrasted with an audit of the BEOG Program alone.

In any event, the engagement letter should set forth an estimate of fees and expenses relative to this examination, as well as the manner of payment. This may be set forth as a maximum fee, fee range, or single estimated fee. Similarly, estimated expenses for out-of-pocket costs relating directly to the engagement should be set forth.

The institution may require that further detail be set forth in the letter with respect to the estimated level of effort of professional personnel (man-hours/man-days) to be provided by the auditor in consideration of the fees quoted. Provision should be made in the letter to protect the institution against significant unanticipated costs in excess of the original estimate. This may be achieved by including in the letter a requirement that the auditor notify the institution on a timely basis as soon as it is evident that the cost estimate will be exceeded beyond some margin or the maximum cost quoted. The institution should reserve the right in the letter to limit its obligation to the auditor to a certain sum until that sum is amended in writing by both parties.

The timing of payment of fees and expenses, as well as the documentation to be provided by the auditor in his bill, should be set forth in the letter. Interim billings, with final billing after delivery of the auditor's report, are a common practice. Interim and final bills should contain sufficient supporting information to enable the institution to determine that the payments it is making are in accordance with all of the terms of the engagement letter, especially with regard to the basis described for determining the fees and expenses.

#### Execution of Engagement Letter

The engagement letter should be dated and signed by the auditor (member of the firm) and by an authorized institutional officer. Copies should be provided to both parties. Any amendments of significant matters covered by the engagement letter should be similarly executed in writing.

LETTER OF ENGAGEMENT  
FOR AUDITING SERVICES  
TO A BEOG PROGRAM INSTITUTION  
(a suggested format)

THIS LETTER OF ENGAGEMENT, entered into as of this \_\_\_\_\_ day  
of \_\_\_\_\_, 19\_\_\_\_, by and between \_\_\_\_\_  
\_\_\_\_\_, of the city of \_\_\_\_\_ County of \_\_\_\_\_,  
State of \_\_\_\_\_, hereinafter referred to as the Institution,  
and \_\_\_\_\_ Certified Public Accountant, (or \_\_\_\_\_  
\_\_\_\_\_ Licensed Public Accountant) of the City of \_\_\_\_\_  
\_\_\_\_\_, County of \_\_\_\_\_, State of \_\_\_\_\_  
\_\_\_\_\_, hereinafter referred to as the Auditor.

WITNESSETH THAT

The Institution and the Auditor agree as follows:

1. The Auditor shall, in a professional manner, perform the following services:

A. For the period \_\_\_\_\_, 19\_\_\_\_, to \_\_\_\_\_, 19\_\_\_\_,  
the Auditor shall in accordance with Standards For Audit Of  
Governmental Organizations, Programs, Activities, & Functions  
examine the financial statements and records of the Institution  
as they relate to the BEOG program for the grant year ended \_\_\_\_\_,  
and shall issue a report on the examination. In addition, the  
Auditor shall perform such other audit steps and examine such

other activities as set forth in the Guide for Audits of Basic Educational Opportunity Grants. The report shall be prepared as prescribed by the foregoing guide and shall be furnished to the Institution's Board of Directors. Thirteen copies of the final audit report must be furnished directly by the Auditor to the HEW Regional Audit Director (see Appendix A of prescribed audit guide for addresses).

B. The Auditor shall familiarize himself with applicable requirements as set forth in the audit guide prescribed in "A" above.

2. The Institution shall furnish the following to the Auditor:

A. All financial records, books of original entry, supporting documents and other related records, as requested.

B. Copies of the Institution's corporate charter, by laws, minutes of the Board of Directors, policy directives, grant agreements, contracts, leases, budgets, and other documents or data pertinent to the BEOG program Official Authorization Letter for the period July 1, 1977 through June 30, 1978, and such other information as may be required in the conduct of his examination.

C. Adequate working space and other facilities for the conduct of his examination.

D. Assistance by Institution's staff - which is considered desirable and necessary - including, but not limited to, the preparation of account analyses, summaries, and other working papers which

may reduce the time required for the examination and, consequently, audit costs.

3. The Auditor shall promptly inform a responsible official of the Institution and the HEW Regional Audit Director regarding reasonable indication of defalcation or other irregularities that may come to his attention in connection with the examination.
4. The Auditor shall commence his examination on or about the day of \_\_\_\_\_, 19\_\_\_\_, and as expeditiously as possible complete his report within approximately \_\_\_\_\_ calendar days. Provided further that such estimated completion date may be modified by mutual agreement of the parties.
5. It is understood that the fees for the services of the Auditor as set forth in paragraph 1A above shall be computed according to the following schedule of hourly rates:

Junior accountants.....	\$ _____	\$ _____
Semi-senior accountants.....	\$ _____	\$ _____
Senior accountants.....	\$ _____	\$ _____
Managers .....	\$ _____	\$ _____
Principals .....	\$ _____	\$ _____
Clerical Staff .....	\$ _____	\$ _____

Other direct expenses relating to the Engagement may also be billed by the Auditor.

6. The Auditor shall exert every effort to perform the services set forth in paragraphs 1A, 1B, 3, and 4 of this Engagement for an amount not to exceed \$ \_\_\_\_\_. The Auditor further agrees to notify the Institution if and when it is evident that this cost level will be exceeded. Such notification shall include a statement of the reasons why the Auditor will be unable to complete the services without exceeding the agreed upon cost level and a statement of the additional amount of funds necessary to complete the services. It is understood that the amount payable pursuant to this paragraph of this Engagement shall at that time be subject to revision pursuant to a mutually agreed upon written amendment, but that in no event shall the amount payable pursuant to this paragraph of this Engagement exceed \$ \_\_\_\_\_ in the absence of a written amendment to the contrary.
7. Payment shall be made by the Institution upon receipt of the Auditor's final report, prepared in accordance with the provisions of this Engagement, and the Auditor's itemized statement.
8. The Auditor agrees to retain all working papers, audit programs and other documents prepared or obtained during the course of the audit for a minimum period of three years or for a longer period where conditions of exceptions exist as identified in section 1.6 of the prescribed audit guide, and to make them available upon



request during this period for the use of the Institution, the DHEW auditors, and/or the U.S. General Accounting Office.

9. IN WITNESS WHEREOF, the Institution and the Auditor have executed this Letter of Engagement as of the date indicated below.

Auditor \_\_\_\_\_ Institution \_\_\_\_\_

By \_\_\_\_\_ By \_\_\_\_\_

Title \_\_\_\_\_ Title \_\_\_\_\_

**U.S. DEPARTMENT OF  
HEALTH, EDUCATION, AND WELFARE  
OFFICE OF EDUCATION  
WASHINGTON, D.C. 20202**

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**END**