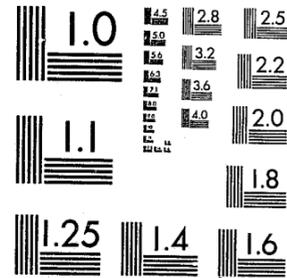


National Criminal Justice Reference Service



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National Institute of Justice  
United States Department of Justice  
Washington, D. C. 20531

1/13/83

U.S. DEPARTMENT OF EDUCATION  
**MEMORANDUM**

TO : State Directors of Correctional Education and Other Interested Persons      DATE: February 4, 1982

FROM : Osa D. Coffey and Bernard B. O'Hayre  
Corrections Program

SUBJECT: Use of Pell Grant by Incarcerated Inmate Students

From the information available to the Corrections Program, we have compiled the enclosed report on the use of Pell Grants by inmate students in state adult institutions. Since the Corrections Program is currently the only national repository/clearinghouse on correctional education data, we deeply appreciate your continued support by sending us reports and other data on correctional education in your state. This makes it possible for us to make reports like this available to all who are interested in advancing quality correctional education programs.

Enclosures

85968

THE CURRENT UTILIZATION OF PELL GRANTS  
BY MEN AND WOMEN INCARCERATED IN STATE  
CORRECTIONAL FACILITIES

A Brief Summary

U.S. Department of Justice  
National Institute of Justice

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Prepared by:

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(202) 245-8190

February 1, 1982

\* The Corrections Program is funded in part by Grant EF-4 from the National Institute of Corrections (U.S. Department of Justice).

INTRODUCTION

Under Grant EF-4 from the National Institute of Corrections (NIC), U. S. Department of Justice; the Corrections Program operating in the U.S. Department of Education is charged with, among others, the following responsibilities: (1) to increase offender access to existing federally mandated programs; (2) to serve as an advocate for more and better education and training programs for offenders; and, (3) to serve as a data base on correctional education.

This brief summary on the current use of Pell Grants (formerly Basic Educational Opportunity Grant [BEOG] Program) by incarcerated students is part of our efforts to meet these objectives.

We are aware that a report by the General Accounting Office (GAO) is in preparation as of this writing, dealing in one of its chapters with the use of Pell Grants by inmates in three states (Texas, Virginia, New Jersey). Although we have met twice with staff from the GAO, we have not yet seen their findings in either draft or final form. We are also aware that legislation might be introduced in Congress to limit or prohibit inmate access to the Pell Grant Program. It is our hope that this report — although brief and sketchy — will serve as a complement to the anticipated GAO report and be carefully considered in any discussions concerning further restrictions or cut-backs in Pell Grant support to inmates seeking to pursue post-secondary education as part of a process leading, hopefully, to their financial independence and successful reintegration into society.

The per inmate cost of a Pell Grant seems insignificant if compared with the per inmate cost of incarceration — currently an average of \$13,000 per year. However, as the information available on 45 states shows, Pell Grants are currently the primary source for college costs for 35% of the more than 22,054 inmate college students included in this report. Many State Directors of Correctional Education have told us that without the Pell Grant Program, post-secondary studies by inmates would become virtually impossible.

Although follow-up studies on inmates who have participated in post-secondary programs (most of these in vocational areas) are not routinely or systematically conducted by most states, enough data are available from several states to suggest the following positive effects: drastic decreases in recidivism rates, increases in employment rates, reduction in disciplinary infractions, and growth in motivation and self-respect.

For many inmates, the participation in post-secondary education programs while incarcerated was the beginning of an educational process which they continued and completed as free citizens.

It is our hope, therefore, that those who are charged with making decisions in terms of future access of the incarcerated to the Pell Grant Program as well as levels of support will carefully consider the information in this brief report.

Osa D. Coffey, Ph.D.  
Project Director  
Corrections Program  
February 1, 1982

NCJRS

OCT 14 1982

ACQUISITIONS

### Summary Findings

The Pell Grant Program, authorized under Title IV of the Higher Education Act of 1965 and its amendments, is an entitlement program whereby all students meeting certain criteria are guaranteed aid. The amount of aid is determined by financial need and educational costs, on a Department of Education standard formula. The maximum award, for the most economically disadvantaged is half of the cost of education, at a maximum of \$1,670 per academic year. Awards for the 1981-82 academic year ranged from \$120 to \$1,670. Awards for the 1982-83 academic year (July 1, 1982 - June 30, 1983) will depend on program funding.

Inmates who meet the primary criteria presently have access to the Pell Grant Program in most states. Incarcerated students do not receive any money for room and board, if at least half of his or her room and board expenses is provided by the correctional institution. They are also limited to \$150 for books and supplies. Typically, the incarcerated belong to the economically most destitute; hence, they usually qualify for half the cost of their education. A typical formula would look like this, based on \$1,000 tuition and fees.

$\$1,000$  (tuition) +  $\$150$  (books) =  $\$1,150$

The Pell Grant pays one half =  $\$575$

The other half has to be paid by the student, his family, the state correctional agency, or -- in some cases -- is waived by the participating post-secondary educational institution (in the case of inmates, most frequently a community college).\*

\*For further details, see Appendices 1 and 2.

Currently no agency keeps separate statistics on inmates' use of Pell Grants. However, the Corrections Program has served as a repository/clearinghouse for correctional education data since its inception December 1, 1980. From a variety of sources forwarded to us from the states, we have been able to determine how widely Pell Grants are being used by inmates and the anticipated effects of legislation limiting or prohibiting inmate access to the Pell Grant Program on the post-secondary programs in correctional institutions.

Our available data cover 45 States and the District of Columbia (or 90% of the total). Our study does not cover juvenile authorities, since the persons under their jurisdiction are usually too young for post-secondary programs. However, we are aware that the California Youth Authority has 320 of their inmates in post-secondary programs, but none on Pell Grants.

No attempt was made to determine to what extent Pell Grants are being used by the approximately 3,000 post-secondary inmate students in the Federal Prisons, but Sylvia McCollum, Educational Administrator for the Federal Bureau of Prisons (U.S. Department of Justice), indicated that the use of Pell Grants was significant (about 1,700).

Forty-three of the 46 states on which we have information have post-secondary educational programs, ranging from a few courses being offered each quarter or semester, to an associate degree and/or a four year degree program. No attempt was made to determine what specific programs or types of programs were being offered; but from comments and subsequent conversations, it would appear that most of the post-secondary programs are in vocational and career related areas rather than in the liberal arts and purely academic areas.

Our information is organized in the following table in terms of:

- 1) The number of inmates in state adult correctional institutions;
- 2) The number of inmates currently enrolled in post-secondary programs;
- 3) The percentage of the total number of inmates in the institutions who are enrolled in post-secondary programs;
- 4) The number of post-secondary inmates using Pell Grants;
- 5) The percentage of the total number of post-secondary student inmates using Pell Grants;
- 6) The average tuition charged by private and proprietary colleges in states using Pell Grants for the incarcerated;
- 7) The average tuition charged by state or local (public colleges) ) in states using Pell Grants for inmates.

TABLE: SUMMARY DATA ON PELL GRANT USE IN CORRECTIONS

STATE	# of inmates in State Prisons	# of inmates in post-secondary programs	% of total inmate population enrolled in post-secondary programs	# of inmates using Pell Grants	% of post-secondary student-inmates using Pell Grants	Average tuition Private-Proprietary	Average tuition State Colleges
ALABAMA	5,809	305	5	3	1	N/A	\$125
ALASKA	[466]	N/A**	N/A	N/A	N/A	N/A	N/A
ARIZONA	3,603	863	24	30	3	N/A	\$90/cr. hr.
ARKANSAS	2,908	20	1	0	0	N/A	N/A
CALIFORNIA	24,147	2,100	9	200	10	N/A	\$265
COLORADO	2,636	115	4	115	100	\$3,000/63½ cr. hr.	\$43/sem. hr.
CONNECTICUT	2,068	125	6	0	0	N/A	N/A
DELAWARE	1,054	40	4	10	25	\$2,200	\$515
DISTRICT OF COLUMBIA	2,576	328	13	128	39	\$65/cr.	\$20/cr.
FLORIDA	20,746	1,500	7	0	0	N/A	N/A
GEORGIA	13,799	751	5	675	90	\$220/5 hr. course	\$60/cr. hr.
HAWAII	640	76	12	0	0	N/A	N/A
IDaho	802	32	4	0	0	N/A	N/A
ILLINOIS	12,473	1,327	11	423	32	\$6,000/yr.	\$16/sem. hr.
INDIANA	6,281	55	1	32	58	\$162	\$168
IOWA	2,479	128	5	0	0	N/A	N/A
KANSAS	2,431	542	22	110	20	\$4,150/yr.	\$11/cr. hr.
KENTUCKY	3,608	91	3	91	100	N/A	\$290/semester
LOUISIANA	8,586	200	2	0	0	N/A	N/A
MAINE	963	0	0	0	0	N/A	N/A
MARYLAND	7,390	296	4	289	91	N/A	\$432
MASSACHUSETTS	3,195	425	13	0	0	N/A	N/A
MICHIGAN	15,110	2,000	13	194	10	N/A	N/A
MINNESOTA	1,914	105	5	50	48	\$2,850	N/A
MISSISSIPPI	3,204	48	2	48	100	N/A	\$950
MISSOURI	5,520	545	6	225	65	N/A	\$570
MONTANA	761	1	0	0	0	N/A	N/A
NEBRASKA	1,303	239	18	150	63	N/A	\$230/semester
NEVADA	1,833	30	2	30	100	N/A	\$16/cr.
NEW HAMPSHIRE	322	0	0	0	0	N/A	N/A
NEW JERSEY	6,193	375	6	0	0	N/A	N/A
NEW MEXICO	1,208	120	10	112	93	\$100/sem. hr.	\$28/sem. hr.
NEW YORK	21,819	2,000	9	1,900	95	\$2,400/yr.	\$1,900/yr.
NORTH CAROLINA	[24,325]	N/A	N/A	N/A	N/A	N/A	N/A
NORTH DAKOTA	264	20	8	10	50	N/A	\$26
OHIO	13,301	975	7	975	100	\$1,260/qt.	\$360/qt.
OKLAHOMA	4,776	94	2	2	2	N/A	\$16/hr.
OREGON	[2,594]	N/A	N/A	N/A	N/A	N/A	N/A
PENNSYLVANIA	8,836	655	7	440	67	\$74	\$34
RHODE ISLAND	674	0	0	0	0	N/A	N/A
SOUTH CAROLINA	8,057	88	1	73	83	N/A	\$250/qt.
SOUTH DAKOTA	649	17	3	13	76	\$720	N/A
TENNESSEE	[7,030]	N/A	N/A	N/A	N/A	N/A	N/A
TEXAS	29,886	3,500	12	1,000	29	N/A	\$50
UTAH	968	30	3	13	43	N/A	\$268/12 cr.
VERMONT	[326]	N/A	N/A	N/A	N/A	N/A	N/A
VIRGINIA	8,581	322	4	282	88	\$2,880/48 qt. hr.	\$128/qt.
WASHINGTON	4,553	891	20	0	0	N/A	N/A
WEST VIRGINIA	[1,224]	N/A	N/A	N/A	N/A	N/A	N/A
WISCONSIN	3,787	680	18	90	13	N/A	\$325
WYOMING	560	0	0	0	0	N/A	N/A
45 STATES RESPONDING	273,169*	22,054	8	7,693	15		
6 STATES NOT RESPONDING	[25,963]						
TOTAL STATE PRISON POPULATION	299,134						

\*Population figures taken from April 1981 issue of Corrections Magazine.  
 Figure in brackets are for states where information was not available.  
 \*\*N/A - Information not available in Corrections Program Office.

In the forty-five states included in this report (with a total inmate population of 273,169), 22, 054 (or 8%) inmates are currently enrolled in post-secondary education programs. 7,693 (or 35%) of these are using Pell Grants.

In 30 of these states inmates use Pell Grants; in 19 of these, costs not covered by Pell Grants are paid variously by the department of corrections, the inmate, or a combination of both. In the other 11 states tuition costs not covered by Pell Grants are waived by the educational institution.

18,334 (or 83%) of all inmates taking post-secondary programs are enrolled among 130 state and community colleges; while 3,943 (or 17%) are enrolled among 41 private and proprietary colleges. 15 states using Pell Grants, involve only state supported schools; 3 states use only private schools; and 12 states use both state and private schools. The tuition charge ranges from \$11.00 per credit hour to \$1,900 a year at the state schools, and from \$65.00 per credit hour to \$3,000 a year at the private, proprietary schools. Because of the diversity in methods of reporting in the various states, no attempt was made to determine a formula for averaging the cost of tuition.

Many state directors have informed us that Pell Grants are the "life blood of their post-secondary programs"; and that without them, their post-secondary programs would be severely curtailed or eliminated.

There seem to be relatively few follow-up studies on inmates/ex-inmates who have participated in post-secondary programs while incarcerated; however, from those that do exist, positive results have been observed in the areas of reduced recidivism, successful return to society, continuation of studies after release, and academic retention and grade point average as compared with the regular student body.

The following represent some specific findings from reports forwarded to the Corrections Program by various states:

- Alabama Follow-up/Evaluation Survey of Former College Inmate Students of Alexander City State Junior College (July 1976) shows a 16% recidivism rate of ex-inmate college students. Thirty-eight percent of all students who attended at least two quarters while incarcerated continued some form of higher education after leaving prison.
- California Education at San Quentin State Prison (1976) shows that successful return to the community was correlated with the amount of post-secondary involvement on the part of the inmates.
- Maryland A study on the Relationship between Recidivism and Participation in the Hagerstown Junior College Program for Incarcerated Offenders found that there was a lower recidivism rate for college program participants. The recidivism rate for college program participants was 37 percent, while the non-participants exhibited a 58 percent rate of return.
- New Mexico A study of the College of Santa Fe (1979-80) found that the recidivism rate for students completing 40 or more semester hours was less than 1/4 of that of the prison general population.
- Texas An Evaluation of the Texas Department of Corrections' Junior College Program (May 1976) found that inmates who qualified for the junior college program and participated in the program recidivated less than inmates who qualified for the junior college program but did not participate. A study of the Henderson County Junior College Vocational Training Program completed in August 1981 found that 92 percent of releasees having completed a program of study were employed; and 83 percent of releasees having partially completed a program of study were employed. In this study, there was not one case of recidivism.
- Washington A study by the University of Washington of inmate students (October 1981) found the recidivism rate at 13%, and the academic retention and grade point average for inmate students to be the same as that of the University of Washington general student body from 1974 through 1978.
- Wisconsin The University of Wisconsin found that 40 of the 42 inmate students enrolled completed degree programs, and the grade point average of inmates was higher than that of the regular student body.

APPENDICES 1 and 2

# federal register

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Tuesday  
December 30, 1980

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Part XV

Department of  
Education

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Pell Grant Program; Final Rules With  
Comments Invited

## DEPARTMENT OF EDUCATION

## 34 CFR Part 690

## Pell Grant Program

**AGENCY:** Department of Education.  
**ACTION:** Final regulations with comments invited.

**SUMMARY:** The Secretary is issuing regulations for the Pell Grant Program (formerly the Basic Educational Opportunity Grant Program). These regulations are being amended to implement the statutory changes contained in the Education Amendments of 1980, Pub. L. 96-374.

**DATES:** These regulations are expected to take effect 45 days after they are transmitted to Congress. Regulations are usually transmitted to the Congress several days before they are published in the *Federal Register*. The effective date is changed by statute if Congress takes certain adjournments. If you want to know the effective date of these regulations, call or write the Department of Education contact person.

Comments must be received on or before March 2, 1981.

**ADDRESSES:** Comments should be addressed to William L. Moran, Office of Postsecondary Education, Office of Student Financial Assistance, U.S. Department of Education, (Room 4318, ROB-3) 400 Maryland Avenue, S.W., Washington, D.C. 20202.

**FOR FURTHER INFORMATION CONTACT:** William L. Moran, Telephone (202) 472-4300.

**SUPPLEMENTARY INFORMATION:** On October 3, 1980, the Education Amendments of 1980, Pub. L. 96-374, were enacted into law reauthorizing the Pell Grant Program (formerly the Basic Educational Opportunity Grant Program) through the 1985-86 award year.

Most of the statutory changes contained in the new law which affect the administration of the Pell Grant Program are primarily minor or technical in nature. Therefore, in order to facilitate the administration of the program, regulations implementing these changes are being issued in final form.

The Education Amendments of 1980 repealed the existing statutory provisions concerning calculation of a student's cost of attendance for the Pell Grant program. The new law revised the definition of "cost of attendance" and made it applicable to all student financial assistance programs authorized by Title IV of the Higher Education Act. Therefore, the changes to be made to the "cost of attendance" portion of the Pell Grant regulation, Subpart E, will be published separately as a notice of proposed rulemaking.

The Education Amendments of 1980 also mandate a common need analysis system for the Pell Grant and campus-based programs, Supplemental Educational Opportunity Grant, College Work-Study and National Direct Student Loan, beginning with the 1982-83 award year. The new law provides that a separate notice of proposed rulemaking for this system will be published in the *Federal Register* and submitted to Congress for review by July 1, 1981.

The changes required by the new law are outlined in the following summary. In addition to these changes, terminology in these regulations is being updated to reflect the creation of the Department of Education and the change in the name of the Basic Educational Opportunity Grant Program to the Pell Grant Program. Also, other minor technical changes were made to facilitate program administration.

1. The Education Amendments of 1980 increase the maximum Pell grant amount in steps from \$1,900 in the 1981-82 award year to \$2,600 in 1985-86. In addition, the previous limitation of a student's Pell Grant to 50 percent of his or her cost of attendance has been modified in the new law so that the maximum cost of attendance percentage that may be covered by a Pell Grant in future years increases as the size of the maximum grant increases.

2. Under previous legislation, student eligibility was limited to four years (in some cases, five years) of full-time Basic Grant assistance. The new law provides that a student is eligible to receive Pell Grants during the period required to complete his or her first undergraduate baccalaureate course of study.

Although the four-year eligibility limitation is no longer applicable, the definition of "undergraduate student" in § 690.2 retains the concept that an undergraduate course of study for purposes of the Pell Grant Program is one which usually does not exceed four academic years or is a five academic year program designed to lead to a first degree. A student enrolled in any other length program is considered to be an undergraduate only while taking the academic requirements to complete the first four academic years of the program. This concept does not restrict a student to only four Pell Grant awards since it is possible for a student to take longer than four academic years to complete the academic requirements of his or her undergraduate program or undergraduate portion of the program.

3. The source of the administrative cost allowance of \$10 per year for each student who receives a Pell Grant at an institution in an award year was

changed in the new law from a separate appropriation to a reserve from the program appropriation. This allowance must be used to offset the institution's costs of administering the Pell Grant and campus-based programs. The priority for expenditure of this allowance for student consumer information which was contained in the previous legislation has been deleted.

4. The schedule of Pell Grant reductions provided in the new law for use at less-than-full funding gives the maximum protection to the lowest income students. For example, no reduction is required for a student whose expected family contribution is less than \$601.

For the first time, the reduction schedule appears in the text of the regulations. Previously, the regulations referenced the appropriate section of the law. The inclusion of the reduction schedule in these regulations is an attempt to provide a more complete, self-contained set of procedural regulations from which institutions can administer the Pell Grant Program.

Several provisions have been deleted from the previous program regulations because they have been codified in the Student Assistance General Provisions. These include, for example, the definition of an institution of higher education in the former § 190.2a, as well as other terms defined in that section, plus the definition of a recognized equivalent of a high school diploma.

#### Waiver of Notice of Proposed Rulemaking

The regulatory changes merely reflect the statutory changes made by the Education Amendments of 1980 and a few minor programmatic revisions. In addition, the Secretary wishes to give the higher education community as much advance notice as possible of these changes.

Accordingly, the Secretary finds that the publication of a proposed rule in this instance would be unnecessary, impracticable and contrary to the public interest within the meaning of 5 U.S.C. 553(b), and is publishing these rules as final regulations.

#### Invitation to Comment

Although notice and comment is not required, the Secretary believes that public comment may be valuable both on the changes made to reflect statutory changes and on other changes that could be made to improve the regulations. The public is particularly invited to comment on the following:

(1) The definitions of undergraduate student, full-time student and of half-time student in § 690.2.

(2) Ways of reducing any regulatory burdens imposed by these regulations.

(3) Whether a comprehensive general part should be prepared containing common provisions from all student aid programs.

#### Educational Assessment Impact

On November 14, 1980, the Secretary published a notice in the *Federal Register* of the Department's intent to publish regulations necessary to implement the Education Amendments of 1980. In that notice, the Department listed the existing regulations affected by the new law and requested comments whether those regulations required information that is already being gathered by or is available from any other agency or authority of the United States. The regulations in this document are based on regulations listed in the November 14, 1980 notice. Based on any comments received and the Department's own review, it has been determined that the regulations in this document do not require information that is already being gathered by or is available from any other agency or authority of the United States.

Interested persons are invited to submit comments and recommendations regarding these regulations. Written comments and recommendations may be sent to the address given at the beginning of this preamble.

All comments submitted in response to these regulations will be available for public inspection, during and after the comment period, in Room 4318, ROB-3, 7th and D Streets, SW., Washington, D.C. between the hours of 8:30 a.m. and 4:00 p.m., Monday through Friday of each week except Federal holidays.

**CITATION OF LEGAL AUTHORITY:** A citation of statutory or other legal authority is placed in parentheses on the line following each substantive provision of these regulations.

(Catalogue of Federal Domestic Assistance Numbers: Pell Grant Program, 84.063)

Dated: December 22, 1980.

Shirley M. Hufstедler,  
Secretary of Education.

Part 690 of Title 34 of the Code of Federal Regulations is amended as follows:

### PART 690—PELL GRANT PROGRAM

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

- Sec.  
690.1 Scope and purpose.  
690.2 General definitions.  
690.3 Special terms.  
690.4 Eligible student.  
690.5 Duration of student eligibility.

- 690.6 Pell Grant payments from more than one institution.  
690.7 Institutional eligibility.  
690.8 Consortium agreements.  
690.9 Determination of enrollment status under special circumstances.  
690.10 Administrative cost allowance to participating schools.

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

- 690.11 Application.  
690.12 Certification of information.  
690.13 Deadline for filing applications.  
690.14 Notification of expected family contribution.  
690.15 Applicant's request for recomputation of expected family contribution because of clerical or arithmetic error.  
690.16 Request for recomputation of expected family contribution because of extraordinary circumstances.

#### Subpart C—Expected Family Contribution

#### Subpart D—Expected Family Contribution for Independent Students

#### Subpart E—Cost of Attendance

#### Subpart F—Determination of Pell Grant Awards

- 690.61 Submission process and deadline for Student Eligibility Report.  
690.62 Calculation of a Scheduled Pell Grant at full funding.  
690.63 Calculation of a Scheduled Pell Grant at less than full funding.  
690.64 Maximum Pell Grant as percentage cost of attendance.  
690.65 Calculation of a Pell Grant for a payment period.  
690.66 Calculation of a Pell Grant for a term which occurs in two award periods.  
690.67 Transfer student: attendance at more than one institution during an award period.  
690.68 Correspondence study.

#### Subpart G—Administration of Grant Payments—Regular Disbursement System

- 690.71 Scope.  
690.72 Institutional agreement—Regular Disbursement System.  
690.73 Termination of agreement—Regular Disbursement System.  
690.74 Advancement of funds to institutions.  
690.75 Determination of eligibility for payment.  
690.76 Frequency of payment.  
690.77 Verification of information on the SER—withholding of payments.  
690.78 Method of disbursement—by check or credit to student's account.  
690.79 Educational purpose statement.  
690.80 Recovery of overpayments.  
690.81 Recalculation of a Pell Grant award.  
690.82 Fiscal control and fund accounting procedures.  
690.83 Maintenance and retention of records.  
690.84 Submission of reports.  
690.85 Audit and examination.

#### Subpart H—Administration of Grant Payments—Alternate Disbursement System

- 690.91 Scope.

- 690.92 Institutional agreement—Alternate Disbursement System (ADS).  
690.93 Change in ownership and change to the Regular Disbursement System (RDS).  
690.94 Calculation and disbursement of awards by the Secretary of Education.  
690.95 Termination of enrollment and refund.  
690.96 Maintenance and retention of records; access for purpose of audit.  
Authority: Section 411 of the Higher Education Act of 1985 as added by Section 131(b) of Public Law 92-318, 86 Stat. 247-251 as amended (20 U.S.C. 1070a), unless otherwise noted.

1. Subpart A is revised to read as follows:

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

##### § 690.1 Scope and purpose.

The Pell Grant Program awards grants to help financially needy students meet their costs of postsecondary education. (20 U.S.C. 1070a)

##### § 690.2 General definitions.

The following definitions are set forth in Subpart A of the Student Assistance General Provisions, 34 CFR Part 690, Subpart A:

*Ability to Benefit; Institution of higher education (including Public or Private nonprofit institution of higher education, proprietary institution of higher education, and postsecondary vocational institution); one-year training program; recognized equivalent of a high school diploma; and six-month training program.*

Other definitions used in this part are:  
*Academic year:* (1) A period of time in which a full-time student is expected to complete the equivalent of at least 2 semesters, 2 trimesters or 3 quarters at institutions using credit hours; or  
(2) At least 900 clock hours of training for each program at institutions using clock hours.

(20 U.S.C. 1088)

*Act:* Title IV-A-1 of the Higher Education Act (HEA) of 1965, as amended.

*Award year:* The period of time between July 1 of one year and June 30 of the following year.

*Clock hour:* 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.

*College Work-Study (CW-S) Program:* The program of part-time employment authorized by Title IV-C of the Higher Education Act.

*Eligibility index:* Expected family contribution.

**Enrolled:** Completion of registration requirements at the institution a student is attending.

**Enrollment status:** At those institutions using semesters, trimesters, quarters, or other academic terms and measuring progress by credit hours, enrollment status equals a student's credit hour work load categorized as either full-time, three-quarter-time, or half-time.

**Full-time student:** An enrolled student who is carrying a full-time academic work load (other than by correspondence) as determined by the institution and which is applicable to all students enrolled in a particular program. However, the institution's full-time standard must equal or exceed one of the following minimum requirements:

- (1) 12 semester hours or 12 quarter hours per academic term in those institutions using standard semester, trimester or quarter hour systems;
- (2) 24 semester hours or 36 quarter hours per academic year for institutions using credit hours to measure progress but not using semester, trimester or quarter systems, or the prorated equivalent for programs of less than one academic year;
- (3) 24 clock hours per week for institutions using clock hours;
- (4) In those institutions using both credit and clock hours, if the sum of the following fractions is equal to or greater than one:

number of credit hours per term divided by 12  
plus number of clock hours per week  
divided by 24

- (5) A series of courses or seminars which equals 12 semester hours or 12 quarter hours in a maximum of 18 weeks; or

(6) The work portion of a cooperative education program in which the amount of work performed is equivalent to the academic work-load of a full-time student.

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

**Guaranteed Student Loan (GSL) Program:** The student loan program authorized by title IV-B of the Higher Education Act.

**Half-time student.** (1) An enrolled student who is carrying a half-time academic work load—as determined by the institution—which amounts to at least half the work load of the appropriate minimum requirement outlined in the definition of a full-time student. (See definition of full-time student.)

(2) A student enrolled solely in a program of study by correspondence who is carrying a work load of at least 12 hours or preparation of work per

week. However, regardless of the work load, no student enrolled solely in correspondence study will be considered more than a half-time student.

**National Defense Student Loan (NDSL) Program:** The student loan program authorized by Title II of the National Defense Education Act.

**National Direct Student Loan (NDSL) Program:** The student loan program authorized by Title IV-E of the Higher Education Act.

**Parent Loans for Undergraduate Students (PLUS):** The Parent Loan Program authorized by Title IV-B of the Higher Education Act.

**Payment schedule:** (1) A table showing a full-time student's Scheduled Pell Grant for a given award year. This table, published by the Secretary, is based on—

- (i) The Expected Family Contribution.
- (ii) Attendance costs as defined in Subpart E; and
- (iii) The amount of funds available for making Pell Grants.

(2) The Payment Schedule also includes the Disbursement Schedules which are tables showing the grant amounts three-quarter and half-time students would receive for an academic year.

**Scheduled Pell Grant:** The amount of a Pell Grant which would be paid to a full-time student for a full academic year.

**Secretary:** The Secretary of the Department of Education or an official or employee of the Department acting for the Secretary under a delegation of authority.

**State Student Incentive Grant (SSIG) Program:** The grant program authorized by Title IV-A-3 of the Higher Education Act.

**Student Eligibility Report (SER):** A report provided to an applicant showing the amount of his or her expected family contribution.

**Supplemental Educational Opportunity Grant (SEOG) Program:** The grant program authorized by Title IV-A-2 of the Higher Education Act.

**Three-quarter-time student:** An enrolled student who is carrying a three-quarter-time academic work load—as determined by the institution—which amounts to at least three quarters of the work load of the appropriate minimum requirement outlined in the definition of a full-time student. (See definition of full-time student.)

**Undergraduate student:** A student enrolled in an undergraduate course of study at an institution of higher education who:

(1) Has not been awarded a baccalaureate or first professional degree; and

(2) Is in an undergraduate course of study which usually does not exceed 4 academic years, or is enrolled in a 5 academic year program designed to lead to a first degree. A student enrolled in a program of any other length is considered an undergraduate student for only the first 4 academic years of that program.

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

#### § 690.3 Special terms.

(a) Eligible program: An undergraduate program of education or training which—

(1) Admits as regular students only persons who—

- (i) Have a high school diploma.
- (ii) Have a General Education Development Certificate (G.E.D) or a State certificate received after passing a State-authorized examination which the State recognizes as the equivalent of a high school diploma, or
- (iii) Are beyond the age of compulsory school attendance in the State in which the institution is located, and have the ability to benefit from the education or training offered; and

(2)(i) Leads to a bachelor, associate or undergraduate professional degree,

(ii) Is at least a two-year program which is acceptable for full credit toward a bachelor degree,

(iii) Is at least a 1 year program leading to a certificate or degree, which prepares students for gainful employment in a recognized occupation. (A 1-year program is defined in 34 CFR Part 668, Subpart A), or

(iv) Is, for a proprietary or postsecondary vocational institution, at least a six-month program leading to a certificate or degree, which prepares students for gainful employment in a recognized occupation. (A six-month program is defined in 34 CFR Part 668, Subpart A).

(b) *An eligible program of study by correspondence:* An undergraduate program of education or training which must be designed to require at least 12 hours of preparation a week.

(c) *Regular student:* A person who enrolls in an eligible program at an institution of higher education for the purpose of obtaining a degree or certificate.

(d) *Payment period for an institution that uses the Regular Disbursement System but does not use academic terms.*

(1) An institution participating in the Pell Grant program under the Regular Disbursement System (RDS institution) that does not use semesters, trimesters,

quarters, or other academic terms must have at least two payment periods for each academic year, or for each program which is less than an academic year.

(2) For a full-time student whose educational program is one academic year—

(i) The first payment period is the period of time in which the student completes the first half of his or her academic year (in credit or clock hours), and

(ii) The second payment period is the period of time in which the student completes the second half of that academic year.

(3) For a full-time student whose educational program is more than one academic year, the first and second payment periods shall be calculated under paragraph (d)(2) of this section. For subsequent academic years, or fractions of academic years, each payment period shall be the period of time in which the student completes—

(i) One-half of the academic year, or

(ii) The remaining hours in the student's educational program, which ever is to be completed first.

(4) For a full-time student whose educational program is LESS than an academic year—

(i) The first payment period is the period of time in which the student completes the first half of his or her educational program (in credit or clock hours), and

(ii) The second payment period is the period of time in which the student completes the second half of that educational program.

(5) The payment period for an eligible part-time student shall be calculated as follows:

(i) Determine the length of time it would take a full-time student in the program to complete one academic year or a program of less than one academic year, as appropriate.

(ii) The first payment period is the period of time in which the part-time student completes half the work (in credit or clock hours) he or she is scheduled to complete in the period referred to in paragraph (d)(5)(i) of this section.

(iii) The second payment period begins when the first payment period ends and ends when the student completes the other half of the work that he or she was scheduled to complete in the period referred to in paragraph (d)(5)(i) of this section.

(iv) Each subsequent payment period begins when the previous period ends and ends when the part-time student completes—

(A) Half the work he or she is scheduled to complete during the period

of time referred to in paragraph (d)(5)(i) of this section, or

(B) The remaining hours of his or her educational program whichever is completed first.

(6) If an RDS institution chooses to have more than two payment periods in an academic year or in a program of less than an academic year, the rules set forth in paragraphs (d)(2) through (d)(5) of this section shall be modified to reflect the number of payment periods. For example, if an institution chooses to have three payment periods for an academic year, each payment period shall correspond, for a full-time student, to one-third of the academic year.

(e) *Payment period for an institution using the Regular Disbursement System that uses academic terms.*

(1) For an RDS institution that uses semesters, trimesters, quarters or other academic terms, the payment period is the semester, trimester, quarter or other academic term.

(2) If a student's progress is measured in clock hours, a student may not be paid for a subsequent payment period until he or she finishes the hours of the previous payment period for which the student has already been paid.

(f) *Payment period for an institution using the Alternate Disbursement System.* A payment period for an institution participating in the Pell Grant program under the Alternate Disbursement System (ADS institution) shall be calculated as follows:

(1) If an ADS institution uses semesters, trimesters, quarters or other academic terms and measures progress in credit hours, the payment period is the semester, trimester, quarter or other academic term.

(2) If an ADS institution measures progress in clock hours, or measures progress in credit hours but does not use academic terms, it shall have at least two payment periods. The payment periods shall be calculated as follows:

(i) If the student's academic year is within one award year and the student's educational program is at least one academic year—

(A) The first payment period is the period of time in which the student completes the first half of his or her academic year, and

(B) The second payment period is the period of time in which the student completes the second half of his or her academic year.

(ii) If the student's academic year is NOT within one award year or the student's educational program is LESS than a full academic year—

(A) The first payment period is the period of time in which the student completes the first half of the hours he

or she is scheduled to complete within the award year, and

(B) The second payment period begins when the first payment period ends and ends when the student completes all hours he or she was scheduled to complete between the beginning of the second payment period and June 30.

(iii) A student with incompleting hours for the second payment period of any award year may complete them during the following award year. In this case, if the student's educational program is more than an academic year, the first payment period of the new award year begins when the student finishes all carried over hours for which he or she was paid.

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

#### § 690.4 Eligible student.

(a) A student is eligible to receive a Pell Grant if the student—

- (1) Is a regular student.
- (2) Is enrolled as at least a half-time undergraduate student at an institution of higher education;
- (3) Is enrolled in an eligible program as a regular student, as defined in § 690.3; and

(4)(i) Is a U.S. citizen or National,  
(ii) Is a permanent resident of the U.S.,  
(iii) Provides evidence from the Immigration and Naturalization Service that he or she is in the United States for other than a temporary purpose with the intention of becoming a citizen or permanent resident, or  
(iv) Is a permanent resident of the Trust Territory of the Pacific Islands, or the Northern Mariana Islands.

(b) A member of a religious order, community, society, agency or organization who is pursuing a course of study in an institution of higher education will be considered as having an expected family contribution of at least \$2,401 if that religious order—

- (1) Has a primary objective the promotion of ideals and beliefs regarding a Supreme Being;
- (2) Requires its members to forego monetary or other support substantially beyond the support it provides; and
- (3)(i) Has directed the member to pursue the course of study, or  
(ii) Provides subsistence support to its members.

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

#### § 690.5 Duration of student eligibility.

A student is eligible to receive a Pell Grant for the period of time required to complete the first undergraduate baccalaureate course of study being pursued by that student.

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

**§ 690.6 Pell Grant payments from more than one institution.**

A student will not be entitled to receive Pell Grant payments concurrently from more than one institution or from the Secretary and an institution.

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

**§ 690.7 Institutional eligibility.**

(a)(1) An institution of higher education is eligible to participate in the Pell Grant Program if it—

- (i) Meets the appropriate definition set forth in 34 CFR 668, Subpart A,
- (ii) Enters into a program participation agreement with the Secretary, and
- (iii) Complies with that agreement and with the applicable provisions of 34 CFR Part 668 of this title, "Student Assistance General Provisions."

(2) If an institution becomes eligible during an award year, a student enrolled and attending that institution will be eligible to receive a Pell Grant for the payment period during which the institution became eligible and any subsequent payment period.

(b)(1) An institution of higher education becomes ineligible to participate in the Pell Grant Program if it no longer meets the applicable definition set forth in Part 668 of this title, or if its eligibility is terminated under the procedures set forth for terminating institutions in Part 668 of this title.

(2) If an institution becomes ineligible during an award year, an eligible student who was attending the institution and who submitted a valid SER to the institution, or to the Secretary if the institution participates under the Alternate Disbursement System (ADS), before the date the institution became ineligible, will be paid a Pell Grant for that award year for—

(i) The payment period that the student completed before the institution became ineligible, and

(ii) The payment period in which the institution became ineligible.

(c) An institution participating in the program under ADS which becomes ineligible must provide the Secretary with the name and enrollment status of each student who applied for and was determined eligible for a Pell Grant who was attending the institution when its eligibility was terminated.

(d) An institution participating in the program under the Regular Disbursement System which becomes ineligible must supply to the Secretary—

(1) The name and enrollment status of each eligible student who, during the award year, submitted a valid SER to the institution before it became ineligible.

(2) The amount of funds paid to each Pell Grant recipient for that award year.

(3) The amount due to each student eligible to receive a Pell Grant through the end of the payment period; and

(4) An accounting of the Pell Grant expenditures for that award year to the date of termination.

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

**§ 690.8 Consortium Agreements.**

(a) A consortium agreement is a written agreement between at least two institutions which enables an enrolled student in an eligible program at one institution to take courses at other institutions which apply towards his or her certificate or degree at the first institution.

(b) If two eligible institutions have entered into a consortium agreement, the institution at which the student is enrolled and expects to receive a degree or certificate calculates and pays the student's Pell Grant. However, if the student is attending an institution other than the institution at which he or she is enrolled and expects to receive a degree, the institution at which the student is actually in attendance may pay the student's Pell Grant if both institutions agree in writing to that arrangement.

(c) The institution which calculates and pays the student a Pell Grant must take into account courses taken by the student at both institutions in determining the student's enrollment status and cost of attendance.

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

**§ 690.9 Determination of enrollment status under special circumstances.**

(a) Non-credit remedial courses.

(1) When calculating a student's enrollment status, neither the institution nor the Secretary may count any course in a program of instruction leading to a high school diploma or the recognized equivalent of a high school diploma, even if the course is necessary to enable the student to complete the degree or certificate program.

(2) Except as provided in paragraph (a)(1) of this section, in determining a student's enrollment status, the institution and Secretary will include any non-credit remedial course in which the student is enrolled. If a non-credit remedial course is not measured by clock or credit hours, the institution must determine the equivalent number of clock or credit hours which should be included for that work. A non-credit remedial course is a course of study for which no credit is given toward a certificate or degree and which is designed to increase the ability of the student to pursue an undergraduate

course of study leading to that certificate or degree.

(b) Combination of regular and correspondence study.

(1) If—in addition to regular coursework—an eligible student takes correspondence courses from either his or her own institution or another institution under a consortium agreement with the student's institution, the correspondence work may be included in determining the student's enrollment status.

(2) Except as noted in subparagraph (3), the correspondence work that will be included is that amount of work which—

(i) Applies toward the student's degree or certificate or is remedial work necessary for the student to proceed in his or her course of study;

(ii) Is completed within the period of time required for regular course work; and

(iii) Does not exceed the amount of the student's regular course work.

(3) Notwithstanding subparagraph (b)(2)(iii), a student who would be a half-time student based solely on his or her correspondence work will be considered a half-time student unless the calculation in subparagraph (b)(2) indicates a greater status.

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

**§ 690.10 Administrative cost allowance to participating schools.**

(a) The Secretary will pay to each participating institution an amount equal to \$10 per award year for each student who receives a Pell Grant at that institution for that year.

(b) All funds an institution receives under this section must be used solely for the institution's costs of administering the Pell Grant, Supplemental Educational Opportunity Grant, College Work-Study and National Direct Student Loan programs.

(20 U.S.C. 1098)

2. Subpart B is revised to read as follows:

**Subpart B—Application Procedures for Determining Expected Family Contribution****§ 690.11 Application.**

(a) As the first step to receiving a Pell Grant, a student applies on an approved form to the Secretary to have his or her expected family contribution determined. Facsimile copies of this form are not acceptable.

(b) The student, and where relevant, the student's parents or spouse, must submit information that is accurate and

complete as of the date the application is signed.

(c) The address provided by the student must be his or her residence and not the address of the school, unless the student resides at the school.

(20 U.S.C. 1070a)

**§ 690.12 Certification of information.**

(a) The applicant, and where relevant the applicant's parents or spouse, must provide (if requested by either the Secretary or the school) information or documents, including a copy of Federal Income Tax Returns, necessary to verify the accuracy of the information provided.

(b) Failure to provide the requested documentation may make the applicant ineligible to receive a Pell Grant.

(20 U.S.C. 1070a)

**§ 690.13 Deadline for filing applications.**

For each award year the Secretary will establish application filing deadlines for determining expected family contributions.

(20 U.S.C. 1070a)

**§ 690.14 Notification of expected family contribution.**

The Secretary will send to each eligible applicant a "Student Eligibility Report" (SER) which states the amount of the applicant's expected family contribution and information used in that computation.

(20 U.S.C. 1070a)

**§ 690.15 Applicant's request for recomputation of expected family contribution because of clerical or arithmetic error.**

(a) An applicant may request a recomputation of his or her expected family contribution if he or she believes a clerical or arithmetic error has occurred, or if the information submitted was inaccurate when the application was signed.

(b) A request for recomputation must be made on an approved form and must be received by the Secretary no later than the annual deadline unless the recomputation is necessary because of a request made by the Secretary to verify information.

(20 U.S.C. 1070a)

**§ 690.16 Request for recomputation of expected family contribution because of extraordinary circumstances.**

In filing an application to have an expected family contribution determined, an applicant may provide

financial information relating to the tax year immediately following the base year if the conditions in §§ 690.39 or 690.48 apply.

(20 U.S.C. 1070a)

3. Subpart F is amended to read as follows:

**Subpart F—Determination of Pell Grant Awards****§ 690.61 Submission process and deadline for student eligibility report.**

(a)(1) A student applies for a Pell Grant by submitting a valid "Student Eligibility Report" (SER) to his or her institution or to the Secretary, if that institution is participating in the Pell Grant Program under the Alternate Disbursement System (ADS).

(2) The SER is considered valid only if all information used in the calculation of the eligibility index is complete and accurate when the application was signed. Institutions are entitled to rely on SER information except under conditions set forth in § 690.77.

(b) Except as noted in § 690.77, to receive a Pell Grant, a student who enrolls before May 1 of an award year must submit the SER to his or her institution on or before May 31 of that award year.

A student who enrolls for the first time in the award year on or after May 1 of that award year may submit the SER to the institution on or before June 30 of that award year.

(c) A student attending an institution participating in the Pell Grant Program under the ADS has an additional ten days to submit the SER to the Secretary: June 10 for those who enroll before May 1, and July 10 for those who enroll on or after May 1.

(d) A student who submits an SER to an institution when he or she is no longer enrolled and eligible for payment at that institution may not be paid a Pell Grant.

(20 U.S.C. 1070a)

**§ 690.62 Calculation of a Scheduled Pell Grant at full-funding.**

(a) When funds are available to satisfy all payments, the Secretary will pay each eligible, full-time student for a complete academic year a Scheduled Pell Grant which is the lowest of:

(1) In award year 1981-82,

(i) the difference between \$1,900 and the expected family contribution stated on his or her SER; or

(ii) 50 percent of his or her cost of attendance; or

(iii) the difference between his or her cost of attendance and expected family contribution.

(2) In award year 1982-83,

(i) the difference between \$2,100 and the expected family contribution stated on his or her SER; or

(ii) 60 percent of his or her cost of attendance; or

(iii) the difference between his or her cost of attendance and expected family contribution.

(3) In award year 1983-84,

(i) the difference between \$2,300 and the expected family contribution stated on his or her SER; or

(ii) 65 percent of his or her cost of attendance; or

(iii) the difference between his or her cost of attendance and expected family contribution.

(4) In award year 1984-85,

(i) the difference between \$2,500 and his or her expected family contribution stated on his or her SER; or

(ii) 65 percent of his or her cost of attendance; or

(iii) the difference between his or her cost of attendance and expected family contribution.

(5) In award year 1985-86,

(i) the difference between \$2,600 and the expected family contribution stated on his or her SER; or

(ii) 70 percent of his or her cost of attendance; or

(iii) the difference between his or her cost of attendance and expected family contribution.

(b) Notwithstanding paragraph (a) of this section, no payment will be made if the student's Scheduled Pell Grant is less than \$200.

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

**§ 690.63 Calculation of a Scheduled Pell Grant at less than full funding.**

(a) When funds are not available to satisfy all payments, the Secretary calculates a Scheduled Pell Grant at less than full funding by—

(1) Determining the maximum grant award at full funding for that award year. The maximum grant award is the maximum Pell Grant authorized for the award year without regard to an applicant's expected family contribution or cost of attendance;

(2) Subtracting from that amount, the applicant's expected family contribution; and  
 (3) Reducing the remainder, based on the applicant's expected family contribution, according to the table in paragraph (b) of this section.

(b) If the applicant's expected family contribution is:	The amount calculated in paragraph (a) of this section is reduced by:
\$0 to \$600.....	0
\$601 to \$800.....	10
\$801 to \$1,000.....	20
\$1,001 to \$1,200.....	30
\$1,201 to \$1,600.....	40
\$1,601 or more.....	50

(c) If the amount appropriated for an award year exceeds the amount needed for making payments under paragraph (a) of this section, the Secretary shall pay the excess to each eligible student in proportion to the degree that the student's award was reduced in accordance with paragraph (b) of this section.

(d) If the amount appropriated for an award year is less than the amount needed for making grants under paragraph (a) of this section, the Secretary shall reduce each amount determined under paragraph (a) of this section according to the following formula:

Scheduled Pell Grant at Pro-Rata Reduction equals amount determined in paragraph (a) of this section times appropriations available for Pell Grants divided by appropriation needed to fund Pell Grants under paragraph (a) of this section.

(e) At less than full funding, the Secretary will pay a Pell Grant to a full time student for a full academic year in an amount which is the lowest of:

- (1) The amount calculated in paragraph (a), (c) or (d) of this section, as appropriate;
- (2) The appropriate cost of attendance limitation; or
- (3) The difference between the student's cost of attendance and expected family contribution.

(f) Notwithstanding paragraph (e) of this section, no payment may be made if:

- (1) The student's award is less than \$50; or
- (2) The student's Scheduled Pell Grant at full funding is less than \$200.

**§ 690.64 Maximum Pell Grant as percentage of cost of attendance.**

Notwithstanding § 690.62 and § 690.63, in any award year—

- (a) If the maximum grant for that award year is \$1,900 or less, no grant

may exceed 50 percent of the recipient's cost of attendance;

(b) If the maximum grant for that award year is at least \$1,901 but not more than \$2,099, no grant may exceed 55 percent of the recipient's cost of attendance;

(c) If the maximum grant for that award year is at least \$2,100 but not more than \$2,299, no grant may exceed 60 percent of the recipient's cost of attendance; and

(d) If the maximum grant for any award year is at least \$2,300 but not more than \$2,599, no grant may exceed 65 percent of the recipient's cost of attendance.

(20 U.S.C. 1070a)

**§ 690.65 Calculation of a Pell Grant for a payment period.**

(a) At those institutions using semesters, trimesters, quarters, or other academic terms and measuring progress by credit hours, a student's Pell Grant for each payment period is calculated as follows:

- (1) Determine his or her enrollment status for the term.
- (2) Based upon that enrollment status, determine his or her annual award from the Payment Schedule (full-time students), or one of the Disbursement Schedules (part-time students), as appropriate.
- (3) Divide the amount determined in subparagraph (2) by the number of terms in an academic year if those terms are of equal length.
- (4) If those terms are not of equal length, determine that portion of the award derived in subparagraph (2) which reflects the proportion of the academic year represented by that term. However, a payment for any term may not exceed 50 percent of the award determined in subparagraph (2). To insure this, payments for unequal terms must be adjusted if necessary.

(b) At those institutions which measure progress by clock hours or which measure progress by credit hours or units but do not use semesters, trimesters, quarters or other academic terms, a student's Pell Grant for each payment period is calculated by:

- (1) Determining the student's Scheduled Pell Grant; and
- (2) Multiplying the Scheduled Pell Grant by:

The number of credit or clock hours the student is expected to take in a payment period divided by the number of credit or clock hours that a full-time student would take in an academic year.

(b) Notwithstanding paragraphs (a) and (b) of this section—

- (1) A student may not receive a Pell Grant if the amount which the student

would receive, projected on the basis of a full academic year, would be less than either \$200 at full funding or \$50 at less than full funding; and

(2) The amount of a student's award for an award period may not exceed his or her Scheduled Pell Grant award for that award year.

(20 U.S.C. 1070a)

**§ 690.66 Calculation of a Pell Grant for a payment period which occurs in two award periods.**

A student who enrolls in a payment period which is scheduled to occur in two award years shall be paid in accordance with the following rules—

- (a)(1) The entire payment period will be considered to occur within one award year.
- (2) The institution will determine the award year in which the payment period will be placed.
- (3) The determination made in paragraph (a)(2) of this section must be the same for all Pell Grant recipients for all payment periods (in a program) which begin on the same day.
- (4) If the institution places the payment period in the first award year, it must pay the student with funds from the first award year.
- (5) If the institution places the payment period in the second award year, it must pay the student with funds from the second award year.

(b) The institution may not make a payment which will result in the student receiving more than his or her Scheduled Pell Grant award for that award year.

(c)(1) If a term-based institution offers a series of mini-sessions which occurs in two award years, the combined sessions will be treated as one term. A student may not receive more than one term's award for completing any combination of these sessions.

(2) For such mini-sessions, a term-based institution must determine the student's enrollment status for the entire term. That enrollment status will be based upon—

- (i) The total number of credits enrolled for in all sessions if that number is known when the award is calculated, or
- (ii) A projected number of credits based upon the credits enrolled for in the first session, if the number of credits to be taken in subsequent sessions is unknown when the award is calculated.

(20 U.S.C. 1070a)

**§ 690.67 Transfer student: attendance at more than one institution during an award period.**

(a) If a Pell Grant recipient withdraws from one institution and enrolls at a

second in the same award year, the student must submit an SER to the second institution or to the Secretary for an institution participating in the program under ADS.

(b) The second institution (or the Secretary for ADS schools) calculates the student's award according to § 690.65.

(c) The second institution (or the Secretary for ADS schools) pays a Pell Grant for only that portion of the award year in which the student is enrolled at that institution. The grant must be adjusted to ensure that the student does not exceed the Scheduled Pell Grant for that award year.

(d) A transfer student must repay any amount received in an award year which exceeds the Scheduled Pell Grant.

(20 U.S.C. 1070a)

**§ 690.68 Correspondence study.**

A student, enrolled in a program of study by correspondence will be paid according to the following procedures:

- (a) The institution prepares a written schedule for submission of lessons. This schedule must reflect a work load of at least 12 hours of preparation per week. It is used to determine the length of the program.
- (b) The student's Pell Grant for an award year is calculated by:

(1) Determining the Scheduled Pell Grant according to §§ 690.62 or 690.63, whichever is appropriate, taking into account § 690.64, and

(2) Multiplying the Scheduled Pell Grant by the lesser of the following fractions:

$\frac{1}{2}$  or the hours of preparation in the award year divided by the hours of preparation in the academic year.

(This procedure insures that students in a program of study by correspondence are paid as half-time students.)

(d) A student will receive two equal payments for an award year. The first payment will be made after the student has submitted 25 percent of the lessons scheduled for the award year.

(e) The final payment will be made after the student has submitted 75 percent of the lessons scheduled for the award year.

(20 U.S.C. 1070a)

4. Subpart G is amended to read as follows:

**Subpart G—Administration of Grant Payments—Regular Disbursement System**

**§ 690.71 Scope.**

This subpart deals with program administration by an institution of higher education that has entered into

an agreement with the Secretary to calculate and pay Pell Grant awards.  
 (20 U.S.C. 1070a)

**§ 690.72 Institutional agreement—regular disbursement system (RDS).**

(a) The Secretary may enter into an agreement with an institution of higher education under which the institution will calculate and pay Pell Grants to its students. The agreement will be on a standard form provided by the Secretary and will contain the necessary terms to carry out this part.

(b) The Secretary will send a Payment Schedule for each award year to an institution that has entered into an agreement under paragraph (a) of this section.

(20 U.S.C. 1070a)

**§ 690.73 Termination of agreement—regular disbursement system.**

(a) Termination by the Secretary. The Secretary may terminate the agreement with an institution by giving—

- (1) 30 days written notice; or
- (2) Less than 30 days written notice if it is necessary to prevent the likelihood of a substantial loss of funds to the Federal government or to students.

(b) Information provided. The institution must provide the following information to the Secretary if the Secretary terminates the agreement:

(1) The name and enrollment status of each eligible student who submitted a valid SER to the institution before the termination date;

(2) The amount of funds the institution paid to Pell Grant recipients for the award year in which the agreement is terminated;

(3) The amount due to each student eligible to receive a Pell Grant through the end of the award year; and

(4) An accounting of Pell Grant expenditures to the date of termination.

(c) Termination by the institution. The institution may terminate the agreement by giving the Secretary written notice. The termination becomes effective on June 30 of that award year. The institution must carry out the agreement for the remainder of the award year.

(d) Termination because of a change in ownership which results in a change of control. The agreement automatically terminates when an institution changes ownership which results in a change of control. The Secretary will enter into an agreement with the new owner if the institution complies with requirements set forth in Subpart B of the Student Assistance General Provisions (34 CFR Part 668).

(e) If an agreement is terminated, the institution's eligibility as discussed in § 690.7 is not terminated but the

Secretary will pay and institution's students ONLY if the institution enters into an ADS agreement (See § 690.92.).  
 (20 U.S.C. 1070a)

**§ 690.74 Advancement of funds to institutions.**

The Secretary will advance funds for each award year, from time to time, to RDS institutions, based on his or her estimate of the institution's need for funds to pay Pell Grants to its students.

(20 U.S.C. 1070a)

**§ 690.75 Determination of eligibility for payment.**

(a) An institution may pay a Pell Grant to a student only after it determines that the student—

- (1) Meets the eligibility requirements set forth in § 690.4;
- (2) Is maintaining satisfactory progress in his or her course of study;
- (3) Is not in default on any National Defense/Direct Student Loan made by that institution or on any Guaranteed Student Loan or Parent Loan for Undergraduate Students (PLUS) received to meet the cost of attendance at that institution; and
- (4) Does not owe a refund on a Pell Grant, a Supplemental Grant or a State Student Incentive Grant received to meet the cost of attending that institution.

(b)(1) Before making any payment to a student, the institution must confirm that he or she continues to meet the criteria set forth in paragraph (a) of this section.

(2) However, if an eligible student submits an SER to the institution and becomes ineligible before receiving a payment, the institution must pay the student only the amount which it determines could have been used for educational purposes before the student became ineligible.

(c) If an institution determines at the beginning of a payment period that a student is not maintaining satisfactory progress, but reverses itself BEFORE the end of the payment period, the institution may pay a Pell Grant to the student for the entire payment period.

(d) If an institution determines at the beginning of a payment period that a student is not maintaining satisfactory progress, but reverses itself AFTER the end of the payment period, the institution may neither pay the student a Pell Grant for that payment period nor make adjustments in subsequent Pell Grant payments to compensate for the loss of aid for that period.

(e) Conditions under which students who are overpaid grants may continue to receive Pell Grants are as follows:

- (1) Overpayment of a Pell Grant. If an institution makes an overpayment of a

Pell Grant to a student, it may continue to make Pell Grant payments to that student if (i) the student is otherwise eligible; and (ii) it can eliminate the overpayment in the award year in which it occurred by adjusting the subsequent Pell Grant payments for that award year.

(2) Overpayment of a Pell Grant due to institutional error. In addition to the exception provided in paragraph (e)(1) of this section, if the institution makes an overpayment of Pell Grant to a student as a result of its own error, it may continue to make payments to that student if:

(i) The student is otherwise eligible, and

(ii) The student acknowledges in writing the amount of overpayment and agrees to repay it in a reasonable period of time.

(3) Overpayment on a Supplemental Grant. An institution may continue to make Pell Grant payments to a student who receives an overpayment on a Supplemental Grant if:

(i) The student is otherwise eligible, and

(ii) It can eliminate the overpayment by adjusting subsequent financial aid payments (other than Pell Grants) in the same award year in which it occurred.

(f) An institution, in determining whether a student is in default on a loan made under the Guaranteed Student Loan Program or the PLUS Program, may rely upon the student's written statement that he or she is not in default unless the institution has information to the contrary.

(g) Conditions under which students who are in default on loans made for attendance at that institution may receive Pell Grants are as follows:

(1) Guaranteed Student Loans and Parent Loans for Undergraduate Student (PLUS). An institution may pay a Pell Grant to a student who is in default on a Guaranteed Student Loan or a PLUS Loan if the Secretary (for federally insured loans) or a guaranteed agency (for a loan insured by that guarantee agency) determines that the student has made satisfactory arrangements to repay the defaulted loan.

(2) National Defense/Direct Student Loan. An institution may pay a Pell Grant to a student who is in default on a National Defense/Direct Student Loan made at that institution, if the student has made arrangements, satisfactory to the institution, to repay the loan.

(3) The Secretary considers a National Defense Student Loan, a National Direct Student Loan, a Guaranteed Student Loan, or a PLUS Loan which is discharged in bankruptcy to be in default for purposes of this section.

(h) For purposes of this section, an overpayment of a grant means that a student received payment of a grant greater than the amount he or she was entitled to receive.

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

#### § 690.76 Frequency of payment.

(a) In each payment period, an institution may pay a student at such times and in such installments as it determines will best meet the student's needs.

(b) Only one payment is required if a portion of an academic year occurring within one award year is less than three months.

(c) The institution may pay funds due a student for any completed period in one lump sum. The student's enrollment status will be determined according to work already completed.

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

#### § 690.77 Verification of information on the SER— withholding of payments.

(a)(1) The Secretary may require that a student verify the information submitted on the application and included on the SER, by submitting appropriate documentation to the institution or to the Secretary.

(2) The Secretary may also require that the institution withhold payment of a student's grant until the institution or the Secretary determines that the student has supplied the correct information.

(b) If an institution believes that any information on the SER used in calculating the student's expected family contribution is inaccurate, or if the application is chosen by the Secretary for verification, the institution must request that the student verify the information on the SER.

(c) The Secretary will establish and publish—

(1) Procedures to be used in verifying information for selected students ("Validation Procedures"), and

(2) The conditions under which payments will be made for these students.

(d)(1) If a student makes a correction which results in a change in his or her expected family contribution, the student must submit the SER to the institution, and the institution must recalculate the student's award based on the verified SER. Any overpayment must be repaid by the student.

(2) If the documentation requested by the institution under this section does not verify the information on the SER, or if the student does not correct the SER, the institution must forward the student's name, social security number and other relevant information to the

Secretary in accordance with the procedures referenced in paragraph (c) of this section.

(e) A student corrects an SER by—

(1) Providing accurate information on the SER;

(2) Getting the appropriate signatures on the SER; and

(3) Re-submitting the SER to the Secretary.

(f) If an institution has documentation which indicates that the information used to calculate the student's expected family contribution on the SER is inaccurate, it may not pay a Pell Grant for any award year until the student corrects the error or verifies the data.

(g) If an institution believes, but cannot document, that inaccuracies exist on the SER, it may not withhold payments unless authorized by the Secretary. These cases must be forwarded to the Secretary.

(h)(1) If the Secretary requests documentation, the student must comply within a time period set by the Secretary.

(2) If the student provides the requested documentation on time, he or she will be eligible for Pell Grant payments based upon the verified SER.

(i) If the verified SER is submitted to the institution after the appropriate deadline as specified in § 690.61, but within an established time period to be determined by the Secretary, the student may be paid only up to the amount withheld because of the verification process.

(3) If the student does not provide the requested documentation within the established time period—

(i) The student will forfeit the Pell Grant for the award year,

(ii) Any grant payments received must be returned to the Secretary, and

(iii) No further Pell Grant applications will be processed for that student until documentation has been provided or the Secretary decides there is no longer need for documentation.

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

#### § 690.78 Method of disbursement—by check or credit to student's account.

(a) The institution may pay a student either directly by check or by crediting his or her account with the institution. The institution must notify the student of the amount of money he or she can expect to receive, and how he or she will be paid.

(b)(1) The institution may not make a payment to a student for a payment period until the student is registered for that period.

(2) The earliest an institution can directly pay a registered student is 10

days before the first day of classes of a payment period.

(3) The earliest an institution can credit a registered student's account is 3 weeks before the first day of classes of a payment period.

(c) The institution must return to the Pell Grant account any funds paid to a student who, before the first day of classes—

(1) Officially or unofficially withdraws, or

(2) Is expelled.

(d)(1) If an institution pays a student directly, it must notify him or her when it will pay the Pell Grant award.

(2) If the student has not picked up the check at the end of the 15 day period, the institution may credit the student's account for any amount owed to it for the award year.

(3) If a student does not pick up the check on time, the institution must keep that check for 15 days after the date the student's enrollment for that award year ends.

(4) A student forfeits the right to receive the proceeds of the check if he or she does not pick up the check by the end of the 15 day period.

(5) Notwithstanding paragraph (d)(4) of this section, the institution may, if it chooses, pay a student who did not pick up the check, through the next payment period.

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

#### § 690.79 Educational purpose statement.

(a) An institution may not pay a Pell Grant unless the student files a statement of educational purpose with the institution in which the student declares that he or she will use Pell Grant funds solely for educational expenses connected with attendance at the institution.

(b) The Secretary considers the following statement as satisfying this requirement.

#### Statement of Educational Purpose

I declare that I will use any funds I receive under the Pell Grant program solely for expenses connected with attendance at

(Name of Institution) \_\_\_\_\_

(Date) \_\_\_\_\_

(Signature) \_\_\_\_\_

(20 U.S.C. 1090)

#### § 690.80 Recovery of overpayments.

(a)(1) The student is liable for any overpayment made to him or her.

(2) Also, the institution is liable for an overpayment it makes to a student if the regulations indicate that the payment should not have been made. The institution must restore those funds to

the Pell Grant account even if it cannot collect the overpayment from the student.

(b) If an institution makes an overpayment for which it is not liable, it must help the Secretary recover the overpayment by—

(1) Making a reasonable effort to contact the student and recover the overpayment; and, if successful,

(2) Providing the Secretary with the student's name, social security number, amount of overpayment, and other relevant information.

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

#### § 690.81 Recalculation of a Pell Grant award.

(a) Change in expected family contribution. (1) If the student's expected family contribution changes the institution must recalculate the Pell Grant Award.

(2) Except as provided in § 690.77(h)(ii), the institution must adjust the award and pay the student the amount he or she is entitled to for the award year if the expected family contribution is recalculated because of—

(i) A clerical or arithmetic error under § 690.15, or

(ii) Extraordinary circumstances which affect the expected family contribution under § 690.39 and § 690.48.

(3) If a student's expected family contribution is recalculated because of a correction of the information requested under § 690.12 or § 690.77, the student's Pell Grant for the award year must be adjusted. Where possible, the adjustment must be made within the same award year.

(4) If the recalculation takes place in a subsequent award year, the student will be

(i) Eligible to receive payment unless prohibited under the provisions of § 690.77(h) and

(ii) Required to return any overpayment at the time of recalculation.

(b) Change in enrollment status.

(1) If an institution decides that a student's enrollment status has changed during a payment period, it may (but is not required to) establish a policy under which the student's award may be recalculated.

(2) If such a policy is established, it must apply to all students.

(3) If a student's award is recalculated, the institution determines the total amount the student is entitled to for the entire payment period by taking into account—

(i) The portion of the payment period at the original enrollment status;

(ii) The portion of the payment period at the new enrollment status; and

(iii) Any change in the student's cost of attendance.

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

#### § 690.82 Fiscal control and fund accounting procedures.

(a)(1)(i) An institution must receive and process all Pell Grant funds through one identifiable bank account.

(ii) This account may be an existing one (preferably one maintained for Federal funds) if the institution maintains adequate accounting records to account for the Pell Grants funds separately from the other funds in that account.

(iii) At no time may the Pell Grant funds in this bank account be less than the balance indicated in the institution's accounting records for these funds.

(2) The institution must account for the receipt and expenditure of Pell Grant funds in accordance with generally accepted accounting principles.

(b) A separate bank account for Pell Grant funds is not required. However, the institution must notify any bank in which it deposits Pell Grant funds of all accounts in that bank in which it deposits Federal funds. This notice can be given by either:

(i) Including in the name of the account the fact that Federal funds are deposited therein; or

(ii) Sending a letter to the bank listing the accounts in which Federal funds will be deposited. A copy of this letter must be retained in the institution's files.

(c) Except for funds received under § 690.10, funds received by an institution under this part are held in trust for the intended student beneficiaries and may not be used or hypothecated for any other purpose.

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

#### § 690.83 Maintenance and retention of records.

(a) Each institution must maintain adequate records which include the fiscal and accounting records that are required under § 690.82 and records indicating—

(1) The eligibility of all enrolled students who have submitted a valid SER to the institution;

(2) The name, social security number, and amount paid to each recipient;

(3) The amount and date of each payment;

(4) The amount and date of any overpayment that has been restored to the program account;

(5) The "Student Eligibility Report" for each student;

(6) The student's cost of attendance;

(7) How the student's full or part-time enrollment status was determined; and

(8) The student's enrollment period.

(b)(1) The institution must make the records listed in paragraph (a) available for inspection by the Secretary's authorized representative at any reasonable time in the institution's offices. It must keep these records for five years after it submits an accounting of each award year's funds to the Secretary.

(2) An accounting of each award year's funds occurs when the institution submits to the Secretary the June 30 Progress Report for that award year. The June 30 Progress Report (ED Form 255-3) is the report on which an institution reports to the Secretary the total amount of money it has expended in the Pell Grant Program during an award year and the total number of Basic Grant recipients at that institution during that award year.

(c) The institution must keep records involved in any claim or expenditure questioned by Federal audit until resolution of any audit questions.

(d) An institution may substitute microfilm copies in lieu of original records in meeting the requirements of this section.

(20 U.S.C. 1070a)

**§ 690.84 Submission of reports.**

The institution must submit the reports and information the Secretary requires in connection with the funds advanced to it and must comply with the procedures the Secretary finds necessary to ensure that the reports are correct.

(20 U.S.C. 1070a)

**§ 690.85 Audit and examination.**

(a) Federal audits. The institution must give the Secretary, the Comptroller General of the United States, or their duly authorized representatives, access to the records specified in § 690.82 and § 690.83 and to any other pertinent books, documents, papers, and records.

(b) Non-Federal audits. The institution must audit or have audited under its direction all Pell Grant Program transactions to determine at a minimum—

(1) The fiscal integrity of financial transactions and reports; and

(2) If such transactions are in compliance with the applicable laws and regulations. Such audits will be performed in accordance with the Department of Education's "Audit Guide" for the Pell Grant Program.

(3) The institution must have an audit performed at least once every two years.

(c) The institution must submit audit reports to the institution's local regional office of the Department of Education's Audit Agency. It must give the Audit Agency and the Secretary access to records or other documents necessary to the audit's review.

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

5. Subpart H is amended to read as follows:

**Subpart H—Administration of Grant Payments—Alternate Disbursement System**

**§ 690.91 Scope.**

This subpart deals with program administration by an institution of higher education under the Alternate Disbursement System (ADS). Under the ADS, the Secretary calculates and pays the Pell Grant awards.

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

**§ 690.92 Institutional agreement—Alternate Disbursement System (ADS).**

(a) Under ADS, the Secretary will calculate and pay Pell Grant awards to students enrolled in an institution which has entered into an agreement to carry out this subpart.

(b) Under this agreement, the institution agrees to:

(1) Complete ED Form 304 for each eligible student as specified in § 690.94; and

(2) Maintain and keep records as specified in § 690.90.

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

**§ 690.93 Change in ownership and change to the Regular Disbursement System (RDS).**

(a) Change to RDS. The Secretary may enter into an agreement with an ADS institution which wishes to participate in the program under the Regular Disbursement System. However, the agreement will go into effect July 1 of the succeeding award year.

(b) Termination because of a change in ownership that results in a change in control.

(1) An ADS agreement terminates when an institution changes ownership that results in a change in control.

(2) The Secretary may enter into an agreement with the new owner if the institution complies with the requirements set forth in Subpart B of the Student Assistance General Provisions (34 CFR Part 668).

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

**§ 690.94 Calculation and disbursement of awards by the Secretary of Education.**

(a) An eligible student enrolled in an institution participating in the Pell Grant Program under the ADS applies to the

Secretary for a Pell Grant according to the following procedures:

(1) The student submits an SER to his or her institution and obtains an ED Form 304 from the institution;

(2) The student completes the ED Form 304, including the statement of educational purpose described in § 690.79, and submits it to the institution;

(3) On the ED Form 304 the institution certifies that the student—

(i) Meets eligibility requirements of § 690.4,

(ii) Is maintaining satisfactory progress in his or her course of study,

(iii) Does not owe a refund on grants received for attendance at that institution under the Pell Grant, the Supplemental Grant, or the State Student Incentive Grant Programs, and

(iv) Is not in default on any National Defense/Direct Student Loan made by the institution or on any Guaranteed Student Loan received for attendance at that institution. (In determining whether a student is in default on a GSL, the institution may rely on a written statement provided by the student unless the institution has information to the contrary); and

(4) The institution returns the SER and ED Form 304 to the student, who then submits these documents to the Secretary. Both documents must be received by the Secretary on or before the deadline dates described in § 690.61.

(b) If an institution believes that the information on an SER may be in error, the institution must notify the student and request documentation or correction. Any case not resolved by the institution should be reported to the Secretary.

(c) The Secretary will calculate a student's award in accordance with Subpart F of this part and will pay the student once every payment period.

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

**§ 690.95 Termination of enrollment and refund.**

(a) The institution must inform the Secretary of the date when a student officially or unofficially withdraws or is expelled during a payment period for which that student was paid.

(b) A student who officially or unofficially withdraws or is expelled from an institution before completion of 50 percent of a payment period for which he or she has been paid, will refund a prorated portion of the payment as determined by the Secretary.

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

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

(a) An institution under the ADS must establish and maintain for each award year—

(1) Records relating to each Pell Grant recipient's enrollment status, and attendance costs at the institution; and

(2) Records showing when each recipient was enrolled.

(b) The institution must make these records available at the geographic location where the student will receive his or her degree or certificate of course completion, and must keep them for five years from the end of the award year.

(c) The institution will make available to the Secretary, the Comptroller General of the United States, and their authorized representatives, pertinent books, documents, papers, and records for audit and examination during the five year retention period.

(d) An institution may substitute microfilm copies in lieu of original records in meeting the requirements of this section.

(20 U.S.C. 1070)

6. Appendix A to Part 960 is removed.

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(2) For purposes of this section, a spouse is considered a dependent. (20 U.S.C. 1089)

(d) Attendance costs for students in correspondence study programs. The cost of attendance for a student enrolled in a correspondence study program means—

- (1) Actual tuition and fees charged to the student for an academic year;
- (2) A reasonable allowance determined by the institution for books and supplies for an academic year, if required for the completion of the program; and
- (3) If incurred in fulfilling a required period of residential training, expenses for—
  - (i) Room and board; and
  - (ii) Travel between the student's residence and the institution.

(e) Attendance costs for students whose program length exceeds the academic year at institutions using clock hours. The cost of attendance for a student enrolled in an institution measuring progress in clock hours who is charged tuition and fees for a program whose length exceeds the length of the academic year at the institution, is determined by adding—

- (1) Tuition and fees  $\times$  clock hours in the academic year  $\div$  clock hours in the program plus
  - (2) Room and board and other applicable allowances determined under paragraphs (a) and (c).
- (f) Required documentation. An institution must be able to justify and document the cost of attendance figures established under this section. (20 U.S.C. 1089)

#### PART 690—PELL GRANT PROGRAM

34 CFR Part 690 Pell Grant Program is amended as follows:

##### Subpart E—Cost of Attendance

- Sec. 690.51 Allowable costs of attendance—general.
- 690.52 Tuition and fees.
- 690.53 Room and board.
- 690.54 Attendance costs for students in correspondence study programs.
- 690.55 Attendance costs for students whose program length exceeds the academic year at institutions using clock hours.
- 690.56 Attendance costs for students whose program length is less than the academic year at institutions using clock hours.
- 690.57 Attendance costs for incarcerated students.
- 690.58 Attendance cost for students at U.S. Armed Forces Academies.

1. Subpart E is revised to read as follows:

##### Subpart E—Cost of Attendance

§ 690.51 Allowable costs of attendance—general.

(a) Except as provided in §§ 690.54–690.58, a student's cost of attendance means—

- (1) The tuition and fees charged to a full-time student for an academic year by the institution he or she is attending as determined under § 690.52;
- (2) An allowance for room and board expenses for an academic year, as determined under § 690.53;
- (3) A reasonable allowance determined by the institution for books and supplies for an academic year;
- (4) A reasonable allowance determined by the institution for transportation for an academic year. This allowance may include—
  - (i) The cost of travel between the student's residence and the institution; and
  - (ii) The cost of travel required for completion of a course of study;
- (5) A reasonable allowance determined by the institution for miscellaneous personal expenses for an academic year;
- (6) A reasonable allowance determined by the institution for an academic year for expenses related to study abroad for students enrolled in an academic program which normally includes a formal program of study outside the United States;
- (7) A reasonable allowance determined by the institution for expenses for an academic year related to child care for a student's dependent children; and
- (8) A reasonable allowance determined by the institution for a handicapped student's expenses for an academic year related to his or her handicap, if these expenses are not provided for by any other assisting agency or program. This allowance may include expenses related to special services, transportation, equipment and supplies.

(b) If another agency or program provides assistance for any expenses related to a student's handicap, thereby reducing the student's costs, the institution shall document such assistance as part of the student's financial aid record.

(c) For purposes of this section, a handicapped student is a student who meets the definition contained in section 602(1) of the Education of the Handicapped Act. Accordingly, a handicapped student is a student who is mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, or orthopedically impaired, or is otherwise

health impaired or has specific learning disabilities which require special education and related services.

(d) An institution must be able to justify and document the cost of attendance figures established under this subpart. (20 U.S.C. 1089)

##### § 690.52 Tuition and fees.

(a) An institution shall determine the tuition and fees charged a full-time student by calculating—

- (1) The actual amount charged the full-time undergraduate student for tuition and fees for an academic year; or
- (2) The average amount it charges full-time undergraduate students for tuition and fees for an academic year.

(b) If an institution establishes its tuition and fee charges on a residency requirement basis (e.g. In-State and Out-of-State) and elects to calculate an average tuition and fee charge, it shall establish a separate average charge for each different residency based classification.

(c) An institution may determine a separate average charge for any other distinct classification upon which it bases tuition and fee charges. (20 U.S.C. 1089)

##### § 690.53 Room and board.

(a) The institution shall calculate a student's room and board allowance as follows—

- (1) For a student who has no dependents and lives with his or her parent(s), an allowance of \$1,100;
- (2) For a student who has no dependents and lives in institutionally owned or operated housing—
  - (i) The actual amount charged the student for room and board for an academic year; or
  - (ii) A standard allowance based on the average amount it charges most of its student residents for room and board for an academic year;
- (3) For a student who has no dependents and does not live with his or her parent(s) or in institutionally owned or operated housing, a standard allowance determined by the institution for room and board for an academic year; or

(4) For a student who has dependents, an allowance determined by the institution for room and board for an academic year based upon expenses incurred by the student and his or her dependent(s).

(b) For purposes of this section, a spouse is considered a dependent. (20 U.S.C. 1089)

**§ 690.54 Attendance costs for students in correspondence study programs.**

The cost of attendance for a student enrolled in a correspondence study program means—

- (a) Actual tuition and fees charged to the student for an academic year;
- (b) A reasonable allowance determined by the institution for books and supplies for an academic year, if required for the completion of the program; and
- (c) If incurred in fulfilling a required period of residential training, expenses for—

- (1) Room and board; and
- (2) Travel between the student's residence and the institution.

(20 U.S.C. 1089)

**§ 690.55 Attendance costs for students whose program length exceeds the academic year at institutions using clock hours.**

The cost of attendance for a student enrolled in an institution measuring progress in clock hours who is charged tuition and fees for a program whose length exceeds the length of the academic year at the institution, is determined by adding—

- (a) Tuition and fees  $\times$   $\frac{\text{clock hours in the academic year}}{\text{clock hours in the program}}$

and

- (b) Room and board and other applicable allowances determined under §§ 690.51 and 690.53.

(20 U.S.C. 1089)

**§ 690.56 Attendance costs for students whose program length is less than the academic year at institutions using clock hours.**

The cost of attendance for a student enrolled in an institution measuring progress in clock hours who is charged tuition and fees for a program whose length is less than the length of the academic year at the institution is determined by adding—

- (a) Tuition and fees  $\times$  clock hours in the academic year  $\div$  clock hours in the program

- and
- (b) Room and board and other applicable allowances determined under §§ 690.51 and 690.53.

(20 U.S.C. 1070a and 1089)

**§ 690.57 Attendance costs for incarcerated students.**

(a) The cost of attendance for a student who is incarcerated and for whom at least one-half of his or her room and board expenses is provided includes—

- (1) Tuition and fees as determined under § 690.52; and
- (2) All applicable allowances as determined under § 690.51(a) (3), (4), and (8).

- (b) The cost of attendance for a student who is incarcerated and for whom less than one-half of his or her room and board expenses is provided is the same as that allowed for a student who is not incarcerated.

(20 U.S.C. 1070a and 1089)

**§ 690.58 Attendance cost for students at U.S. Armed Forces academies.**

A student enrolled at the U.S. Military Academy at West Point, the U.S. Naval Academy, the U.S.C. Air Force Academy or the U.S. Coast Guard Academy is considered to have no cost of attendance.

(20 U.S.C. 1070a and 1089)

2. In Subpart G, § 690.75, paragraph (g)(3) is revised to read as follows:

**§ 690.75 Determination of eligibility for payment.**

• • • • •

(g) • • • • •

(3) The Secretary does not consider a loan made under the National Defense Student Loan, National Direct Student Loan, Guaranteed Student Loan, or Parent Loans for Undergraduate Students Program which is discharged in bankruptcy to be in default for purposes of this section.

• • • • •

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**END**