

Financial Aid Over Awards and Over Payments Policy

Policy Number	720.02	Custodian	Student Services Dean
Approved Date			
Effective Date		Review Date	
References: Higher Education Act, Section 484 (a)(3), CFR 668.22, 668.32, 668.35, Volume 3 Federal Student Aid Handbook			

1. Purpose

The Financial Aid office is required to monitor and adjust students' financial aid awards to eliminate overawards and/or overpayments in compliance with federal and state regulations and institutional policy.

2. Persons Affected

- 2.1 Financial aid coordinator/clerk
- 2.2 Finance department
- 2.3 Students

3. Policy

This policy is to ensure the following:

- 3.1 Define types of overaward
- 3.2 Resolve an overaward
- 3.3 Determine responsibility for overawards
- 3.4 Ensure that the U.S. Department of Education regulations and any applicable state regulations are followed according to guidelines established

4. Definitions

- 4.1 Adjustment Return-Financial aid that is returned to the funding source due to enrollment level changes or overawarding
- 4.2 Cost of Attendance (COA)-The estimated total cost of attending an institution that includes:
 - 4.2.1 Direct costs-tuition, fees, books, course materials, supplies, and equipment
 - 4.2.2 Indirect costs-transportation (between campus, residence, and place of work), food and housing, dependent care expenses, personal expenses.
- 4.3 Financial need-cost of attendance minus the Student Aid Index (SAI)
- 4.4 Grant-funding from a federal, state, or local source that does not need to be repaid as long as the student retains eligibility (SAP, enrollment level, or other requirements that are set by the funding source)
- 4.5 ISIR-Institutional Student Information Record based on information supplied by the student on their free application for Federal Student Aid (FAFSA).
- 4.6 Need- based funding sources of aid that reduce the financial need of a student based on their COA (cost of attendance).

4.7 Overaward-When the student's financial aid exceeds the student's COA.

4.7.1 Overawards may also be created when the students SAI increases because of verification,

4.7.2 Changes in the student's FAFSA information,

4.7.3 The student exceeds annual or aggregate/lifetime limits for the funding source,

4.7.4 The student receives aid that the school is unaware of,

4.7.5 The student is receiving aid at multiple schools

4.8 Overpayment- Overawards only become overpayments if a school cannot correct the overaward before funds are disbursed to a student. An overpayment is when some or all the funds that make up an overaward have been disbursed to the student.

4.9 Professional Judgement- the discretion that federal regulations give to financial aid administrators to adjust, on a case-by-case basis, to certain elements of a student's FAFSA information to account for special circumstances.

4.10 Satisfactory Academic Progress (SAP)- The process to determine if a student is on track to graduate on time with a degree or certificate and is meeting their educational requirements. SAP is important for students receiving Federal Student Aid (FSA) because they must be meeting SAP to remain eligible for funding.

4.11 Scholarship- a grant or payment made to support a student's education, awarded on the basis of merit or need.

4.12 Student Aid Index (SAI)- formula-based number that helps determine how much financial aid a student may need. It is calculated using information from the Free Application for Federal Student Aid (FAFSA) form.

4.13 Title IV Aid- Federal Student Aid Programs for postsecondary students, authorized under *Title IV* of the Higher Education Act of 1965,

4.14 Verification-the process the school uses to confirm that the data reported on the FAFSA form is accurate. Verification selection is identified on the student's ISIR.

5. Procedures

5.1 If an overaward is discovered by the financial aid office, the U.S. Department of Education guidelines regarding overawards and the state guidelines will be followed, and aid may need to be adjusted accordingly.

5.2 The order in which aid will be adjusted is

- 5.2.1 Last-Dollar funding sources such as the Fostering Independence Grant, North Star Promise Grant, or any other last-dollar funding sources
- 5.2.2 institutional funding,
- 5.2.3 local funding,
- 5.2.4 state funding-unless it is a last-dollar funding source,
- 5.2.5 Title IV funding

5.3 Federal Work Study and other earned student work programs will not be adjusted.

5.4 The financial aid office is responsible to communicate any overawards to the students through email, phone, in person, or letter-documenting the communication in the student management system.

5.4 The financial aid office will process all returns to source in the student management system along with following the finance purchase request policy, obtaining all required signatures for approval.

5.5 The finance office will return funding to the sources for any overawards.

5.6 Students must notify the financial aid office when receiving assistance from an outside source and students must make sure to list all expected resources on financial aid forms and documents and communicate with the financial aid office as soon as possible after receiving notification of any new aid.

5.7 Students should check with the financial aid office before seeking additional assistance to determine the effects additional funds will have on their financial aid package.

Revision History

Rev. Date	Rev. No.	Revision
		Updated language according to changes to the FAFSA Simplification Act, Put policy in new format-separate the professional judgement policy from the overaward and over payment policy.