MEMORANDUM

TO: State Directors of Correctional Education and Other Interested Persons
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
THE CURRENT UTILIZATION OF PELL GRANTS
BY MEN AND WOMEN INCARCERATED IN STATE
CORRECTIONAL FACILITIES

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 $3,000 per year. However, as the information available on 45 states shows, Pell Grants are currently the primary source for college costs for 35,965 of the more than 22,000 inmates 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.

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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.

\[ \$1,000 \text{ (tuition)} + \$150 \text{ (books)} = \$1,150 \]

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 43 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.

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<thead>
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<th>STATE</th>
<th># of inmates in prison</th>
<th># of inmates currently enrolled in post-secondary programs</th>
<th># of total inmates using Pell Grants</th>
<th># of total inmates currently enrolled post-secondary institutions using Pell Grants</th>
<th>Average tuition Private colleges</th>
<th>Average tuition State colleges</th>
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*Population figures taken from April 1983 issue of Corrections Magazine.
**Fees 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, 53% (or 88%) 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 $1,00 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 18% 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 45 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 releases having completed a program of study were employed and 83 percent of releases 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 1984) 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

Department of Education

Pell Grant Program; Final Rules With Comments Invited
The Education Amendments of 1980 also mandate a common need analysis approach for the Pell Grant and other student assistance programs. 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, 1982.

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 changes in the name of the Basic Educational Opportunity Grant Program to the Pell Grant Program. Also, other minor technical changes were made to the Pell Grant regulations.

1. The Education Amendments of 1980 increase the maximum Pell Grant amount in steps from $1,200 in the 1981-82 aid year to $2,000 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 five years (in some cases, five years or 75 percent of full-time attendance). The new law provides that a student is eligible to receive Pell Grants during the period required to complete his or her first bachelor's degree undergraduate course of study. Although the four-year eligibility limitation is no longer applicable, the definition of "undergraduate student" in § 690.32 retains the concept that an undergraduate course of study is a four-year period. The purposes of the Pell Grant Program is one which usually does not exceed four academic years or a five-year program designed to lead to a first bachelor's 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 time off after 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 per Pell Grant 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 Pell Grant administrative expenditures fund. These expenses must be used to effect the institution's educational administration costs of the Pell Grant and campus-based programs. The priority for these costs is for student consumer information which was contained in the previous legislation has been deleted.

a. 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, a reduction is required for a student whose expected family contribution is less than $500.

b. In addition to these changes, the reduction schedule appears in the text of the regulations and the regulations no longer contain the appropriate section of the prior regulations. The change in schedule in these regulations is an administrative change to reflect the 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 nullified in the Student Assistance General Provisions. These include, for example, the definitions of an institution of higher education in § 690.2 and most other terms defined in that section.

Waiver of Notice of Proposed Rulemaking

The regulatory changes merely reflect the changes mandated by the Education Amendments of 1980 and a number of these changes are being made as a result of extensive comments submitted to the Department request for information. The regulations in this part have been modified only for the purpose of improving consistency between the regulations and the higher education community as well as other terms defined in that section. The regulations at the high school diploma and six-month period. The program of education and purpose.

The Secretary is issuing final regulations with respect to the Pell Grant for an academic year. The regulations in this part have been modified only for the purpose of improving consistency between the regulations and the higher education community as well as other terms defined in that section. The regulations at the high school diploma and six-month period. The program of education and purpose.

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1. (H) Has not been awarded a baccalaureate or first professional degree; and
2. (I) The student has no degree of study which usually does not exceed six years beyond high school.

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-E of the Higher Education Act.

Payment schedule: (A) 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--
1. (B) The Expected Family Contribution.
2. (C) Attendance costs as defined by Subpart E and
3. (D) The amount of funds available for making Pell Grants.

The Payment Schedule also includes the Disbursement Schedules which are tables showing the grant amounts three-quarter and half-time periods that a student would receive for a given 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 employee of the Department acting for the Secretary under a delegation of authority.

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

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


Quarter-time student: A student who is carrying a half-time academic work load.

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

Subpart E: Undergraduate student: A student enrolled in an undergraduate course of study at an institution of higher education who--
1. (A) The student is enrolled in an undergraduate course of study at an institution of higher education who--
2. (B) The student is not enrolled in a professional degree program of any other length.
3. (C) Has not been awarded a baccalaureate or first professional degree.
4. (D) Has not received a baccalaureate or first professional degree.

Subpart F: Full-time student: A student who is carrying a full-time academic work load (other than by extension) the student is enrolled in, or authorized by the institution and which is applicable to all students enrolled in a particular program. However, the institution's full-time student standard of a half-time student for each academic year, which is the same for each academic year, is the same for each academic year.

(1) For an RDS institution that uses the Regular Disbursement System, the period of time in which the student completes the half-time educational program is LESS than an academic year.
2. (B) The second payment period is the period of time in which the student completes the half-time educational program.

(3) For an RDS institution that uses the Alternate Disbursement System, the period of time in which the student completes the first half of the educational program is LESS than an academic year.

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

(5) The final payment period is the period of time in which the student completes the full-time educational program.

(6) The final payment period begins when the first payment period ends and the student completes the other half of the work that is required for the student to complete the educational program in the period referred to in paragraph (h)(2)(i) of this section.

(7) Each subsequent payment period begins when the student completes the other half of the work that is required for the student to complete the educational program in the period referred to in paragraph (h)(2)(i) of this section.

(8) If the student's academic year is NOT within one award year and the student's educational program is LESS than a full academic year, the period of time in which the student completes the first half of the work he or she is scheduled to complete during the period of time referred to in paragraph (h)(3)(i) of this section, or

(9) If the student's academic year is within one award year and the student's educational program is LESS than a full academic year, the period of time in which the student completes the first half of the work he or she is scheduled to complete during the period of time referred to in paragraph (h)(3)(i) of this section, or

(10) The half-work period begins on the date that the student is scheduled to complete the full-time educational program, and

(11) The second payment period begins on the date that the student is scheduled to complete the first half of the educational program.
For procedures set forth for terminating an eligible must provide (if either (ii) the Secretary or the school or institution) determination of the same institution.
Federal Register / Vol. 65, No. 251 / Tuesday, December 20, 1999 / Rules and Regulations

§690.64 Maximum Pell Grant as a percentage of need

Notwithstanding §600.62 and §600.63, in any award year—
(a) If the maximum grant for that year is $1,200 or less, the grant may exceed 80 percent of the recipient’s cost of attendance;
(b) If the maximum grant for that award year is at least $1,201 but more than $2,299, no grant may exceed 80 percent of the recipient’s cost of attendance;
(c) If the maximum grant for that award year is at least $2,299 but not more than $2,999, no grant may exceed 80 percent of the recipient’s cost of attendance and:
(1) The institution determines that the award year is at least $2,500 but not more than $2,999, no grant may exceed 80 percent of the recipient’s cost of attendance; and
(2) The institution may not make payment for any time student for a full academic year in a term student for a full academic year in an academic year if those terms are not of equal length.

§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 enrollment status, determine his or her annual award from the Pell Grant Schedule for Full-time Students, or use of the Disbursement Schedule for 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, a student’s Pell Grant for each payment period is calculated as follows:
(1) Determine his or her enrollment status for the term.
(2) If a term-based institution offers mini-sessions, the institution must determine the number of credit hours or clock hours that a full-time student would take in an academic year.
(3) A projected number of credit hours based upon the credit hours or clock hours that a full-time student would take in an academic year.
(4) If the projected number of credit hours is less than 12, the institution must award the student the full year award.
(5) The maximum Pell Grant award for that award year is at least $2,299 but not more than $2,999, no grant may exceed 80 percent of the recipient’s cost of attendance.
§690.66 Calculation of a Pell Grant for an award year which periods which occur in two award years
(a) A student who enrolls in a payment period within which he or she begins to attend school in the fall and in the succeeding spring or fall term shall be paid in accordance with the following rules:
(1) The entire payment period shall be considered to be an award year.
(b) The institution will determine the award year in which the payment period occurs.
(2) The determination made in paragraph (a) of this section shall be the same for all Pell Grant recipients for all payment periods (in a program) which begin on the same day.
(3) If the institution places the payment period in the first award year, it must pay the student with funds from the first award year.
(4) If the institution places the payment period in the second award year, it must pay the student with funds from the second award year.
(c) The institution may make a payment which will result in the student receiving his or her award as specified in paragraph (a) of this section, if:
(1) Determining the Scheduled Pell Grant Award for the award year.
(2) The institution makes an overpayment of a Pell Grant to a student only after the student has submitted 75 percent of the lessons scheduled for the award year.
(3) The institution calculates and pays the disbursement system.
(4) The institution makes an overpayment of a Pell Grant for an award year which is the same award year.
§690.67 Termination of a Federal Pell Grant
(a) Termination by the Secretary. The Secretary may terminate the grant 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 grant:
(1) The name and enrollment status of each eligible student who is the recipient of a Pell Grant or a Federal Pell Grant to a student only after the student has submitted 75 percent of the lessons scheduled for the award year.
(2) The amount of funds the institution paid to the Secretary for Federal Pell Grant payments made after the student has submitted 25 percent of the lessons scheduled for the award year.
§690.71 Scope
This subpart deals with program assistance to students who are undergraduate students.
to Pell Grant to a student, which may continue to make Pell Grant payments to that student in the amount necessary to make the student eligible, and (c) it can eliminate the overpayment in the award year which occurred by adjusting the subsequent Pell Grant payments to a student.

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

(i) The student is otherwise eligible, and

(ii) The student acknowledges in writing the amount of overpayment and the period of time.

An 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:

(j) The student is otherwise eligible, and

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

An institution, in determining whether to eliminate an overpayment made under the Guaranteed Student Loan Program (PLUS) or the Federal Family Education Loan Program (FFEL), may rely upon the student's written statement that the student does not need or want the funds unless the student is determined by the institution to be ineligible to receive the Pell Grant.

Conditions under which students are ineligible to receive Pell Grants. If a student is otherwise eligible, but ineligible to receive a Pell Grant:

(1) Guaranteed Student Loans and Federal Family Education Loans (including PLUS loans) or a Federal Family Education Loan (FFEL) for which an agency (a non-governmental agency) determines that the student has made or is about to make a default on payments on the defaulted loan.

(i) Direct Stafford Loan. An institution may pay a Pell Grant to a student who is the holder of a National Direct Stafford Loan, a Federal Family Education Loan (FFEL), or a Federal Family Education Loan (FFEL) which is discharged in bankruptcy to be in default for purposes of this section.

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

§ 690.76 Frequency of payment.

(a) In each payment period, an institution may pay a student at each time and in such installments as it determines that best will 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 to a student for any period within one lump sum. The student's enrollment status will be determined according to work already completed.

§ 690.77 Verification of information on the SER—Withholding of payments.

(a) 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.

(b) The Secretary may also require that the institution withhold payment of any Pell Grant funds based upon the information submitted by the student, if the Secretary determines that the student has applied for incorrect information.

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

(d) The Secretary will establish and publish:

(i) Procedures to be used in verifying information for selected students ("Validation Procedures"); and

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

(1) If a student makes a correction which results in a change in his or her expected family contribution to a level less than the amount he or she was entitled to receive, the student must submit the SER to the institution, and the institution may refund the student's unearned portion of the award year if the student does not intend to appeal the decision or, if the student does not correct the SER, the institution may refund the student's unearned portion if the student's enrollment status has changed, or if the student is determined by the institution to be ineligible to receive a Pell Grant.

(2) If the student determined 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 may use such other information as the Secretary directs.

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

(a) An institution may make a Pell Grant payment either directly by check or by crediting the student's account with the amount specified for a student who has not requested payment by check.

(b) If a Pell Grant payment is made by the institution under this section, the Secretary must notify the student of the amount paid and the period for which the payment was made.

§ 690.79 Educational purpose statement. An institution must include with the information requested under § 690.63 or § 690.73 that the Pell Grant for the award year must be used in accordance with the following statement of educational purpose:

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

§ 690.81 Recalculation of a Pell Grant award.

(a) Change in expected family contribution. If the student's award is reduced because of a correction of the information requested under § 690.63 or § 690.73, the institution may recalculate the Pell Grant Award.

(b) Except as provided in § 690.82, 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) An clerical or arithmetic error under § 690.35, or

(ii) Extraordinary circumstances affecting the expected family contribution under § 690.61 or § 690.62.

§ 690.82 Fiscal control and fund accounting procedures.

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

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

(c) If the account is a new account established solely for Pell Grant purposes, the institution must notify any bank in which it deposits Pell Grant funds of all accounts that is in book funds shall deposit Federal funds through this account.

(d) The Secretary is required to adjust all accounts in which Federal funds will be held or deposited or disbursed in the institution's fiscal year in which the Pell Grant is paid to the student.

(e) Except for funds received under § 690.83, the student must be paid within a reasonable period, and if the institution has not paid the student within a reasonable period, the student may file a claim with the Secretary for recovery of the funds.

(f) The Secretary may disburse the Pell Grant to the student without further action if the Secretary determines that the Pell Grant should not be considered as part of the student's cost of attendance.

(g) The Secretary may make an exception to the student's cost of attendance if the Secretary determines that the Pell Grant is necessary to the student's enrollment in the institution for the term the Pell Grant is paid to the student.

(h) The nature of the program in which the Pell Grant is paid to the student.

(i) The student's cost of attendance.

§ 690.83 Status of fund accounting procedures. If an institution is required to establish a new account for Federal funds in a new account established solely for Federal funds, the institution may maintain an existing account for Federal funds, or establish a new account for Federal funds.
(a) The institution must make the records available to the Secretary for a Pell Grant recipient for five years after the Pell Grant recipient's last day of attendance at the institution during that award year.

(b) The institution must make these records available at the geographic location where the student will receive his or her award 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, or 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.

§ 690.98 Maintenance of the records.

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

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

(2) Records showing when each Pell Grant was awarded to the student for which the institution may rely on a written statement provided by the student unless the institution has information to the contrary; and

(b) 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 § 690.30. If an institution believes that the information on an SER may be in error, the institution must notify the student and request documentation of 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.

§ 690.95 Termination of enrollment and refund.

(a) The institution must notify 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 60 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.

§ 690.96 Subpart H—Administration of Grant Payments—Alternate Disbursement System

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

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

§ 690.85 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:

(b) The student submits an IRS to his or her institution and obtains an ED Form 304 for the student.

(c) The institution completes the ED Form 304, including the statement of educational purpose described in § 690.70, and submits it to the institution.

(d) 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 the academic term at that institution under the Pell Grant, the Federal Family Education Loan Program, or the National Direct Student Loan Program.

(iv) Is not in default on any National 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

§ 690.84 Submission of reports.

(a) 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.

(b) An institution under the ADS must establish and maintain for each award year:

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

(2) Records showing when each Pell Grant was awarded to the student for which the institution may rely on a written statement provided by the student unless the institution has information to the contrary; and

(c) 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 § 690.30. If an institution believes that the information on an SER may be in error, the institution must notify the student and request documentation of correction. Any case not resolved by the institution should be reported to the Secretary.

(d) 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.

§ 690.83 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, this agreement will go into effect July 1 of the succeeding award year.

(b) Termination of a grant. The Secretary may terminate a grant in accordance with Subpart F; this will be the student's final payment and the Secretary will not make any subsequent payment.

§ 690.82 Institutional agreement—Alternate Disbursement System (ADS).

(a) Under ADS, the institution 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 § 690.95.

(2) Maintain and keep records as specified in § 690.96.

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

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

§ 690.81 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.

§ 690.80 Institutional agreement—Alternate Disbursement System (ADS).

(a) Under ADS, the institution 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 § 690.95.

(2) Maintain and keep records as specified in § 690.96.

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

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

§ 690.79 Enforcement.

(a) The Secretary may take any action authorized by the Federal Education Investment Act of 1982 (20 U.S.C. 1070a) to enforce the provisions of this subpart.

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

§ 690.78 Subpart H-Administration of Grant Programs under the Pell Grant Program Act of 1982 (20 U.S.C. 1070a).

(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 60 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.
I

Mail order form to:

Name

City __________

__________________________________________________ __

Room and board

Travel between the student's residence and the

institution's location

(1) Tuition and fees charged to a

student for an academic year;

(2) An allowance for room and board

for an academic year; and

(3) A reasonable allowance

determined by the institution for books

and supplies for an academic year.

This allowance may include:

(a) The cost of travel required for

completion of a course of study

(b) A reasonable allowance

determined by the institution for

miscellaneous personal expenses for an

academic year

(c) A reasonable allowance

determined by the institution for

attendance costs related to a student's

handicap, thereby making the student

eligible for special assistance as part of

the student's financial aid package

(1) For purposes of this section, a

handicapped student is a student who

meets the definition contained in section

3628 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 otherwise

health impaired or has specific learning

disabilities which require special

education and related services.

(2) An institution must be able to

justify and document the cost of

attendance as established under this

subpart.

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part 690—PELL GRANT PROGRAM

24 CFR Part 690—PELL Grant Program is amended as follows:

Subpart E—Cost of Attendance

Sec. 690.51 Allowable costs of attendance—

(a) Except as provided in §§ 690.54—

690.56, 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 § 690.52;

(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

miscellaneous personal expenses for an

academic year;

(5) A reasonable allowance

determined by the institution for

expenses related to a student's handicap,

thereby making the student eligible for

special assistance as part of the

student's financial aid package

(1) For purposes of this section, a

handicapped student is a student who

meets the definition contained in section

3628 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 otherwise

health impaired or has specific learning

disabilities which require special

education and related services.

(2) An institution must be able to

justify and document the cost of

attendance as established under this

subpart.

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6330 Federal Register / Vol. 46, No. 13 / Wednesday, January 23, 1981 / Rules and Regulations
§ 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—

(a) Tuition and fees x clock hours in the academic year;

and

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

(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 program 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 x clock hours in the academic year;

(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 in the same as that allowed for a student who is not incarcerated.

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

§ 690.56 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. 1089 and 1090)

2. In Subpart G. § 690.75, paragraph (g)(5) is revised to read as follows:

§ 690.75 Determination of eligibility for payment.

(c) ... ...

(g) ... ...

(2) The Secretary does not consider a loan made under the National Defense Student Loan, National Direct Subsidized 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.