

**Interim Policy on Pell Grants and Other Financial Aid**

**Reference:**

Workforce Innovation and Opportunity Act (WIOA) Section 134 and 512; Higher Education Act of 1965, as amended by the College Cost Reduction and Access Act of 2007; Trade Act of 1974, as amended; WIOA Notice of Proposed Rulemaking, 20 CFR §§ 680.210 and 680.230; TEN 11-09; TEGL 2-09; TEGL 10-09, Attachment A; TEN 32-08; TEGL 21-08; Office of Unemployment Insurance Approved Training Program brochure; and Nebraska Administrative Code Title 225, Chapter 1.

**Background:**

The Pell Grant program is a post-secondary, educational grant program sponsored by the United States Department of Education. Pell Grants are for undergraduate students enrolled at least half-time who have not received a bachelor's or first professional degree. The grants are awarded based on financial need and other factors.<sup>1</sup> Federal Pell Grant scholarships cover education and training expenses of up to \$5,730 for the 2014-2015 academic year and up to \$5,775 for the 2015-2016 academic school year.<sup>2</sup> They are accepted at nearly all universities and community colleges and many trade and technical schools. Preliminary eligibility for a Pell Grant can, and should, be determined before the participant enrolls in a particular school or training program. To be eligible for a Pell Grant, an individual must not be in default on a student loan or other Federal obligation. This policy will guide the workforce development system in providing information to American Job Center network customers and supporting financial aid administrators at public, private, and proprietary (for profit) post-secondary institutions. To determine financial need for each participant, the WIOA service provider must ensure full documentation of such items as, including but not limited to, any Pell grants awarded or denied, other financial assistance received, and a list or budget of estimated monthly expenses, **excluding** any alcohol, cigarettes, entertainment, and other non-essential costs.

**Action:**

After a 10 day review period, this Policy will be considered final. Questions and comments should be submitted in writing to the WIOA Policy Mailbox, [ndol.wioa\\_policy@nebraska.gov](mailto:ndol.wioa_policy@nebraska.gov).

**Policy:**

Because there are limited federal funds available to serve people, the workforce development system continues to look for new ways to serve dislocated workers and other unemployed and underemployed customers. The efforts to enhance collaboration between the workforce development system and financial aid offices will ultimately benefit eligible individuals and their dependents through increased financial aid and improved access to education and training opportunities.

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<sup>1</sup> TEGL 21-08

<sup>2</sup> <https://studentaid.ed.gov/sa/types/grants-scholarships/pell>

## Student Financial Aid Program

Federal Student Aid, an office within the U.S. Department of Education, partners with post-secondary schools and financial institutions to deliver services that help students and families who are paying for college. The Federal Student Aid office issues the Free Application for Federal Student Aid (FAFSA), which is used by financial aid administrators at colleges and universities to prepare financial aid packages for students. Students or their parents must complete the FAFSA to be considered for federal student aid, including funding through grants, loans, and work-study. In addition, most colleges and universities use the FAFSA to award non-federal student aid from the state or school. The workforce system can facilitate the application process by helping individuals understand basic eligibility requirements, providing assistance in filling out the FAFSA, and helping the individual understand how to navigate between the financial aid office and the One-Stop Career Center. Ultimately, completing the FAFSA and seeking an adjustment to the expected family contribution under professional judgment authority is the responsibility of the individual, and he/she should be encouraged and counseled to play a proactive role in this process.

FAFSA responses are entered into a formula (known as the Federal Methodology) which is regulated by the Higher Education Act of 1965, as amended. The Student Financial Aid Program uses the following figures when calculating a student's eligibility for and amount of Pell Grant assistance:

- **EFC** – The Expected Family Contribution (EFC) formula is a preliminary estimate that measures the family's financial strength. The EFC is subtracted from the Cost of Attendance at the school(s) the individual plans to attend to determine his/her eligibility for federal student aid. The EFC is based on the financial information the student provides on the FAFSA. A Student Aid Report (SAR) is sent by e-mail or by postal mail depending on the addresses on file for the student. The SAR lists the information reported on the FAFSA. At the upper right of the front page of the SAR is the EFC figure. EFC is the same regardless of college attended.
- **COA** – The Cost of Attendance (COA) is an estimate of a student's education expenses for the period of enrollment. These expenses include tuition and fees, room and board, books, supplies, transportation and personal expenses, child or elder care expenses, and expenses associated with a disability. The Cost of Attendance varies by school and program.

For additional information on the FAFSA and the online application, visit [fafsa.ed.gov](http://fafsa.ed.gov).

## Eligibility of Dislocated Workers

Dislocated worker status is used in determining whether an applicant qualifies for one of the simplified needs analyses used to assess the student's need for federal student aid. (The College Cost Reduction and Access Act of 2007 amended section 479 of the Higher Education Act of 1965 to use dislocated worker status as a determining factor.)

A dependent student who has a parent who is a dislocated worker, or an independent student who is, or whose spouse is, a dislocated worker, may be eligible for one of the simplified need analyses. In addition, the Act amended section 479A to allow a family member of a dislocated worker to be considered as a special circumstance that may be the basis for a college financial

aid administrator to otherwise adjust a student's cost of attendance or to adjust the data elements used to calculate the student's expected family contribution in determining the student's need for federal student aid. The act requires that Federal Student Aid follow the WIOA definition of dislocated worker located at section 3(15) of the Act.<sup>3</sup> As the local workforce development system is uniquely positioned to offer guidance, local One-Stop Career Centers are encouraged to respond to general information requests about the dislocated worker definition from financial aid offices, as necessary.

FAFSA includes questions asking whether an individual or an individual's spouse or parent is a dislocated worker, and the answers are used when determining need for financial aid.

Financial aid administrators have sole responsibility for determining the validity of student aid applicants' dislocated worker status for purposes of federal student aid and are required to make this determination regardless of whether an individual has proof of dislocated worker status from the workforce development system, and regardless of whether an individual is receiving dislocated worker services from the workforce development system. For an unemployed worker whose income level or unemployment status does not qualify him/her for an adjustment to their expected family contribution under the FAFSA dislocated worker question, financial aid officers are able to use "professional judgment" to adjust the applicant's expected family contribution or the cost of attendance based on special circumstances, such as becoming unemployed and claiming Unemployment Insurance (UI) benefits.

### **Coordination of Training with Unemployment Benefits**

An individual who has applied for unemployment benefits that is considering vocational training may want to apply for the Nebraska Department of Labor's (NDOL) Approved Training (AT) program. When approved under the AT program, unemployment benefits continue while the individual is in training. The requirements to look for and be ready to accept work are waived while the individual is in the Approved Training status. Training programs for claimants who are identified as eligible for training under Title I or Title II of WIOA are automatically AT approved [Nebraska Administrative Code Title 225, Chapter 1]. An individual enrolled in training approved under the Trade Act must be considered to be in approved training for UI purposes. To be approved, the training program must be for skills used for jobs in demand in the area. Basic education that is required as a part of the skills training may also be approved. The training must be provided by a recognized training facility and must be completed within 104 weeks after the date training begins. The training cannot be approved if it is:

1. A correspondence program
2. Determined that the individual quit his/her most recent job to attend school
3. Not planned and scheduled for the earliest possible completion based on full-time student status (full-time status is determined by the training facility)
4. Determined that the individual possesses skills to be competitive in the labor market

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<sup>3</sup> WIOA Section 512(n)(3)

Applications for Approved Training are available online at [www.dol.nebraska.gov](http://www.dol.nebraska.gov) or by calling NDOL's Nebraska Claims Center at (402) 458-2500, any of the One-Stop Career Centers or NDOL WIOA Service Locations across the state. If the decision to attend training depends on AT approval, the unemployment insurance beneficiary should apply at least two weeks prior to school starting.

### Role of the Workforce Development System

The local workforce development system may assist in a number of ways, including:

#### **1. Providing General Information to Dislocated Workers**

The workforce development system may provide general information to an individual receiving dislocated worker services who may be applying, or whose spouse or dependent child may be applying, for financial aid in the upcoming year. As appropriate, the workforce system may encourage these individuals to check off the FAFSA box on question 82 or 100 indicating that the student, the student's spouse, or one of the student's parents (for a dependent child) is a dislocated worker. When appropriate, the workforce development system may coordinate efforts with local colleges and universities to ensure that dislocated workers are made aware of these questions. **Note:** Local financial aid offices make eligibility and aid determinations based on information provided in the FAFSA.

#### **2. Providing General Information to Financial Aid Administrators**

Strong relationships between One-Stop Career Center staff and financial aid office staff may facilitate closer coordination of WIOA and Pell Grant resources, and can help workforce system customer's transition smoothly into education and training experiences. The workforce development system may support financial aid administrators, when requested, by providing general guidance on:

- the WIOA definition of dislocated workers
- appropriate samples of documentation the financial aid offices could request from an individual to verify dislocated worker status

In providing guidance on appropriate documentation, the workforce development system may elect to provide information about or examples of Worker Adjustment and Retraining Notification (WARN) notices, layoff or no fault termination notices, local labor market information, documents issued by the state UI agency, or other areas or documents about which the financial aid office may be unfamiliar and have questions. The state UI agencies may provide general guidance and information on definitions and documentation related to the UI program to the extent that it relates to determining dislocated worker status.

#### **3. Providing Specific Information to Dislocated Workers**

If an individual receiving dislocated worker services through the workforce development system requests proof of dislocated worker status to provide to the college financial aid office in support of a FAFSA application for the individual, a spouse or a dependent, the One-Stop Career Center or other appropriate office should provide the individual or the college with a letter or other documentation verifying that the individual is receiving services as a dislocated worker. **Note:** State UI agencies and the workforce development

system are not required to verify directly to a college financial aid office an individual's dislocated worker eligibility or employment status. The individual receiving dislocated worker services must make the request for documentation, and the One-Stop Career Center may determine the most appropriate method of delivering confirmation, either to the individual or directly to the college financial aid office.

### Coordinating Training Costs

WIOA funding for training is limited to participants who are unable to obtain grant assistance from other sources to pay the costs of their training, including such sources as state-funded training funds, Trade Adjustment Assistance, and Pell Grants, or require WIOA assistance in addition to other sources of grant assistance, including Pell Grants. **Veterans Administration benefits for education and training services are not included in the statutory and regulatory category of grant assistance; therefore, veterans and their spouses are not required to coordinate their entitlement to those benefits with any concurrent eligibility for WIOA funded training.**<sup>4</sup>

Program operators and training providers must coordinate funds available to pay for training. In making this determination, One-Stop operators should take into account the full cost of participating in training services, including the cost of support services (such as dependent care and transportation) and other appropriate costs.<sup>5</sup> One-Stop operators must coordinate training funds and make funding arrangements with One-Stop partners and other entities. One-Stop operators must consider the availability of grants to pay for training costs such as Temporary Assistance for Needy Families (TANF), state-funded training funds, and Pell Grants, so that WIOA funds supplement other sources of training grants.<sup>6</sup>

A WIOA participant may enroll in WIOA-funded training while the participant has a Pell Grant application pending as long as the One-Stop operator or partner has made arrangements with the training provider and the WIOA participant regarding allocation of the Pell Grant, if it is subsequently awarded. In that case, the training provider must reimburse the One-Stop operator the WIOA funds used to underwrite the training for the amount the Pell Grant covers. Reimbursement is not required from the portion of Pell Grant assistance disbursed to the WIOA participant for education-related expenses.<sup>7</sup>

While WIOA training funds must be used to cover direct training costs, Pell Grants are more flexible and can also cover supplies and living expenses, **excluding** any alcohol, cigarettes, and entertainment expenses. Students who are awarded Pell Grants may benefit from a combination of WIOA training funds, WIOA-funded supportive services or needs related payments, and Pell Grants to cover the full costs of taking on a course of training. It is within the bounds of WIOA law and regulation to provide WIOA training funds to Pell Grant recipients, provided duplicate payments of training costs are not made.

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<sup>4</sup> TEGL 10-09, Attachment A

<sup>5</sup> WIOA Section 134(c)(3)(B)(iii), 20 CFR §§ 680.210(c) and 680.230(a)

<sup>6</sup> 20 CFR § 680.230(b)

<sup>7</sup> 20 CFR § 680.230(b)

### Documentation

The workforce system must ensure adequate documentation is maintained for each participant, including but not limited to, the following:

- whether the individual received or did not receive a Pell Grant
- a list of all funding sources considered and received to pay for training
- a list or budget of the participant's estimated essential monthly living expenses used to determine financial need, **excluding any costs associated with alcohol, cigarettes and entertainment**

### **Disclaimer:**

This policy is based on NDOL's reading of the statute along with the Notice of Proposed Rulemaking released by USDOL. This policy may be subject to change as additional federal regulations and TEGLs are released. This policy is not intended to be permanent and should be viewed as a placeholder until final federal regulations are released in early 2016.