

CB-91-8

Selection of SEOG Recipients

United States Department of Education

Washington, D.C. 20202

MAY 1991

SUMMARY: This letter provides guidance on the selection of recipients under the Supplemental Educational Opportunity Grant Program.

FEDERAL STUDENT FINANCIAL AID HANDBOOK REFERENCE: This letter supplements the information given in Chapter 8 of the *1990-91 Federal Student Financial Aid Handbook*.

Dear Colleague:

The Department has received various requests from institutions for clarification on acceptable methods and procedures for selecting Supplemental Educational Opportunity Grant (SEOG) recipients according to the requirements of section 413C(c)(2) of the Higher Education Act of 1965, as amended, and section 676.10 of the SEOG regulations. In response to those requests, the Department is providing the enclosed guidance in order to assist institutions in the selection of SEOG recipients.

If you need further assistance on this matter, you may contact the Regional Office serving your State.

Sincerely,

Michael J. Farrell
Deputy Assistant Secretary for
Student Financial Assistance

Enclosure

**Guidance on the Selection of Recipients under
the Supplemental Educational Opportunity Grant (SEOG) Program**

A. Student Eligibility for SEOG

In order to receive an SEOG, a student must meet the relevant eligibility requirements contained in section 484 of the Higher Education Act of 1965, as amended (HEA), and specified in section 668.7 of the Student Assistance General Provisions regulations. Among other things, a student must be a regular student enrolled or accepted for enrollment in an eligible program and maintaining satisfactory progress in the course of study. In addition, section 413B of the HEA and section 676.9 of the SEOG regulations require an eligible SEOG recipient to be an undergraduate student and have financial need.

An institution may make SEOG awards to students of not less than \$100 and not more than \$4,000 for a full academic year, in accordance with the student's demonstrated financial need. Awards for less than a full academic year may be proportionately reduced. Further, an institution may award a student assistance under the SEOG Program only for the period required to complete a first undergraduate baccalaureate course of study. These requirements are specified in section 413B of the HEA.

B. Priority Order Requirements for Selecting Among Eligible Students

Section 413C(c)(2) of the HEA requires that each institution of higher education participating in the SEOG Program assure that its selection procedures will be designed to make SEOG awards first to students with exceptional need, and will give a priority for SEOG awards to students who receive Pell Grants. The term "students with exceptional need" means students with the lowest expected family contributions at the institution.

Section 676.10(a)(1) of the SEOG regulations amplifies the statute as follows: "In selecting among eligible students for SEOG awards in each award year, an institution shall select those students with the lowest expected family contributions who will also receive Pell Grants in that year." This language establishes what will be referred to as the first selection group. Also, in this context, "that year" refers to "award year" as defined in section 668.2 of the Student Assistance General Provisions regulations. The term "award year" is defined as the period of time from July 1 of one calendar year through June 30 of the following calendar year.

Section 676.10(a)(2) of the SEOG regulations further provides that "If the institution has SEOG funds remaining after giving SEOG awards to all the Pell Grant recipients at the institution, the institution shall award the remaining SEOG funds to those eligible students with the lowest expected family contributions who will not receive Pell Grants." This language establishes what will be referred to as the second selection group.

The selection of SEOG recipients is based on their meeting the priority selection requirements without regard to the amount to be awarded. Congress did not modify the definition of need with this provision, but only established the application of a specific order of priority selection requirements.

C. Meaning of "Will Also Receive Pell Grants"

The reference in section 676.10(a)(1) of the SEOG regulations to "will also receive Pell Grants" means that the applicants involved have a demonstrated Pell Grant eligibility based upon (1) a SAR submitted to the institution for that award year, (2) a calculation from the central processor, (3) a calculation from a certified need analysis servicer, or (4) a manual calculation. The institution must keep the appropriate Pell Grant eligibility information on file. If the SEOG recipient does not actually receive a Pell Grant during the award year, since the institution relied on the demonstrated eligibility in good faith, the institution is not required to recover the SEOG funds.

D. Handling Crossover Payment Periods

For purposes of compliance with section 676.10 of the SEOG regulations, an SEOG applicant will meet the requirements for the first selection group if he or she will receive a Pell Grant in the award year for which application is being made. For the student who is enrolled for a payment period which crosses over July 1 of any year, the first selection group requirements are met (for that payment period only) if a Pell Grant is received for that payment period regardless of the award year to which it is attributed.

The term "payment period" is defined in section 676.2 of the SEOG regulations as a semester, trimester, or quarter; for an institution not using those academic periods, it is the period between the beginning and the midpoint or between the midpoint and the end of an academic year.

E. SEOG Funds Must Be Reasonably Available

An institution must make SEOG funds reasonably available (to the extent of available funds) to all eligible students. This requirement is contained in Article VI of the Program Participation Agreement executed between the Department and the institution.

Policy determinations concerning section 676.10 do not preclude the possibility of any student receiving an SEOG award, but only indicate whether or not applicants meet the requirements for the first selection group (i.e., a student with the lowest expected family contribution who will receive a Pell Grant) or the second selection group (i.e., a student with the lowest expected family contribution who will not receive a Pell Grant).

If an institution's allocation of SEOG funds is directly or indirectly based in part on the financial need demonstrated by students attending the institution on a less than full-time basis, a reasonable proportion of the institution's allocation shall be made available to such students. This requirement is specified in section 413C(d) of the HEA.

F. Packaging Concepts

In order to implement the statute, an institution must develop written selection procedures to assure that SEOG recipients are selected on the basis of the lowest expected family contribution and Pell Grant priority requirements over the entire award year in accordance with the selection provisions found in section 676.10. For an institution which enrolls students as often as monthly or weekly, SEOG funds can be reserved for use throughout that award year (on the basis of institutional experiences from previous periods) and selection practices can be applied in a manner which would assure that a reasonable consistency over the entire award year results.

The procedure of establishing categories of students to be considered for SEOG awards is within the institution's purview as a means of administering its packaging policies. Categories may be based on class standing, enrollment, program, date of application, or a combination of factors. By establishing these categories, the institution would be attempting to assure that the students in each category have an opportunity to be awarded SEOG funds. The percentage or dollar amount of funds assigned to each category is also within the institution's purview; there is no requirement to make that amount proportional to the need of students in a particular category or even to the number of students in the category.

However, categorization may not be used to exclude certain students or groups of students from consideration. If the institution knows that its funds are so limited as to effectively exclude from consideration year after year categories that come later in the sequence, the institution may not be in compliance with the "reasonably available" provision. This principle would not apply to a category consisting of students whose applications are received after a specific deadline; there is no requirement to reserve funds for late applicants, although the institution is not precluded from doing so.

An institution cannot exclude less than half-time students from its definition of less than full-time, for the purpose of awarding a "reasonable proportion" of its allocation to less than full-time students. The institution might designate one category of less than full-time students, or it might establish several categories of less than full-time, i.e., less than half-time, etc. Whatever category it is packaging, it must use the lowest expected family contribution order and priority to Pell Grant recipients requirements specified in the HEA and the SEOG regulations. In other words, SEOG funds must first be awarded to students who will receive a Pell Grant in the category being packaged in exact order from the lowest to the highest expected family contribution. If SEOG funds assigned for that category still remain, the institution would next award SEOG funds to students who will not receive a Pell Grant in lowest expected family contribution order until the funds are exhausted.

An institution would not be in compliance with the HEA and the SEOG regulations were it arbitrarily to set expected family contribution benchmarks (cutoffs) from below which it would select SEOG recipients. Such a practice might exclude otherwise eligible students from the selection process. Furthermore, professional judgment is not an appropriate means of attempting to resolve the indicated circumstance; professional judgment is applicable only to making an adjustment or adjustments to an expected family contribution or to a cost of attendance amount, not as a means to circumvent the SEOG selection policy.