



Other Financial Assistance and Changes in Emergency Aid

September 4, 2024



NASFAA Webinar

Other Financial Assistance and Changes in Emergency Aid

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September 2024



NASFAA's Webinar Other Financial Assistance and Changes in Emergency Aid

Presented September 4, 2024




Welcome to NASFAA's
Other Financial
Assistance and Changes
in Emergency Aid
Webinar


September 4, 2024




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Introductions



David Futrell

*Director of
Institutional Compliance*
NASFAA



Tiffany Gibbs

*Director of Online
Compliance Products*
NASFAA

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Agenda

- 1 What is and is not other financial assistance (OFA)
- 2 General rules for making OFA determinations
- 3 Emergency financial assistance
- 4 Foster youth benefits
- 5 OFA for periods of nonattendance
- 6 Post-enrollment and graduation awards
- 7 Exceeding cost of attendance (COA)

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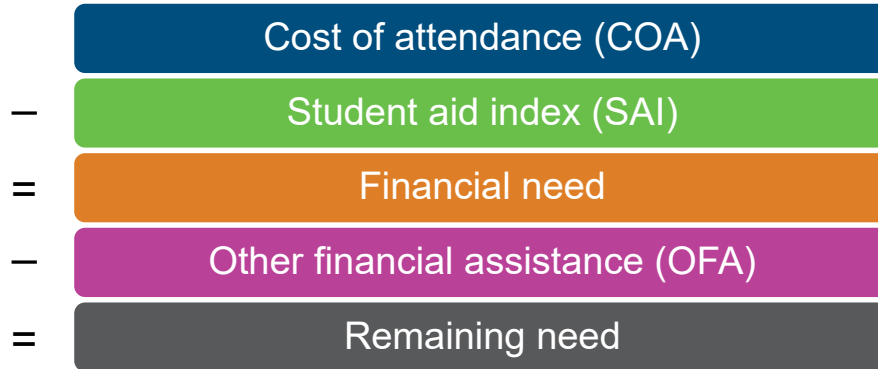
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Financial Need and Remaining Need



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Administrative Capability 34 CFR 668.16

“The Secretary considers an institution to have that administrative capability if the institution—

(b)(3) Communicates to the individual designated to be responsible for administering Title IV, HEA programs, all the information received by any institutional office that bears on a student's eligibility for Title IV, HEA program assistance;

(f) Develops and applies an adequate system to identify and resolve discrepancies in the information that the institution receives from different sources with respect to a student's application for financial aid under Title IV, HEA programs.”

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Other Financial Assistance Defined



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Other Financial Assistance Defined

Section 480(i) of the Higher Education Act (HEA): “For purposes of determining a student's eligibility for funds under this subchapter, other financial assistance not received under this subchapter shall include all scholarships, grants, loans, or other assistance known to the institution **at the time the determination of the student's need is made**, including national service educational awards or post-service benefits under title I of the National and Community Service Act of 1990 (42 U.S.C. 12511 et seq.), but excluding veterans' education benefits.”

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Scenario—Gaming Competition Prize



- ✓ JD is an undergraduate student
- ✓ Competed in gaming competition over Thanksgiving break
- ✓ Competition was not college-sponsored but only open to college students
- ✓ Won competition and received \$2,500 prize money

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Pop Quiz

Is the gaming competition prize treated as OFA?

- Yes
- No
- It depends

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Pop Quiz Answer

- Yes
- Even though competition took place during a break and was not college-sponsored, it was only open to college students
- \$2,500 prize is OFA for current academic year because JD was only able to enter contest because of his postsecondary enrollment

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Other Financial Assistance Defined

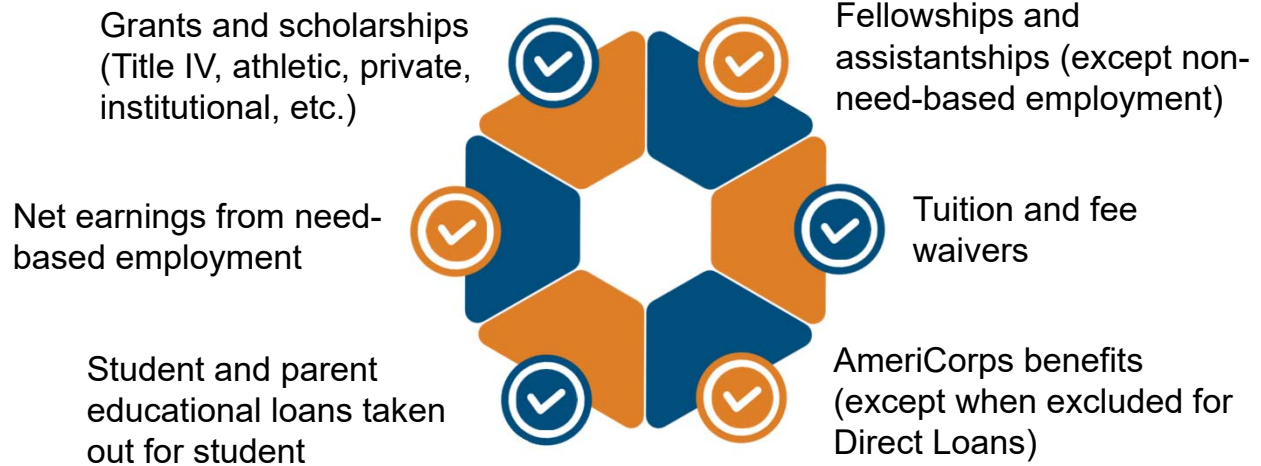
34 CFR 685.102(b): “The estimated amount of assistance **for a period of enrollment** that a student (or a parent on behalf of a student) will receive from federal, state, institutional, or other sources, such as scholarships, grants, net earnings from need-based employment, or loans, including but not limited to—

(iii) Any educational benefits paid **because of enrollment in a postsecondary education institution, or to cover postsecondary education expenses;...**”

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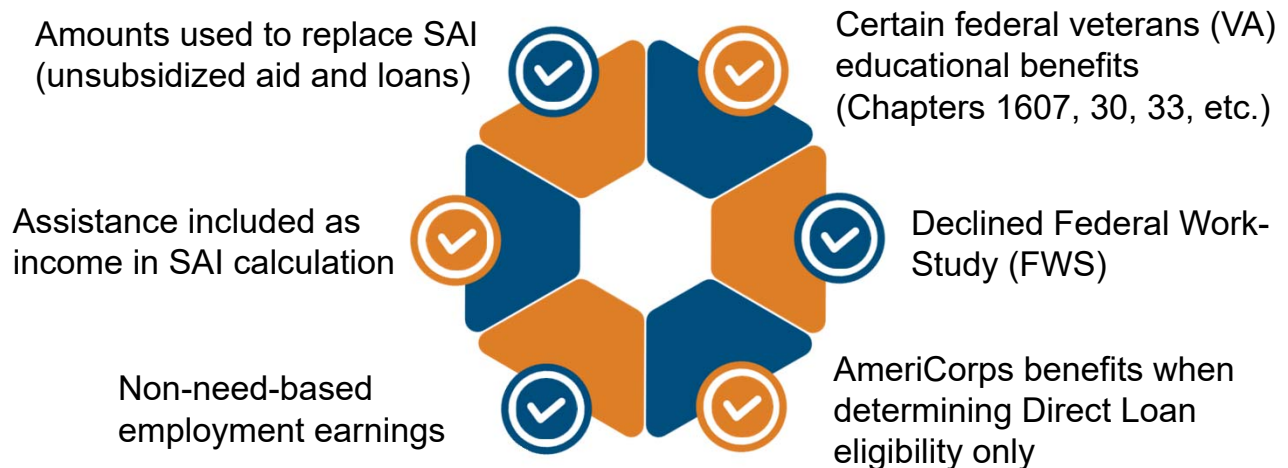
OFA Includes but Is Not Limited to...



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OFA Does Not Include...

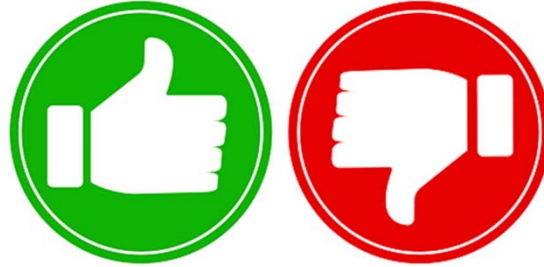


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Question

Are college-issued gift cards considered OFA?



Yes = Thumbs Up

No = Thumbs Down

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General Rules for Making OFA Determinations



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General Rules for Making OFA Determinations

1

Other than non-need-based employment, assistance that is contingent upon enrollment **or** to pay educational expenses is treated as OFA.

2

Whether the assistance is taxed or untaxed does not affect whether it is used as OFA in the package.

3

If all or a portion of assistance is considered employment according to federal or state guidelines, the school must treat it as employment.

4

Before the school can account for employment in the package, it must determine whether the employment is need-based or non-need based.

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General Rules for Making OFA Determinations

5

If any system of need assessment is used, the employment is considered need-based (even if a student does not demonstrate need).

6

Need-based employment is always treated as OFA when packaged with other Title IV aid.

7

Non-need-based employment is never treated as OFA; rather, it is treated as income in the SAI calculation.

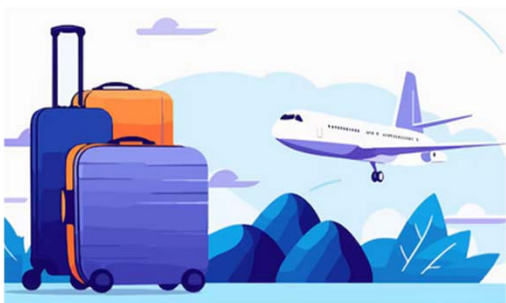
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If it covers an educational expense that can be included in the COA, any funds covering that expense are OFA.

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Scenario—School-Sponsored Trips or Conferences



- ✓ Heather is an undergraduate student
- ✓ School sponsors a “field trip” during the term
- ✓ School pays all expenses (transportation, lodging, meals)
- ✓ Heather is not receiving credit for the trip

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General Rules for Making OFA Determinations

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Even if funds are earmarked to cover costs that are not included in the COA, those funds are OFA (unless state aid excluded from COA).

10

Assistance used as OFA when packaging Title IV funds may not be included in the SAI calculation for the current award year.

11

Assistance or need-based employment received during a period of nonattendance is OFA towards the upcoming period of enrollment.

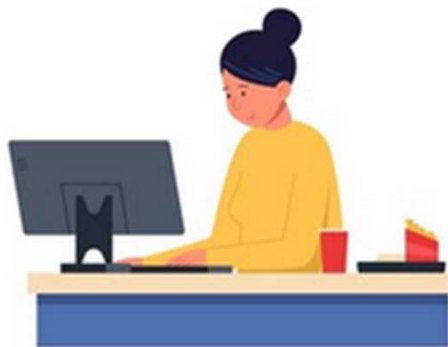
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There is no de minimis or minimum amount that would not have to be counted--any amount is OFA.

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Scenario—Graduate Assistantship



- ✓ Veronica is a graduate student
- ✓ Works as graduate assistant
- ✓ Assistantship contains grant and stipend (work) components
- ✓ Assistantship is not need-based
- ✓ Work component is taxable

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Pop Quiz

Which portions of Veronica's assistantship are treated as OFA in her financial aid package?

- Only the grant component
- Only the stipend component
- Both the grant and stipend components
- Neither the grant nor stipend components

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Emergency Financial Assistance



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Emergency Financial Assistance

Section 480(i)(5) of HEA [20 USC 1087vv(i)(5):

“Notwithstanding paragraph (1), emergency financial assistance provided to the student for **unexpected expenses** that are a **component of the student's cost of attendance**, and not otherwise considered when the determination of the student's need is made, shall not be treated as other financial assistance for purposes of section 1087kk(a)(3) of this title.”

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Emergency Financial Assistance

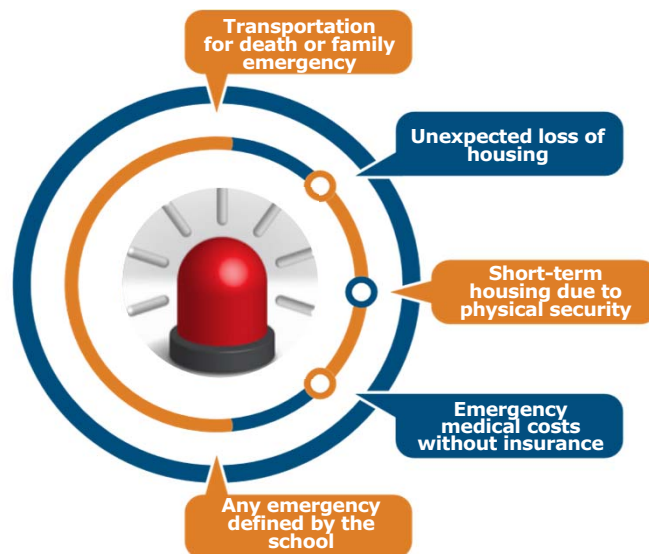
ED's FAFSA Simplification Questions and Answers OFA-Q5/A5: “Emergency financial assistance includes any payment of **grant or loan aid** to a student for **unexpected expenses** that are included in one of the **components of COA**, as defined under HEA Sec. 472. For example, payments can support any unexpected expense for food; housing; course materials or equipment; or transportation (e.g., between campus and home for a death or family emergency). **Institutions determine** whether an unexpected expense is **associated with** a COA component.”

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Unexpected Expenses and Examples












Expenses
generally not
already included
in the COA



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Included or Associated with COA Components

- | | |
|--|--|
|  Tuition and fees |  License, certification or credential |
|  Living expenses |  Federal educational loan fees |
|  Books, course materials, supplies, and equipment |  Dependent care expenses |
|  Transportation |  Disability-related expenses |
|  Miscellaneous expenses |  Cooperative education expenses |
| |  Study abroad expenses |

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Emergency Financial Assistance



Amount must be reasonable, as defined by the school (not ED or NASFAA)



Cannot simply call something emergency financial assistance to avoid treating it as OFA



Emergency does not have to be a federal or state declared emergency or disaster

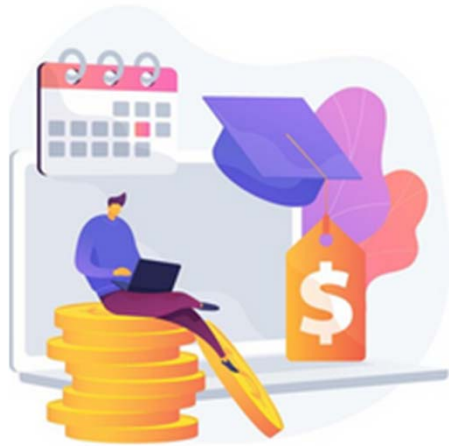


Does not include additional aid from professional judgment (PJ) adjustments within school's normal PJ process

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Scenario—Short-Term Emergency Loans



- ✓ School has short-term emergency loan program
- ✓ Institutional funds
- ✓ For unexpected expenses **or** advancing funds pending Title IV aid
- ✓ Must be repaid by end of term or academic year
- ✓ Not considered OFA

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Foster Youth Assistance



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Foster Youth Assistance

Section 480(i)(4) of HEA [20 USC 1087vv(i)(4):

“Notwithstanding paragraph (1), payments made and services provided under part E of title IV of the Social Security Act [42 U.S.C. 670 et seq.] to or on behalf of any child or youth over whom the State agency has responsibility for placement, care, or supervision, including the value of vouchers for education and training and amounts expended for room and board for youth who are not in foster care but are receiving services under section 477 of such Act [42 U.S.C. 677], shall not be treated as other financial assistance for purposes of section 1087kk(a)(3)1 of this title.”

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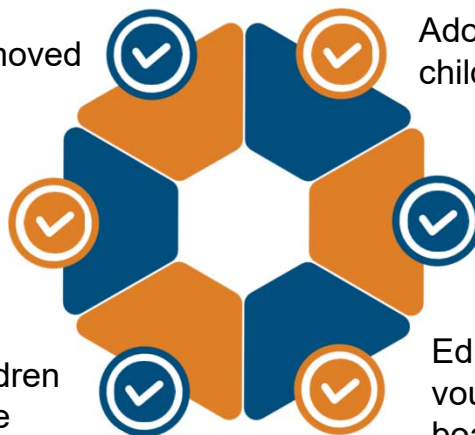
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Foster Youth Assistance Includes, but Not Limited to...

Foster care maintenance payments for children removed from home of a relative

Services for child's safety, permanence, or well-being

Services to prevent children from entering foster care



Adoption assistance for children with special needs

Kinship guardianship assistance

Education and training vouchers and room and board for individuals aged out of foster care

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Post-Enrollment and Graduation Awards



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Question

Are awards for academic achievement given by the school's academic department after graduation considered OFA?



Yes = Thumbs Up



No = Thumbs Down

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Post-Enrollment and Graduation Awards

Outside Assistance

If school had no reasonable way of knowing student would receive award after graduation or complete withdrawal from school, not required to repackage Title IV aid
If student returns after withdrawal, it is OFA for upcoming period of enrollment

Internal Assistance

If award is from school itself, or school has any say in how it is set up, then school was reasonably aware student would be receiving award and it is OFA for prior period of enrollment; required to repackage Title IV aid

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OFA Exceeding Cost of Attendance



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Scenario—OFA Exceeding Cost of Attendance

COA	\$40,000
– Federal Pell Grant	\$ 6,000
– Athletic Grant	\$20,000
– Institutional Grant	\$14,000
– Outside Scholarship	\$ 5,000
= Total Aid	\$45,000



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Scenario—OFA Exceeding Cost of Attendance

- ✓ Kurt **appears** overawarded, but is not for Title IV purposes
- ✓ Pell Grant cannot be adjusted because it does not exceed COA by itself
- ✓ No adjustments are required for non-Title IV aid under Title IV regulations
- ✓ Should try to adjust non-Title IV aid, but not required to (unless school's or OFA provider's policy)



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OFA Exceeding Cost of Attendance



- ✓ Correctly determined Pell Grant is never adjusted to account for other aid
- ✓ Pell Grant by itself cannot exceed COA; if so, adjust to COA amount
- ✓ Cannot exceed need or COA when offering other non-Pell Title IV aid
- ✓ If only Pell and non-Title IV aid, adjustments are not required unless school's or OFA provider's policy to do so

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Questions**



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Thank You



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Other Financial Assistance (formerly estimated financial assistance)

Effective with the 2024-25 award year, the FAFSA Simplification Act renamed estimated financial assistance (EFA) to other financial assistance (OFA). While the FAFSA Simplification Act now excludes emergency financial assistance and certain foster care benefits from OFA, these definitions have not changed otherwise. Conforming changes have not yet been made to the Direct Loan and campus-based program regulations, so any references to EFA below should be read as OFA.

Section 480(i) of the Higher Education Act of 1965 (HEA), as amended [20 USC 1087vv(i)]

(i) Other financial assistance

(1) For purposes of determining a student's eligibility for funds under this subchapter, other financial assistance not received under this subchapter shall include all scholarships, grants, loans, or other assistance known to the institution at the time the determination of the student's need is made, including national service educational awards or post-service benefits under title I of the National and Community Service Act of 1990 (42 U.S.C. 12511 et seq.), but excluding veterans' education benefits.

(2) Notwithstanding paragraph (1), a tax credit taken under section 25A of title 26, or a distribution that is not includable in gross income under section 529 of such title, under another prepaid tuition plan offered by a State, or under a Coverdell education savings account under section 530 of such title, shall not be treated as other financial assistance for purposes of section 1087kk(a)(3)¹ of this title.

(3) Notwithstanding paragraph (1) and section 1087ll of this title, assistance not received under this subchapter may be excluded from both other financial assistance and cost of attendance, if that assistance is provided by a State and is designated by such State to offset a specific component of the cost of attendance. If that assistance is excluded from either other financial assistance or cost of attendance, it shall be excluded from both.

(4) Notwithstanding paragraph (1), payments made and services provided under part E of title IV of the Social Security Act [42 U.S.C. 670 et seq.] to or on behalf of any child or youth over whom the State agency has responsibility for placement, care, or supervision, including the value of vouchers for education and training and amounts expended for room and board for youth who are not in foster care but are receiving services under section 477 of such Act [42 U.S.C. 677], shall not be treated as other financial assistance for purposes of section 1087kk(a)(3)¹ of this title.

(5) Notwithstanding paragraph (1), emergency financial assistance provided to the student for unexpected expenses that are a component of the student's cost of attendance, and not otherwise considered when the determination of the student's need is made, shall not be treated as other financial assistance for purposes of section 1087kk(a)(3)¹ of this title.

¹ So in original. Probably should be "section 1087kk(3)".

(1) The estimated amount of assistance for a period of enrollment that a student (or a parent on behalf of a student) will receive from Federal, State, institutional, or other sources, such as scholarships, grants, net earnings from need-based employment, or loans, including but not limited to—

- (i) Except as provided in paragraph (2)(iii) of this definition, national service education awards or post-service benefits under title I of the National and Community Service Act of 1990 (AmeriCorps).
- (ii) Except as provided in paragraph (2)(vii) of this definition, veterans' educational benefits;
- (iii) Any educational benefits paid because of enrollment in a postsecondary education institution, or to cover postsecondary education expenses;
- (iv) Fellowships or assistantships, except non-need-based employment portions of such awards;
- (v) Insurance programs for the student's education; and
- (vi) The estimated amount of other Federal student financial aid, including but not limited to a Federal Pell Grant, campus-based aid, and the gross amount (including fees) of subsidized and unsubsidized Federal Stafford Loans, Direct Subsidized and Unsubsidized Loans, and Federal PLUS or Direct PLUS Loans.

(2) Estimated financial assistance does not include—

- (i) Those amounts used to replace the expected family contribution (EFC), including the amounts of any TEACH Grants, unsubsidized Federal Stafford Loans or Direct Unsubsidized Loans, Federal PLUS or Direct PLUS Loans, and non-federal non-need-based loans, including private, state-sponsored, and institutional loans. However, if the sum of the amounts received that are being used to replace the student's EFC exceed the EFC, the excess amount must be treated as estimated financial assistance;
- (ii) Federal Perkins loan and Federal Work-Study funds that the student has declined; and
- (iii) For the purpose of determining eligibility for a Direct Subsidized Loan, national service education awards or post-service benefits under title I of the National and Community Service Act of 1990 (AmeriCorps);
- (iv) Any portion of the estimated financial assistance described in paragraph (1) of this definition that is included in the calculation of the student's EFC;
- (v) Non-need-based employment earnings;
- (vi) Assistance not received under a Title IV, HEA program, if that assistance is designated to offset all or a portion of a specific amount of the cost of attendance and that component is excluded from the cost of attendance as well. If that assistance is excluded from either estimated financial assistance or cost of attendance, it must be excluded from both;
- (vii) Federal veterans' education benefits paid under—
 - (A) Chapter 103 of title 10, United States Code (Senior Reserve Officers' Training Corps);
 - (B) Chapter 106A of title 10, United States Code (Educational Assistance for Persons Enlisting for Active Duty);
 - (C) Chapter 1606 of title 10, United States Code (Selected Reserve Educational Assistance Program);
 - (D) Chapter 1607 of title 10, United States Code (Educational Assistance Program for Reserve Component Members Supporting Contingency Operations and Certain Other Operations);
 - (E) Chapter 30 of title 38, United States Code (All-Volunteer Force Educational Assistance Program, also known as the "Montgomery GI Bill— active duty");

(F) Chapter 31 of title 38, United States Code (Training and Rehabilitation for Veterans with Service-Connected Disabilities);

(G) Chapter 32 of title 38, United States Code (Post-Vietnam Era Veterans' Educational Assistance Program);

(H) Chapter 33 of title 38, United States Code (Post 9/11 Educational Assistance);

(I) Chapter 35 of title 38, United States Code (Survivors' and Dependents' Educational Assistance Program);

(J) Section 903 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141 note) (Educational Assistance Pilot Program);

(K) Section 156(b) of the "Joint Resolution making further continuing appropriations and providing for productive employment for the fiscal year 1983, and for other purposes" (42 U.S.C. 402 note) (Restored Entitlement Program for Survivors, also known as "Quayle benefits");

(L) The provisions of chapter 3 of title 37, United States Code, related to subsistence allowances for members of the Reserve Officers Training Corps; and

(M) Any program that the Secretary may determine is covered by section 480(c)(2) of the HEA; and

(viii) Iraq and Afghanistan Service Grants made under section 420R of the HEA.

34 CFR 673.5(c)

Campus-Based Program Regulations

(c) *Estimated financial assistance.*

(1) Except as provided in paragraphs (c)(2) and (c)(3) of this section, the Secretary considers that "estimated financial assistance" includes, but is not limited to, any—

(i) Funds a student is entitled to receive from a Federal Pell Grant;

(ii) William D. Ford Federal Direct Loans;

(iii) Federal Family Education Loans;

(iv) Long-term need-based loans, including Federal Perkins loans;

(v) Grants, including FSEOGs, State grants, Academic Competitiveness Grants, and National SMART Grants;

(vi) Scholarships, including athletic scholarships;

(vii) Waivers of tuition and fees;

(viii) Fellowships or assistantships, except non-need-based employment portions of such awards;

(ix) Except as provided in paragraph (c)(2)(v) of this section, veterans' educational benefits;

(x) National service education awards or post-service benefits paid for the cost of attendance under title I of the National and Community Service Act of 1990 (AmeriCorps);

(xi) Net earnings from need-based employment;

(xii) Insurance programs for the student's education; and

(xiii) Any educational benefits paid because of enrollment in a postsecondary education institution, or to cover postsecondary education expenses.

(2) The Secretary does not consider as estimated financial assistance—

(i) Any portion of the estimated financial assistance described in paragraph (c)(1) of this section that is included in the calculation of the student's expected family contribution (EFC);

- (ii) Earnings from non-need-based employment;
 - (iii) Those amounts used to replace EFC, including the amounts of any TEACH Grants, unsubsidized Federal Stafford or Direct Loans, Federal PLUS or Federal Direct PLUS Loans, and non-federal non-need-based loans, including private, state-sponsored, and institutional loans. However, if the sum of the amounts received that are being used to replace the student's EFC actually exceed the EFC, the excess amount must be treated as estimated financial assistance;
 - (iv) Assistance not received under a title IV, HEA program, if that assistance is designated to offset all or a portion of a specific component of the cost of attendance and that amount is excluded from the cost of attendance as well. If that assistance is excluded from either estimated financial assistance or cost of attendance, that amount must be excluded from both;
 - (v) Federal veterans' education benefits paid under—
 - (A) Chapter 103 of title 10, United States Code (Senior Reserve Officers' Training Corps);
 - (B) Chapter 106A of title 10, United States Code (Educational Assistance for Persons Enlisting for Active Duty);
 - (C) Chapter 1606 of title 10, United States Code (Selected Reserve Educational Assistance Program);
 - (D) Chapter 1607 of title 10, United States Code (Educational Assistance Program for Reserve Component Members Supporting Contingency Operations and Certain Other Operations);
 - (E) Chapter 30 of title 38, United States Code (All-Volunteer Force Educational Assistance Program, also known as the "Montgomery GI Bill— active duty");
 - (F) Chapter 31 of title 38, United States Code (Training and Rehabilitation for Veterans with Service-Connected Disabilities);
 - (G) Chapter 32 of title 38, United States Code (Post-Vietnam Era Veterans' Educational Assistance Program);
 - (H) Chapter 33 of title 38, United States Code (Post 9/11 Educational Assistance);
 - (I) Chapter 35 of title 38, United States Code (Survivors' and Dependents' Educational Assistance Program);
 - (J) Section 903 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141 note) (Educational Assistance Pilot Program);
 - (K) Section 156(b) of the "Joint Resolution making further continuing appropriations and providing for productive employment for the fiscal year 1983, and for other purposes" (42 U.S.C. 402 note) (Restored Entitlement Program for Survivors, also known as "Quayle benefits");
 - (L) The provisions of chapter 3 of title 37, United States Code, related to subsistence allowances for members of the Reserve Officers Training Corps; and
 - (M) Any program that the Secretary may determine is covered by section 480(c)(2) of the HEA; and
 - (vi) Iraq and Afghanistan Service Grants made under section 420R of the HEA.
- (3) The institution may also exclude as estimated financial assistance any portion of a subsidized Federal Stafford or Direct Loan that is equal to or less than the amount of a student's national service education awards or post service benefits paid for the cost of attendance under title I of the National and Community Service Act of 1990 (AmeriCorps).

General Observations on Wages, Income, Employment, and Compensation

To determine how a given form of assistance must be treated, the financial aid administrator must look beyond the name the assistance carries, to the characteristics of the assistance. How such assistance is treated when calculating need and offering or packaging Title IV funds comes down to the definitions of such terms as wages, income, employment, and compensation and the institution's own determination as to which definition applies to each type of assistance in question.

1. Income can be taxed or untaxed. Example: Welfare benefits and Veterans Educational Work-Study allowances are untaxed income.
2. Whether taxed or not, income is not limited to earnings from employment. Example: Scholarships that are taxable are generally not earnings.
3. Compensation is not limited to wages. Example: In-kind compensation (such as free housing) is non-wage compensation; non-cash contributions (such as equipment) used as the institution's FWS matching share, is non-wage compensation.
4. Wages always constitute employment. Example: Salary or earnings based on hourly wage indicate employment.
5. Federal Insurance Contributions Act (FICA) tax withholding indicates wages and therefore employment. However, the absence of FICA withholding does not mean that the income is not from wages. Example: Federal Work-Study (FWS) paid to qualified students is not subject to FICA withholding.
6. Work is not necessarily employment. Example: Volunteer work is not employment; work performed to satisfy a service requirement might not be employment.
7. Service can be a form of work that is taxable but is not necessarily employment. Example: Scholarships with a past or future service component are taxable in the year in which they are received, and are counted as grants, not employment.
8. Scholarships with a concurrent service component could be employment or not. A benefit of employment generally is not wages. Example: Medical insurance and certain employer educational benefits are not wages and are not counted as income.

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Webinar Schedule for 2024-25

Topic	Air Date
FAFSA Data & Federal Tax Information (FTI)	August 28, 2024
Other Financial Assistance (OFA) & Changes in Emergency Aid	September 4, 2024
Developing Diverse Leaders: A Dive into NASFAA's Diversity Leadership Program	September 11, 2024
Student Eligibility Spotlight	September 18, 2024
FAFSA Update: 2025-26	October 30, 2024
Blue Icon Advisors, NASFAA Consulting: Top 10 Standards of Excellence Review Program Findings	November 6, 2024
Professional Development Panel: Financial Aid Pathways, Pipelines and Partnerships	November 13, 2024
How a Bill Becomes a Law (with regulatory guidance)	December 11, 2024
Policy Update Webinar*	December 18, 2024
Verification	January 22, 2025
Unaccompanied Homeless Youth	February 19, 2025
Graduate and Professional Community Update*	March 12, 2025
Changes in Administrative Capability	March 19, 2025
Blue Icon Advisors, NASFAA Consulting	April 2, 2025
Academic Calendars	April 9, 2025
Federal Work Study	May 7, 2025
Annual Business Meeting & Policy Update*	May 21, 2025
NASFAA Quiz Show: Test Your Financial Aid Knowledge	June 4, 2025

*Free to members, does not require purchase of the webinar package.

**The National Association
of Student Financial Aid
Administrators (NASFAA)
provides professional
development for financial
aid administrators; advocates
for public policies that increase
student access and success;
serves as a forum on student
financial aid issues; and is
committed to diversity
throughout all activities.**

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