

DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814



February 17, 1994

ALL-COUNTY LETTER NO. 94-14

TO: ALL COUNTY WELFARE DIRECTORS

REASON FOR THIS TRANSMITTAL	
<input type="checkbox"/>	State Law Change
<input checked="" type="checkbox"/>	Federal Law Or Regulation Change
<input type="checkbox"/>	Court Order
<input type="checkbox"/>	Clarification Requested by One or More Counties
<input type="checkbox"/>	Initiated by CDSS

SUBJECT: IMPLEMENTATION OF AFDC REGULATION CHANGES FOR STUDENT GRANTS AND LOANS

REFERENCES: ACL 94-02
PUBLIC LAW NUMBER 102-325
MPP Section 44-111.43 (Loans and Grants)

The purpose of this letter is to provide you with the attached emergency regulations effective March 1, 1994, which implement Public Law (PL) 102-325 which was effective July 1, 1993. The law amends the Higher Education Act to provide for disregards of all student loans and grants under Title IV or the Bureau of Indian Affairs (BIA) student assistance programs.

The regulations provide for the same exemption for graduate students and undergraduates with regard to grants and loans administered under Title IV and the BIA. These grants and loans are completely exempt from consideration as income and property. These regulations do not require any new AFDC forms or Notices of Action (NOA) messages for implementation.

An additional point of clarification regarding the treatment of educational expenses in cases with more than one educational grant or loan is to be noted. For purposes of considering available income, educational expenses are applied to only those educational grants and loans which are NOT totally exempt under federal or state law.

If you have any questions or need further information on the implementation of these regulations, please contact Julie Lopes at (916) 654-1786 (CALNET 454-1786).

Sincerely,

MICHAEL C. GENEST
Deputy Director
Welfare Programs Division

Attachment

Amend Section 44-111.43 to read:

44-111 PAYMENTS EXCLUDED OR EXEMPT FROM CONSIDERATION AS INCOME
(Continued)

44-111

.4 Exclusions or Exemptions of Other Payments and Income (Continued)

.43 Loans and Grants

The following loans and grants are not considered as income: (See Section 42-213.2c for treatment as property.) (Continued)

.432 Loans or grants made under Title IV of the Higher Education Act or under the Bureau of Indian Affairs student assistance program.

a. This includes student loans and grants that are partially funded under these programs, e.g. 50 percent Title IV funds and 50 percent state funds.

HANDBOOK BEGINS HERE

b. Examples of Title IV and Bureau of Indian Affairs loans and grants include:

1. Supplemental Educational Opportunity Grant Program
2. Carl D. Perkins Loans
3. Robert C. Byrd Honors Scholarship Program
4. National Science Scholars Program
5. State Student Incentive Grants
 - A. Cal Grant Program
6. Paul Douglas Teacher Scholarship Program
7. College Work Study (See Section 44-111.25.)
8. Income Contingent Loan (ICL) Program
9. Bureau of Indian Affairs Higher Education Grant
10. Indian Health Service Scholarship Program
11. Pell Grant

12. Federal Family Education Loan (FFEL) Program

- A. Guaranteed Student Loan (GSL) Program
- B. Stafford Loan Program
- C. Consolidation Loan Program
- D. Supplemental Loans for Students (SLS) Program
- E. Parent Loans for Students (PLUS) Program

.4323 Any other grant or loan to any undergraduate student for educational purposes made or insured under any program administered by the Federal Secretary of Education. *(See Section 44111/24/ College Work Study Program)*

Programs which are exempt under this section include but are not limited to the following:

- a/ Supplemental Educational Opportunity Grant Program (SEOG)*
- b/ National Direct Student Loan Program (NDSL)*
- c/ (Has been deleted)*
- d/ Basic Educational Opportunity Grant Program (BEOG)*
- e/ Federal Insured Student Loan Program (FISL)*
- f/ Guaranteed Student Loans*
- g/ State Student Incentive Grant Program (SSIG)*

.4324 Any other educational loans and grants to undergraduate students are exempt from consideration as income when they are awarded on the basis of the student's need.

The following are examples of programs that come within this class:

- a/ Extended Opportunity Program (EOP)*
- b/ Bureau of Indian Affairs (BIA) grants and loans*
- c/ California State Scholarship Program (CAL Grant A)*
- d/ College Opportunity Grant Program (CAL Grant B)*
- e/ Occupational, Educational, and Training Grant Program (CAL Grant C)*

1433 a. COUNTY welfare departments must secure The recipient shall provide a certification from an official at the student's school (preferably from the Financial Aid Office) concerning the student's eligibility for this income exemption. *if the loan or grant is wholly exempt under 1433 above/* The certification/ *under 1433/* must state that the award is based on need and that the public assistance grant was considered in making the award.

.4345 Educational loans and grants other than those excluded in Sections 44-111.432, .433, and .434 *above are exempt from consideration as income* only to the extent that the proceeds are used to meet educational expenses, such as fees, equipment, special clothing needs, transportation to and from school, child care services necessary for school attendance, etc.

An example of a program that comes within this category is the Veterans Educational Assistance Program (GI Bill).

a. The necessary costs of transportation to and from school shall be allowed based on the mode most economically available and feasible in the particular circumstances. If it is determined that personal car usage meets the criteria above, all actual transportation costs will be prorated based on the percentage of miles driven to and from school to total miles driven. Allowable transportation costs include, but are not limited to, car payments, car insurance and registration and gasoline.

1433 b. In the case of loans or grants that are wholly or partially exempt under 1434/ The student must appropriately document his/her educational expenses for the county welfare department in order to receive this exemption. *from consideration as income/*

.436 (Continued)

Authority Cited: Sections 10553 and 10554, Welfare and Institutions Code.

Reference: Sections 10553, 10554, 11008.15, and ~~11255/~~ 11451.7, Welfare and Institutions Code; 42 USC Section 602(g)(1)(E)(i); Section 202(a), Public Law 100-485 and Section 479B, Public Law 102-325; ~~45 CFR 244/0/c/y/~~ 45 CFR 233.20(a)(4)(ii); 45 CFR 233.20(a)(11)(v)(C); 45 CFR 255.3(f)(1); and Federal Terms and Conditions for the California Assistance Payments Demonstration Project as approved by the United States Department of Health and Human Services on October 30, 1992.