

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



March 24, 1987

ALL COUNTY LETTER NO. 87-43

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: TREATMENT OF EDUCATIONAL GRANTS AND LOANS IN THE FOOD STAMP PROGRAM

This letter is to provide the county welfare departments (CWDs) with instructions to implement provisions of Public Law 99-498 which impact a portion of the emergency regulations which became effective February 1, 1987, (RDB# 1186-51) "Treatment of Certain Educational Grants and Loans".

Public Law 99-498 impacts the current provisions of the Food Stamp Act and federal regulations with regard to the treatment of federal grants received by individuals from programs funded under Title IV of the Higher Education Act. Current state and federal regulations limit the income exclusion to tuition and mandatory fees for federal grants and loans. The new Public Law now provides an additional income exclusion for the portion of federal grants and loans funded under Title IV which is intended for specified educational costs, including transportation, miscellaneous personal expenses, books and supplies.

Public Law 99-498 is considered by the Department of Education and the Food and Nutrition Service (FNS) Office of General Counsel as self-implementing, and is effective on the date the law was enacted which is October 17, 1986. As such, FNS has instructed the states not to wait for federal regulations. Therefore, effective April 1, 1987, CWDs must apply these new provisions for all new applications and, when they become aware of an affected case, or when a client requests a review of his/her case. These benefits should be restored back to October 17, 1986 where appropriate.

In order for the CWDs to determine the amount of the grant or loan that can be excluded, written verification of the financial aid award and educational expenses must first be obtained from the educational institution. The Financial Aid Office of the school which the student attends has a student budget which identifies these expenses and is used to calculate the amount of financial aid.

Upon receipt of the student budget, the CWDA should identify and total the amounts which are to be excluded, that is, tuition and mandatory fees, transportation, miscellaneous personal expenses, books and supplies. This total is then deducted from the total Title IV financial aid award(s). The remaining financial aid amount will be treated as income and prorated accordingly. The following are examples of how this would be done:

(A) \$2,700 = Total federal aid (Title IV of the Higher Education Act) as verified by the school.


|   |                      |
|---|----------------------|
| - <u>2,700</u> = Total of excludable expenses - Tuition & Mandatory |                      |
|   | Fees 677             |
| <u>000</u> = Total grant is excluded                                | Transportation 576   |
|   | Misc. Personal 1063  |
|   | Books & Supplies 384 |
|   | Total <u>\$2700</u>  |

(B) \$3,800 = Total federal aid (Title IV of the Higher Education Act) as verified by the school.

|   |                      |
|---|----------------------|
| - <u>2,700</u> = Total of excludable expenses - Tuition & Mandatory |                      |
|   | Fees 677             |
| <u>\$1,100</u> = Income   | Transportation 576   |
|   | Misc. Personal 1063  |
|   | Books & Supplies 384 |
|   | Total <u>\$2700</u>  |

In an effort to make the implementation of this change as orderly as possible, we are including a list of the major categories of grants and loans that are funded by Title IV of the Higher Education Act. We are also including a copy of a sample student budget. We expect federal regulations to be published soon and state regulations resulting from these federal rules will be processed on an emergency basis. This All County Letter will remain in effect until further notice.

If you have any questions, please call the AFDC/FS Policy Implementation Bureau at (916) 322-5330.

  
ROBERT A. HOREL  
Deputy Director

Attachments

cc: CWDA

MAJOR CATEGORIES OF STUDENT ASSISTANCE UNDER TITLE IV OF  
HIGHER EDUCATION ACT

Part A - Grants

Section 411 - Basic Educational Opportunity Grants - i.e. Pell Grants

Section 413A - Supplemental Educational Opportunity Grants

Section 415A - Grants to State for Student Incentives

Section 417A - Special Programs for Students from Disadvantaged Backgrounds

Section 418A - Special Programs for Students Whose Families are Engaged in  
Migrant and Seasonal Farmwork

Section 419A - Byrd Honors Scholarship Program

Section 420A - Veterans Educational Outreach Program

Section 420B - Special Child Care Services for Disadvantaged College Students

Part B - Guaranteed Student Loan Program

Part C - Work Study Programs

Part D - Income Contingent Direct Loan Demonstration Program

Part E - Perkins Loans

STANDARD MAXIMUM STUDENT BUDGET 1987-88

|                  | SINGLE<br>COMMUTER | SINGLE<br>ON-CAMPUS | SINGLE<br>OFF-CAMPUS | MARRIED<br>BOTH<br>STUDENTS <sub>1&amp;2</sub> | MARRIED<br>NO CHILDREN<br>ONE STUDENT <sub>3</sub> | SINGLE PARENT<br>(includes<br>ONE CHILD <sub>4</sub> ) |
|------------------|--------------------|---------------------|----------------------|--|--|--|
| FOOD & HOUSING   | \$1100             | \$3405              | \$4275               | \$3350   | \$6700   | \$6700   |
| TRANSPORTATION   | 576                | 486                 | 576                  | 550  | 630  | 630  |
| FEES*            | 677                | 677                 | 677                  | 677  | 677  | 677  |
| MISC. PERSONAL   | 1063               | 1014                | 1014                 | 841  | 1682   | 1682   |
| BOOKS & SUPPLIES | 384                | 384                 | 384                  | 384  | 384  | 384  |
| <b>TOTAL:</b>    | <b>\$3800</b>      | <b>\$5966</b>       | <b>\$6926</b>        | <b>\$5802</b>                                  | <b>\$10073</b>                                     | <b>\$10073</b>   |

\*Fees subject to change (increase of \$26.00 ASI may be rescinded)

Tuition for non-California residents is \$141.00 per unit/semester

<sup>1</sup>Spouse attending CSUS will receive the same budget figure

<sup>2</sup>Add \$115.50 per month or \$1039.50 per year for the first child and \$79 per month or \$711 per year for each additional child

<sup>3</sup>Add \$231 per month or \$2,079 per year for the first child and \$158 per month or \$1,422 per year for each additional child

<sup>4</sup>Add \$158 per month or \$1,422 per year for each additional child

If child care costs exist, add \$1.75 x number of hours child care or up to a maximum of \$675

Each student is required to contribute toward his/her own college expense year year. We call this the Standard Employment Contribution (SEC) and the precise amounts are: Freshman \$850; all other students \$1,700

Commuter students with Ø P.C., Freshman, \$425; all other students, \$850, Married, one student - Spousal Contribution, \$4,506/9 months (\$500.66/month)

The half time budget is determined by dividing the above budgets in half (fces are adjusted to actual cost).