

## Session 10 - Overview of Overpayments and Overawards

*By the end of this session, you will be able to:*

- *describe the differences between an overpayment and an overaward and*
- *identify circumstances under which overpayments and overawards might occur.*

### RESOURCES

- *The 1997-98 Federal Student Financial Aid Handbook, Chapter 4, Chapter 5, and Chapter 7*
- *“Dear Colleague” Letter, P-94-2*
- *34 CFR Sections 668.61, 673.5, and 690.79*

### SESSION CONTENTS

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## NEED TO KNOW

### Where Overpayments and Overawards Might Occur in Title IV Programs

<b>Program</b>	<b>Overpayment = Funds distributed to students in excess of need</b>	<b>Overaward = Funds awarded (but not yet disbursed) to students in excess of need</b>
<b>Federal Pell Grant Program</b>	Yes	No
<b>Federal Campus-Based Programs</b>	Yes	Yes
<b>Federal Direct Loan Program</b>	No	Yes
<b>FFEL Program</b>	No	Yes

## PRACTICE

### Exercise 1 — Identifying Pell Overpayment Situations

Determine whether the overpayment situation is caused by a school error, student error, required recalculation, or optional payment.

1. Rebecca has been selected for verification. She has submitted all the required documents except her verification worksheet. Rebecca received a Pell Grant for the fall semester.

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2. Janis lives with her mother and stepfather. She only listed her mother's income information on the FAFSA. Janis was awarded the maximum Pell Grant.

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3. Greater Falls University's satisfactory academic progress (SAP) policy requires that a student maintain a 2.0 grade point average (GPA) to receive Title IV aid. Lori's GPA at the end of her second year is 1.979. She received a Pell Grant in the fall semester of her third year.

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## PRACTICE (cont'd)

### Exercise 2 — Overawards

Alyssa attends The Management School, where the COA is \$7,500. Her EFC is \$1,000.

COA	\$7,500
- <u>EFC</u>	<u>\$1,000</u>
Need	\$6,500

The Management School provided Alyssa with the following award package.

Pell Grant	\$1,200
FSEOG	\$ 400
Federal Perkins Loan	\$ 750
Subsidized Stafford Loan	\$2,625
Management School Merit Award	<u>\$1,500</u>
<b>TOTAL</b>	<b>\$6,475</b>

Alyssa then receives a state scholarship for \$600.

1. Does the scholarship create an overaward?

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2. How much is her overaward?

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## BACK AT THE OFFICE

Back at the office, you should:

- Obtain and study your school's packaging policy to help anticipate overpayment and overaward situations.

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## ANSWER KEY

### Exercise 1 — Identifying Pell Overpayment Situations

For the following scenarios, determine whether the overpayment situation is caused by a school error, student error, required recalculation, or optional payment.

1. Rebecca has been selected for verification. She has submitted all the required documents except her verification worksheet. Rebecca received a Pell Grant for the fall semester.

**Optional payment. The school made a first payment to the student before it received final documentation to verify the information provided on Rebecca's FAFSA.**

2. Janis lives with her mother and stepfather. She only listed her mother's income information on the FAFSA. Janis was awarded the maximum Pell Grant.

**Student error. When the stepfather's income is included in calculating the Expected Family Contribution (EFC), it may require reducing the student's Pell Grant award.**

3. Greater Falls University's satisfactory academic progress (SAP) policy requires that a student maintain a 2.0 grade point average (GPA) to receive Title IV aid. Lori's GPA at the end of her second year is 1.979. She received a Pell Grant in the fall semester of her third year.

**School error. The school paid Lori, although she was not making SAP.**

## ANSWER KEY (cont'd)

### Exercise 2 — Overawards

Alyssa attends The Management School, where the COA is \$7,500. Her EFC is \$1,000.

COA	\$7,500
- <u>EFC</u>	<u>\$1,000</u>
Need	\$6,500

The Management School provided Alyssa with the following award package.

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Management School Merit Award	<u>\$1,500</u>
<b>TOTAL</b>	<b>\$6,475</b>

Alyssa then receives a state scholarship for \$600.

1. Does the scholarship create an overaward?

**Yes, because Alyssa's total resources exceed her need.**

2. How much is her overaward?

**\$575, because her new EFA + EFC exceeds the COA by \$575.**