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IRAQ AND AFGHANISTAN SERVICE GRANT

BY FRANK DEFRANCESCO, CPA AND STEVE ROILAND, CPA

In the 2010-11 award year the Iraq and Afghanistan Service Grant (IASG) was first introduced. Generally, the grant provides financial aid benefits to students whose parent or guardian, who was a member of the U.S. Armed Forces and was killed during active duty in Iraq or Afghanistan after September 11, 2001. While schools may not have seen many of these students as of yet, more students subject to this unfortunate circumstance are approaching college-age and will be entering into post-secondary education in the near future. Below is a brief summary of the details pertaining to this relatively new grant.

Which students are eligible for the Iraq and Afghanistan Service Grant?

For a student to be eligible for the Iraq and Afghanistan Service Grant they must meet the following criteria:

- The student must have had a parent or guardian who was a member of the US Armed Forces and was killed during operation in Iraq or Afghanistan after September 11, 2001.
- The student must have been under 24 years of age or enrolled in an undergraduate institution at the time of their parent or guardian's death.
- The student must be ineligible for a Federal Pell Grant based upon their EFC (Estimated Family Contribution) as reported on their ISIR.
- The student must meet all other Pell Grant eligibility requirements. For example:
 - The student must be enrolled in college on at least a "part-time" basis.
 - The student must not possess a bachelor's degree.
 - The student must not have surpassed their lifetime Pell eligibility.

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The Career College Chronicle contains valuable, timely articles to help school owners, administrators and others in the industry make vital decisions.

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What is the maximum award from the Iraq and Afghanistan Service Grant?

The Iraq and Afghanistan Service Grant is equal to the maximum Pell Grant for the given award year. For example, for the 2012-13 award year the maximum Pell Grant is \$5,550. Therefore, the Iraq and Afghanistan Service Grant for the 2012-13 award year is \$5,550. The only exception is that the amount of the grant for a given award year cannot exceed the student's cost of attendance for that award year.



How does one apply for the Iraq and Afghanistan Service Grant?

Students are able to indicate that they qualify for the Iraq and Afghanistan Service Grant when they are filling out their FAFSA.

What about a student that is eligible for a Pell Grant, but not a maximum Pell Grant?

According to the above criteria, a student must be ineligible for a Federal Pell Grant based upon their EFC in order to qualify for the Iraq and Afghanistan Service Grant. So what happens to a student who would normally qualify for the Iraq and Afghanistan Service Grant, except that they are eligible to receive a partial Pell Grant based on their EFC? Do they have to take the partial Pell Grant and miss out on the IASG which would have been higher? The answer is no. If a student qualifies for a partial Pell Grant due to their EFC and would have qualified for the Iraq and Afghanistan Service Grant had their EFC been higher, the student's EFC is automatically reduced to zero, and the student is eligible to receive the maximum Pell Grant for the award year.

The Iraq and Afghanistan Service Grant is relatively new to the student financial aid program. There are bound to be a number of questions that arise as schools start seeing more students that qualify for this grant. For further information on the Iraq and Afghanistan Service Grant or any other Federal Student Aid related questions, please feel free to contact Frank DeFrancesco, CPA at fdefrancesco@koscpa.com or Steve Roiland, CPA at sroiland@koscpa.com or any other KOS Career Colleges team professional at 847-580-4100.

THE END OF YEAR ROUND PELL

Recent Legislation's Effect on Pell Grant Eligibility

By Amanda Pictor, CPA and Scott Elesh, CPA

Beginning with the 2011-2012 award year, students are only allowed to receive one Pell Grant Scheduled Award per award year. In prior periods (starting with the 2009-2010 award year) if a student completed the necessary term, credit hours, and/or clock hours to be eligible for his or her second academic year Pell Grant Scheduled Award, they would receive the Award even if they had received their first academic year Pell Grant Scheduled Award within the same award year. Due to the change in law, students can no longer receive a disbursement for their second academic year Pell Grant Scheduled Award within the same award year. This change results in certain students having become ineligible for either a portion of or their entire second academic year Pell Grant Scheduled Award.

In this article we will focus on the consequences to students enrolled in a 1,500 clock hour program. The program is separated into two academic years. The first academic year is 900 clock hours and the second academic year is the remaining 600 clock hours. Each academic year is broken down into two payment periods. The first academic year is broken down into two payment periods each equal to 450 clock hours. The second academic year is broken down into two payment periods each equal to 300 clock hours. Students are scheduled for 34.5 clock hours per week. Therefore, the first academic year, 900 clock hours, is just over 26 weeks long. During the calendar year, the school has two scheduled breaks each a week long, the week between Christmas Day and New Year's Day and a week in March for spring break. The school is closed for the following holidays such as Thanksgiving, Christmas Day, New Year's Day, Memorial Day, July 4th and Labor Day. The students attend classes Tuesday thru Saturday. This student is a "perfect student" with no absences.

In the following scenarios, the student has an EFC of zero and is a full time student. Therefore, the student is eligible for a first academic year Pell Grant Scheduled Award of \$5,550.

Scenario 1

The student starts the program on October 2nd and receives \$2,775, one half of their Pell Grant Scheduled Award of \$5,550, on October 12th. On January 10th the student has completed 450 clock hours and receives \$2,775, the second half of their Pell Grant Scheduled Award of \$5,550. On April 18th, the student has completed 900 clock hours. Under prior law with year-round Pell (before the 2011-2012 award year) the student would be eligible to receive \$1,850, one half of their second academic year Pell Grant Scheduled Award of \$3,700.

The second academic year Pell award of \$3,700 is calculated as $600 / 900 \times \$5,550$. The student is only eligible for two-thirds of \$5,550 because there is only 600 hours in the second academic year vs. 900 hours in the full academic year.

Under the current law, the student cannot receive more than one academic year Pell Grant Scheduled Award per award year. The next award year does not start until July 1st. The student will not be eligible for the second academic year Pell Grant Scheduled Award until that date. In the mean time, the student continues their studies and completes 1,200 clock hours on June 18th. On July 1st, the student's total clock hours completed is over 1,200 and they have entered the second payment period of the second academic year. The student is only eligible to receive the second payment period second academic year Pell Grant Scheduled Award of \$1,850 and has received \$1,850 less in Pell Grant funds due to the change in law.

Scenario 2

What if this same student started on July 17th instead of October 2nd? He or she would complete 450 clock hours on October 16th and receive their second payment period first academic year Pell Grant Scheduled Award of \$2,775. On January 24th, the student has completed 900 clock hours, but cannot receive their first payment period second academic year Pell Grant Scheduled Award of \$1,850 because of the change in law. On April 2nd, the student has completed 1,200 clock hours and is still not eligible for any additional Pell Award funds. On June 1st, the student completes 1,500 clock hours and graduates from the program. The student receives no Pell Award funds for their second academic year, which is a difference of \$3,700.

Scenario 3

Using the same start date of as in Scenario 1, what if the school changes their scheduled hours per week from 34.5 hours to 30 hours? If the student starts the program on October 2nd, he or she will complete 450 clock hours on January 23rd and will receive their second payment period first academic year Pell Grant Scheduled Award of \$2,775. On May 15th, the student completes 900 clock hours, but is not eligible for their second academic year Pell Grant Scheduled Award yet. On July 1st, the student has completed 1,099 clock hours and can now receive their first payment period second academic year Pell Grant Schedule Award of \$1,850.

Scenario 4

Using the same start date of as in Scenario 2 and 30 scheduled hours per week, if the student started on July 17th he or she would have completed 1,428 clock hours as of July 1st. The student would receive \$1,850 less in Pell Grant funds due to the change in law, but would receive \$1,850 more in Pell Grant funds than if they had been scheduled for 34.5 hours vs. 30 hours a week.

Scenario 5

What if the school changed the first academic year from 900 clock hours to 1,000 clock hours? The change would cause the second academic year to have 500 clock hours. There would be two payments periods of 500 clock hours each in the first academic year and one payment period in the second academic year of 500 clock hours. If the student starts the program on October 2nd, they would complete 500 clock hours on January 19th and receive their second payment period first academic year Pell Grant Scheduled Award of \$2,775. On May 8th, the student would complete 1,000 clock hours, but would not be eligible for the second academic year Pell Grant Scheduled Award of \$2,775, half of \$5,550 until July 1st. On July 1st, the student would have completed 1,262.5 clock hours and would receive a Pell award of \$2,775. The total Pell Grant award received by the student would equal \$8,325 versus \$7,400 which would be the total Pell Grant award received if the academic year remained at 900 clock hours. If the student started July 17th instead of October 2nd, they would reach 1,500 clock hours on June 1st would receive a total Pell Grant award of \$5,550, which is same award the student would have received if the academic year remained at 900 clock hours.

Attendance

All of the above scenarios assumed a student with perfect attendance. A student's pace of progression through the program may have an effect on the total Pell received. Students that progress through the program at a slower pace may in certain circumstances be eligible for more Pell than the "perfect student".

Institutions must become aware of the effect program start dates, scheduled hours per week, the length of programs' academic years and speed of progression have on students' eligibility for Pell Grant awards. For further information regarding Pell Grant Award eligibility or any other Federal Student Aid related questions, please feel free to contact Amanda Pictor, CPA at apictor@koscpa.com or Scott Elesh, CPA at selesh@koscpa.com or any other KOS Career Colleges team professional at 847-580-4100.