

STUDENT FINANCIAL AID AND WELFARE BENEFITS

Federal Law:

A Higher Education Act amendment, effective July 1, 1993, made significant helpful changes in how student financial aid affects welfare benefits. The amendment states:

“All student financial assistance awarded under Title IV funding or under the Bureau of Indian Affairs student assistance programs shall not be taken into account in determining the need or eligibility of any person for benefits or assistance, or the amount of such benefits or assistance, under any Federal, State, or local program financed in whole or in part with Federal funds.”

This means that most students who receive benefits from DSHS can also receive student financial aid with little or no affect on their welfare benefits! A chart and explanations follow.

What welfare benefits are affected by this law?

- TANF (Temporary Assistance to Needy Families), (formerly AFDC)
- SFA (State Family Assistance, for immigrants ineligible for TANF)
- RCA (Refugee Cash Assistance)
- GAU (General Assistance Unemployable)
- Washington Basic Food Program (formerly Food Stamps)

Please note: For TANF recipients who are mandatory WorkFirst participants, DSHS regulations limit when and how much higher education is approved. For more information please see our publication [TANF and WorkFirst for Students](#).

STUDENT FINANCIAL AID INCOME/RESOURCE EXCLUSIONS¹

FINANCIAL AID:

CASH ASSISTANCE:

FOOD ASSISTANCE:

Source/Type of Aid	TANF/SFA/GAU/RCA	Basic Food
1. Bureau of Indian Affairs Student Assistance Programs and Federal Title IV	Totally disregarded as income or resource.	Totally disregarded as income or resource.
2. Federal non-Title IV (Administered by Dept. of Education)	Undergraduates: totally disregarded as income or resource. Graduate Students: disregard total earmarked school expenses, then disregard the difference between the need and payment standard for any remaining school aid that duplicates the DSHS grant.	Disregard total earmarked expenses. Disregard any student expenses which exceed earmarked expenses, if verified.
3. Other educational assistance, e.g., grants, scholarships, fellowships, etc. from a federal, state, or private agency or organization.	Disregard total earmarked school expenses, and then disregard the difference between the need and payment standard.	Same as above.
4. Carl D. Perkins Vocational and Applied Technology Education Act	Disregard total aid received including tuition, fees, equipment purchase or rental, materials, books, any supplies required of student in the same course of study. For students over half-time, also disregard transportation, dependent care, and misc. personal expenses. Then, for all students, disregard the difference between the need and payment standard for any remaining school aid that duplicates the DSHS cash grant.	Same as above.
5. Loans	All bona fide (genuine, not actually gifts) loans are totally disregarded as income or resource.	For nonfederal educational loans with deferred repayment, disregard origination fees, insurance premiums, and earmarked expenses. All other loans totally disregarded.
6. VA Educational Assistance	Disregard attendance costs.	Disregard attendance costs.
After applying 1. through 6. above, any countable student aid is budgeted as follows:	Unearned income averaged over the term of award, e.g., quarter, semester.	Unearned income averaged over the term of award, e.g., quarter, semester.
7. WorkFirst/Work Study	Disregard for cash and medical assistance.	Earned income.

¹ WAC 388-450-0015, -0035, -0055, & 388-482-0005

What are the different types of student aid and how do they affect DSHS cash assistance?

1. Common types of student aid from Federal Title IV and Bureau of Indian Affairs Student Assistance programs:

BIA Higher Education Grants & Fellowships
Pell Grant
Federal Supplemental Educational Opportunity Grant (FSEOG)
State Student Incentive Grant (SSIG)
State Needs Grant (SNG)
Federal TRIO programs (e.g., Upward Bound, Talent Search)
Special Programs for Students Whose Families are Engaged in Migrant and Seasonal Farm work (e.g., College Assistance Migrant Program, High School Equivalency Program)
Federal and State College Work Study (CWS)
Federal Stafford Loan (formerly GSL-Guaranteed Student Loan, currently Federal Family Education Loan)
Parent Loans for Undergraduate Students (PLUS)
Federal Perkins Loan (formerly NDSL-National Direct Student Loan)
BIA Higher Education Grants & Fellowships

All student financial aid funded in whole or in part by these grants and loans, is totally disregarded by DSHS as income or a resource in determining a student's eligibility to receive DSHS cash assistance and in determining the amount of a DSHS cash assistance grant. Since most student aid is from Title IV funds, most students will have none of their student aid budgeted against their cash assistance.

This applies equally to both undergraduates and to graduate students.

2. Student aid from federal non-Title IV funds, administered by the Department of Education:

These are usually Title V funds for teacher education and training. Some common types of awards from the Department of Education are:

Paul Douglas Teacher Scholarship
Christa McAuliffe Fellowship Program
Robert Byrd Honors Scholarship Program

Student aid from the Department of Education is totally disregarded as income or a resource, just as Title IV funds are, but for undergraduates only.

Federal non-Title IV aid from the Department of Education is the only source of financial aid which is treated differently for graduate students than for undergraduates. When a graduate student receives financial aid from the Department of Education, DSHS takes the following steps:

First, DSHS subtracts the total amount of expenses earmarked by the school for educational needs from the total amount of all financial aid awarded to the student.

Second, if any money remains after step one, DSHS determines if any of it covers the same things that the DSHS cash assistance grant is intended to cover. (The grant is intended to cover current living needs including food, clothing, shelter, transportation, household maintenance, personal maintenance, and necessary incidentals.) If there is no duplication, any remaining money is disregarded.

Third, if there is any duplication, then DSHS subtracts from the remaining financial aid the difference between the need and payment standard for the applicable household size. See chart below.

Number of persons in household on grant	2004 difference between Need and Payment Standard
1	\$687.00
2	\$871.00
3	\$1073.00
4	\$1268.00
5	\$1462.00

3. **Student aid from any other source, e.g., grants, scholarships, fellowships, etc., from any private agency or organization, state agency or organization, or a federal source other than Title IV or V:**

EXAMPLES OF OTHER SOURCES
<ul style="list-style-type: none"> * American Association of University Women Scholarship * Association of Government Accountants Scholarship * GE Engineering Scholarship Program for Minorities * Auxiliary of Group Health Cooperative Scholarship * WA State Trial Lawyers Association: President's Scholarship * Washington Society of Certified Public Accountants Scholarship

How is educational assistance from other sources treated?

First, DSHS subtracts the total amount of expenses earmarked by the school for educational needs from the total amount of all financial aid awarded to the student.

Second, if any money remains after step one, DSHS determines if any of it duplicates what the DSHS cash assistance is intended to cover. (It is intended to cover current living needs including food, clothing, shelter, transportation, household maintenance, personal maintenance, and necessary incidentals). If there is no duplication, any remaining money is disregarded.

Third, if there is any duplication, then DSHS subtracts the difference between the need and payment standard for the applicable household size. Any remainder is deducted from the cash assistance grant.

4. **Loans**

All bona fide loans are totally disregarded as income or a resource, regardless of their source. A loan is considered bona fide when the borrower has an obligation to repay the debt.

Since most student loans are from Title IV federal funds, those loans are automatically disregarded as income or a resource because of federal law. In addition, a loan from any other source, whether it is a personal loan or one from a commercial institution, e.g., bank or credit union, is also totally disregarded.

5. Carl D. Perkins Vocational and Applied Technology Education Act:

Educational aid from the Carl D. Perkins Act should not be confused with the Perkins Loan which is funded by Title IV. The following provisions apply.

The purpose of these funds is to pay for resources that help special target groups obtain vocational skills to compete in a technological society. For example, these funds may pay for a tutor, a career counselor, special learning equipment, or in-service training of an academic instructor, provided these activities directly benefit special populations. Those populations include, but are not limited to, single parents, displaced homemakers, disabled students, students with limited English proficiency, students with a high attrition rate, and juvenile offenders. Basically, any student who meets a definition of disadvantaged may qualify for help under these funds.

These funds may not appear on a list of earmarked expenses because they are often spent behind the scenes rather than awarded directly to the student. When these funds are in the form of a direct award to a student, they are treated as follows:

- * For all students, DSHS deducts the amount earmarked for tuition, fees, equipment rental or purchase, materials, transportation, and any supplies required of students in the same course of study, e.g., books. Students attending over half-time receive additional deductions for dependent care and miscellaneous personal expenses.
- * If any amount remains after deducting the earmarked expenses from the total amount of aid awarded, DSHS determines if any of it duplicates items the DSHS cash assistance is intended to cover. If there is no duplication, no financial aid is budgeted against the DSHS cash assistance. If there is duplication, DSHS deducts the difference between the need and payment standard. That difference may cover some of the cost of dependent care and miscellaneous personal expenses for students attending less than half-time.

Half-time attendance is usually a minimum of 6 credit hours per quarter. However, this may vary at different two and four-year institutions. Vocational colleges and trade and technical schools which measure progress by clock hours may set different half-time minimums than the common 6 credit hour standard.

How does any student aid that is not disregarded affect DSHS cash assistance?

Federal law excludes, or disregards, most student financial aid so that it does not count against public assistance cash grants. Any financial aid not disregarded is deducted dollar for dollar from DSHS cash assistance.

When computing cash assistance, DSHS counts student financial aid as unearned income which is averaged over the month it is intended to cover, e.g., quarter, semester.

How is WorkFirst Work Study treated?

WorkFirst Work Study income is disregarded for cash and medical assistance.

How do different types of student aid affect Basic Food?

1. Student aid from federal Title IV funds or from the Bureau of Indian Affairs student assistance programs:

All student financial aid funded in whole or in part by these sources is totally disregarded by DSHS as income or a resource in determining a student's eligibility to receive Basic Food and in determining

the amount of a student's Basic Food or allotment. Since most student aid is from Title IV funds, most students will have none of their student aid budgeted against their Basic Food.

This applies equally to both undergraduates and to graduate students.

2. Student aid from federal non-Title IV funds administered by the Department of Education,
and

3. Student aid from any other source, e.g., grants, scholarships, fellowships, etc., from any private agency or organization, state agency or organization, or a federal source other than Title IV or V,

and

4. Student aid from the Carl D. Perkins Vocational and Applied Technology Education Act:

All educational expenses earmarked by the school are disregarded by DSHS. In addition, if a student has any direct student expenses which were not earmarked *and* can verify that they are educational expenses, DSHS will disregard them also.

5. Loans:

For only non-federal educational loans with deferred repayment, DSHS deducts the origination fees, insurance premiums, and earmarked expenses. If any part of the student loan remains after these deductions, it is treated as income when DSHS computes the food stamp allotment.

For all other loans, the entire loan is disregarded as income or a resource when DSHS computes the food stamp allotment. Some examples are federal educational loans, tribal loans, and private loans.

How does any student aid that is not disregarded affect Washington Basic Food benefits?

For any student aid not disregarded by federal law, DSHS takes the total amount of student aid, subtracts all educational related expenses earmarked by the school, and treats any remainder as unearned income. Any countable student aid income is prorated over the months it is intended to cover. For example, if the student aid is intended to cover a three-month period and \$75 of it is countable unearned income, then \$25 will be budgeted as income in each of those three months in computing the amount of food stamps the student is eligible to receive. If the student incurs additional educational expenses and can verify them as such, DSHS may recalculate Basic Food benefits beginning the month after the student reports and verifies the added expense.

How is WorkFirst Work Study treated?

WorkFirst Work Study income is treated as earned income for computing Basic Food income and is given applicable deductions.

Which students are eligible for Basic Food benefits?

A student is defined as a person who is at least 18 but under 50, is physically and mentally fit for employment, and is enrolled at least half time in an institution of higher education. Students who meet this definition can get Basic Food if they meet general Basic Food eligibility rules and they meet any one of the following “student qualifying” conditions (see our publication Washington Basic Food Program – General Eligibility Rules):

- They receive federal or state work study earnings, or
- They work and receive payment for a minimum of 20 hours per week, or
- They are responsible for the care of their child 5 or under, or a child 6 through 11 and lack adequate child care to work 20 hours per week or attend class or work study, or
- They are a single parent responsible for the care of their child 11 and under, or

- They receive TANF and are participating in WorkFirst unless exempt, or
- They are participating in JTPA, food stamp employment and training.

Further, persons who have lost their student status need not meet the student qualifying conditions. This includes a person who graduates, is suspended or expelled, drops out, or does not intend to register for the next scheduled school term. Student status is retained during the summer if the student intends to return to school in the fall.

A student who is an able-bodied adult, age 18 through 50, without dependents (ABAWD) will receive Basic Food for only 3 months in any 36-month period unless they meet one of the following conditions:

- They are exempt, or
- They are working half-time, or
- They are engaged in employment or training activities, or
- They are in a Workfare program, or
- They live in a county granted a waiver for ABAWD.

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