



CALIFORNIA STUDENT AID COMMISSION

PROGRAM ADMINISTRATION & SERVICES DIVISION

MEMORANDUM

December 18, 2014

TO: University of California Financial Aid Directors
California State University Financial Aid Directors

FROM: Catalina G. Mistler
Chief, Program Administration & Services Division

SUBJECT: Overaward Recommendations

This memorandum is offered as guidance to institutions on the handling of financial aid packaging issues that have arisen based largely upon the timing of the Middle Class Scholarship award process in the first year of implementation.

At the outset, it should be noted that the Middle Class Scholarship (MCS) is not a need-based scholarship. Although the MCS award amount does take into account certain need-based financial aid, the MCS itself is not awarded based upon the student's financial need. As such, the MCS should be treated in the same manner as other scholarships which the student receives. MCS is considered Estimated Financial Assistance (EFA) for Federal Student Aid that should be factored during award packaging and if an overaward issue arises, campuses should follow its overaward policies and procedures.

The following examples below illustrate the suggested recommendations as discussed with the MCS Workgroup.

Example 1: (Federal Student Loan)

Cost of Attendance	--	\$20,000
Estimated Financial Contribution	--	\$18,000
Financial Need	--	<u>\$ 2,000</u>

The student was offered a Direct Subsidized loan for \$2,000 to cover his financial need. The student was also offered an MCS award for \$800. How does the institution handle the potential \$800 overaward?

Answer: There is no adjustment necessary to the MCS award. MCS is not a need-based program, but the student loan should be reduced to \$1,200.

Example 2: (Institutional Aid)

Cost of Attendance	--	\$20,000
Estimated Financial Contribution	--	\$18,000
Financial Need	--	<u>\$ 2,000</u>

The student was offered an Institutional grant for \$1,600. This data was reported on the enrollment file and factored into the MCS award calculation. The student was offered an MCS award for \$700. The combination of institutional grant (\$1600) and MCS award (\$700) now exceeds the financial need by \$300. How does the institution handle the potential \$300 overaward?

Answer: Once again there is no adjustment necessary to the MCS award and the campus should adhere to its institutional policies and procedures.

Example #3 (overaward beyond COA)

Cost of Attendance	--	\$20,000
Estimated Financial Contribution	--	\$21,000
Financial Need	--	<u>\$0</u>

The student receives \$22,000 from private scholarships. No federal, state or institutional aid is offered. The student is also offered a \$600 MCS. Since the student is receiving \$22,000 in private scholarships, can the student keep the MCS award since they are not receiving any other aid?

Answer: The student is allowed to keep the \$600 MCS. As with other scholarships, the student's MCS combined with other private scholarship aid can exceed the cost of attendance.

If you have any questions regarding the information in this memo, please contact the Commission's School Support Services staff via e-mail at schoolsupport@csac.ca.gov or at (888) 294-0153.