

R. Gonzalez Management Inc. (RGM)

Student Financial Aid Services
3560 S. La Cienega Blvd. Suite G
Los Angeles, CA 90016-4400

Phone No. (323) 730-8700
Fax No. (323) 730-8701
Web Page <http://www.rgmsms.com>

RGM Memo

Date October 17, 2013
To School Owners and Financial Aid Personnel
RE SEOG FUNDS

It has been brought to our attention that we still have some schools not following the SEOG award rules as required by the department's regulation.

Allow me to use a simple example:

Suppose the school receives an authorization letter for a Federal level of expenditures of \$10,000.00 for the entire award year. This represents 75% of funds to be disbursed to students and 5% that the institution may use for administrative expenses. The total of the Federal share would be 80% of total SEOG funds available.

Therefore calculate the required matching as follows:

10,000.00 / 80 = 125 (1/80 = 75% Federal share to students and 5% administrative fee)
125 X 105 = 13,125 (100% to students, and 5% administrative allowance) (125= 1% of total SEOG funds available)
125 X 5 = 625 administrative expense allowed
125 X 75 = 9,375 maximum federal share payable to students
125 X 25 = 3,125 required matching funds

Total SEOG funds available:	Total SEOG possible expenditures;
Federal share Available \$10,000.00	Administrative expense \$ 625.00
Institutional share 3,125.00	Funds to student: Institutional share \$ 3,125.00 Federal share 9,375.00 12,500.00
Total funds \$ 13,125.00	Total SEOG expenditures \$13,125.00

How to select SEOG recipients;

First selection is made from students with “exceptional need”. Students with “exceptional need” are defined as those with a Zero EFC

First we need to make sure that all new students expected to enroll in the award year with an EFC of ZERO receive an SEOG award.

How many new students with an EFC of Zero can the school expect?

In the financial aid module, go to the financial aid report 5034, select report 5512 FSEOG, FPELL AND EFC SUMMARY from the drop down menu. Check the award year 2012 and generate the report.

Run a second report for award year 2013. By comparing the results for both award years, you will be able to determine the number of new students enrolled in each of the award years with an EFC of Zero. Then, you can compare the increase or decrease in enrollment and apply it to the next award year.

The limited amount of SEOG funds, need to be available to all students expected to enroll within the award year. If you have two semesters, or three or four quarter starts in the award year or, as in the case where you have monthly or weekly starts in the award year, you must project expenses to last as long as you have new enrollments in the award year with an EFC of Zero.

Therefore, a good SEOG award policy would be one that divides the total amount of SEOG funds available to students into the number of start dates in the award year. By doing this, funds can be awarded to all students with an EFC of Zero through the entire award year. If the number in student enrollment changes and funds run-out earlier than predicted, there is very little you can do for students starting late in the award year. You may transfer funds from the next award year and use them on the current award year for those students who started late in the award year. If there are not enough students with an EFC of Zero in a given period, you may select students with the lower EFC for students enrolled in that same period or vice versa, transfer funds and use them in the next award.

PLEASE REMEMBER, IT IS NOT WITHIN COMPLIANCE TO SAVE THE SEOG UNTIL THE END OF THE AWARD YEAR, OR BY SELECTING A GROUP OF STUDENTS ON ANY OTHER BASIS. THIS WILL BE A FINDING IN AN AUDIT OR PROGRAM REVIEW.

HOWEVER, A SINGLE STUDENT, ON A CASE BY CASE BASIS, DEPENDING ON THE CIRCUMSTANCES, MAY BE THOROUGHLY DOCUMENTED AS AN OFFICIAL DECISION TO OFFER SEOG FUNDS THAT SHOWS AN EFC GREATER THAN ZERO. A SIGNED AWARD LETTER SHOWING THE SEOG MUST BE IN THE STUDENT FILE BEFORE A DISBURSEMENT CAN BE MADE. PLEASE CONSIDER ALL AID AVAILABLE TO THE STUDENT AT YOUR INSTITUTION BEFORE AN SEOG AWARD IS MADE. SEOG AWARDS, ONCE ACCEPTED BY THE STUDENT, SHOULD NOT BE ADJUSTED DOWN WHEN ADDITIONAL AID BECOMES AVAILABLE TO THE

STUDENT, INSTITUTION SHOULD CONSIDER DECREASING UNSUBSIDIZED LOANS AND SUBSIDIZED LOANS BEFORE ADJUSTING SEOG AWARDS.

SOME TIPS TO REMEMBER WHEN PACKAGING AID TO STUDENTS. Use all the Subsidized loan amount available to the student before awarding unsubsidized loans. You must not award an unsubsidized loan when only a partial subsidized loan has been awarded.

SEOG awarding rules

FSEOG:

- Undergraduate only.
- Maximum \$4,000, Minimum \$100.
- Priority order for FSEOG recipients is based on Pell eligibility and lowest EFCs.

The school must ensure there is a nonfederal match of 25% of the total FSEOG awards. The nonfederal share of FSEOGs must be made from the school's own resources. These resources may include:

- ◆ institutional scholarships and grants;
- ◆ waivers of tuition or fees;
- ◆ the nonfederal portion of state scholarships and grants; and
- ◆ funds from foundations or other charitable organizations.

The nonfederal share requirement is 25% of awards to students (unless the school qualifies for a waiver as discussed under *Federal and Nonfederal Shares Matching*).

Types of nonfederal FSEOG matching

Individual recipient basis

The school ensures that the nonfederal match is made to each individual FSEOG recipient together with the federal share in such a way that **every student's FSEOG award consists of 75% federal funds and 25% qualified nonfederal funds.**

Note that for the purpose of a Return of Title IV Funds calculation, only 75% of the funds are considered federal funds when a school uses this method of matching.

Aggregate basis

The school ensures that the sum of all funds awarded to all FSEOG recipients in a given award year consists of 75% federal dollars and 25% qualified nonfederal funds.

Note that for the purpose of a Return of Title IV Funds calculation, only 75% of the funds are considered federal funds when a school uses this method of matching.

Fund-specific basis

The school establishes an FSEOG account for federal program funds and deposits the required 25% qualified nonfederal matching share into the fund.

Note For the purpose of a Return of Title IV funds calculation, 100% of the funds are considered federal funds when a school uses this method of matching.

The RGM system has the controls to manage all types of matching procedures and correctly applies them in the Return of Title IV calculations.

Thank You,
Rafael