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CHAPTER 130
VIRGINIA STUDENT FINANCIAL ASSISTANCE PROGRAM REGULATIONS

Part I
Definitions

8 VAC 40-130-10. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless the context clearly indicates otherwise:

"Academic period" means the academic year as defined by the institution for federal Title IV compliance purposes.

"Approved course of study" means a curriculum of courses in a certificate, diploma, or degree program at the undergraduate, graduate or first professional level.

"Awards" mean grants from state funds appropriated for the Virginia Student Financial Assistance Program; among these grants are the Commonwealth awards and Virginia Guaranteed Assistance Program (VGAP) awards.

"Book allowance" means the allowance for education-related book and supply expenses as determined by an institution for purposes of calculating a student's financial need and awarding federal student aid funds.

"Cost of attendance" means the sum of tuition, required fees, room, board, books and supplies, and other education related expenses, as determined by an institution for purposes of calculating a student's financial need and awarding federal student aid funds.

"Council" means the State Council of Higher Education for Virginia.

"Domiciliary resident of Virginia" means a student who is determined by the council or by a participating institution to meet the eligibility requirements specified by §23-7.4 of the Code of Virginia.

"Expected family contribution" or "EFC" means the amount a student and the student's family is expected to contribute toward the cost of college attendance. A student's EFC will be determined by the federal aid need analysis method used for Title IV programs. The participating institution may exercise professional judgment to adjust the student's EFC, as permitted under federal law, based on factors which affect the family's ability to pay.

"Financial need" means any positive difference between a student's cost of attendance and the student's expected family contribution (see definition of "remaining need").

"Full-time study" means enrollment for at least 12 credit hours per semester or its equivalent at the undergraduate level and enrollment for at least nine credit hours per semester or its equivalent at the graduate or first professional level. The total hours counted will not include courses taken for audit, but may include required developmental or remedial courses and other elective courses which normally are not counted toward a degree at the participating institution.

"Gift assistance" means financial aid in the form of scholarships, grants, and other sources that do not require work or repayment.

"Graduate student" means a student enrolled in an approved master's, certificate of graduate study, specialist, doctoral, or first professional degree program.

"Half-time study" means enrollment for at least six credit hours per semester or quarter, or its equivalent at the undergraduate level, and at least five credit hours per semester or quarter, or its institutional equivalent at the graduate level. The total hours counted will not include courses taken for audit, but may include required developmental or remedial courses and other elective courses which normally are not counted toward a certificate, diploma, or degree at the participating institution.

"Institution" means any public institution of higher education in Virginia participating in the Virginia Student Financial Assistance Program.

"Program" means the Virginia Student Financial Assistance Program.

"Proportionate award schedule" means the table or formula used by institutions to award program funds such that needier students receive larger awards than do less needy students with VGAP recipients receiving larger awards than Commonwealth recipients with equivalent need.

"Remaining need" means any positive difference between a student's financial need and the sum of all need-based gift assistance known by the institution at the time of packaging awards under the Virginia Student Financial Assistance Program (see definition of "financial need").

"Satisfactory academic progress" means:

1. Acceptable progress towards completion of an approved program, as defined by the institution for the purposes of eligibility under Section 668 of the Federal Compilation of Student Financial Aid Regulations; and
2. For a student receiving a Virginia Guaranteed Assistance Program award, acceptable progress towards completion of an approved program in which a student earns not less than the minimum number of credit hours required for full-time standing during an academic period and maintains a cumulative minimum grade point average of 2.0.

"Undergraduate" means a matriculated student in an approved program leading to a certificate, diploma, associate's degree, or bachelor's degree.

"VGAP" means the Virginia Guaranteed Assistance Program, as authorized by the laws of the Commonwealth including §§23-38.53:4, 23-38.53:5 and 23-38.53:6 of the Code of Virginia.

Part II Use of Funds

8 VAC 40-130-20. Use of funds.

An institution shall establish and maintain financial records that accurately reflect all program transactions as they occur. The institution shall establish and maintain general ledger control accounts and related subsidiary accounts that identify each program transaction and separate those transactions from all other institutional financial activity.

8 VAC 40-130-25. Type of awards.

In addition to the Commonwealth Award and the Virginia Guaranteed Assistance Program, institutions may, with the approval of the council, use funds from its appropriation to provide the institutional contribution to any undergraduate student financial aid grant program established by the federal government or private sources which requires the matching of the contribution by institutional funds, except for programs requiring work. Awards may include one or both of the following:

1. Grants to undergraduate students enrolled full-time in an approved degree, certificate, or diploma program; and
2. Institutional contributions to federal or private undergraduate student aid grant programs requiring matching funds by the institution, except for programs requiring work.

Part III General Information

8 VAC 40-130-30. Priority for undergraduate awards.

A. Priority for awards will be given to those students who file an application as required by the institution for need-based financial aid by the institutional priority filing date (deadline). Those students who file an application after the institutional priority filing date (deadline) may receive an award; however, the award will be based on the funds available at the time the award is made and may be based on a new award schedule.

B. Undergraduate awards shall not be made to student seeking a second or additional baccalaureate degree until the financial aid needs of first-degree seeking students are fully met.

8 VAC 40-130-40. Award schedule.

Institutions shall develop and use proportionate award schedules or formulas based on remaining need. Institutions may set a minimum award amount. The schedules shall be used to determine priority for and amount of awards. Schedules may vary due to the time of packaging. For students whose awards are packaged at the same time, the same schedule shall be used. The Virginia Community College System may, with council approval, use an alternative award schedule.

8 VAC 40-130-50. Financial need and individual awards.

An institution shall determine a student's financial need by using the federal aid need analysis method used for Title IV programs to determine expected family contribution. An award under the program will be set by the institution so that the program award, when combined with other gift assistance, will not exceed the student's financial need.

Institutions may exclude as a resource any portion of a Federal Direct Stafford/Ford Loan and subsidized Federal Stafford Loan that is equal to or less than the amount of a student's veterans education benefits paid under Chapter 30 of Title 38 of the United States Code (Montgomery GI Bill) and national service education awards or post-service benefits paid for the Cost of Attendance under Title I of the National and Community Service Act of 1990 (AmeriCorps), pursuant to §417(a)(1)(C) of Title IV of the Higher Education Act of 1965, as amended. Therefore, overawards due to the exclusion of veteran's benefits or Americorps awards when determining federal subsidized Stafford loan eligibility are permissible.

Overawards due to payments under the Virginia Prepaid Education Program shall not be considered a violation of VSFAP regulations.

No awards received under the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) grant shall be used to displace state grants. VSFAP overawards shall not be considered a violation of VSFAP regulations.

8 VAC 40-130-60. Refund of awards.

A student who receives an award and who, during a semester, withdraws from the institution which made the award must surrender the balance of the award. The tuition refund policy in effect at the institution will determine the amount that must be reclaimed by the institution.

8 VAC 40-130-70. Summer session awards.

Institutions may elect to award during summer sessions; however, an award made to assist a student in attending an institution's summer session shall be prorated according to the size of comparable awards for students with similar financial needs made in that institution's regular session.

8 VAC 40-130-80. Exceptions.

The provisions of this chapter shall not apply to medical and dental scholarships authorized by §23-35.1 of the Code of Virginia, or to the soil scientist scholarships authorized by §23-38.3 of the Code of Virginia.

Part IV
Undergraduate Financial Assistance

Article 1
Commonwealth Awards

8 VAC 40-130-90. Undergraduate eligibility criteria for an initial award.

In order to participate, an undergraduate student shall:

1. Be admitted and enrolled for at least half-time study in an approved degree, certificate, or diploma program at the institution making the award;
2. Be a domiciliary resident of Virginia;
3. Be a U.S. citizen or eligible noncitizen as defined by 8 VAC 40-120; and
4. Demonstrate financial need for federal Title IV financial aid purposes.

8 VAC 40-130-110. Amount of awards.

No academic year award may exceed the cost of tuition and required fees at the institution making the award.

8 VAC 40-130-120. Renewability of awards.

Awards may be renewed provided that the student:

1. Maintains satisfactory academic progress; and
2. Continues to meet all of the requirements of 8 VAC 40-130-90.

Students who transfer to a participating institution shall be considered renewal students if they received an award during the prior year providing they meet renewal criteria. Students who do not initially receive a Commonwealth award may be considered for renewal awards provided that they met initial eligibility criteria and continue to meet renewal criteria.

Article 2
Virginia Guaranteed Assistance Awards

8 VAC 40-130-130. VGAP eligibility criteria for an initial award.

In order to participate, a VGAP-eligible student shall:

1. Be admitted and enrolled for full-time study in an approved degree, certificate, or diploma program;
2. Be a domiciliary resident of Virginia;
3. Be a U.S. citizen or eligible noncitizen as defined by 8 VAC 40-120;
4. Demonstrate financial need for federal Title IV financial aid purposes;
5. Be a graduate from a Virginia high school (students who obtain a GED or complete home schooling are not eligible). Exceptions granted for dependent children of active duty military personnel residing outside the Commonwealth pursuant to military orders and claiming Virginia on their State of Legal Residence Certificate and satisfying the domicile requirements for such active duty military personnel pursuant to subsection B of §23-7.4 of the Code of Virginia;
6. Have at least a cumulative 2.5 grade point average on a 4.0 scale (or its equivalent) at the time of admission to the institution or according to the latest available high school transcript. In the absence of a high school transcript indicating the grade point average, the institution must have on file a letter from the student's high school certifying the student's high school GPA; and
7. Be classified as a dependent student for federal financial aid purposes.

Transfer and dual-enrollment high school students who have not received the award previously shall be considered for an initial VGAP award provided they meet all of the initial award eligibility requirements.

8 VAC 40-130-150. Amount of awards.

No academic year award may exceed the cost of tuition, required fees, and standard book allowance. Those VGAP students who fall into the neediest category (as defined by the institution and reflected in its award schedule) and who apply by the institution's deadline (as discussed in 8 VAC 40-130-30) must receive awards of at least tuition.

8 VAC 40-130-160. Renewability of awards.

Awards for students attending two-year colleges may be renewed for one academic year while awards for students attending four-year colleges may be renewed for three academic years. Students shall be limited to a cumulative total of four academic years of eligibility. Awards may be renewed annually provided that the student:

1. Continues to be enrolled in an approved degree, certificate, or diploma program;
2. Maintains domiciliary residency in Virginia;
3. Continues to be a U.S. citizen or eligible noncitizen as defined by 8 VAC 40-120;
4. Demonstrates continued financial need for federal Title IV financial aid purposes;

5. Maintains at least a 2.0 GPA on a 4.0 scale, or its equivalent;
6. Maintains satisfactory academic progress;
7. Earns not less than the minimum number of hours of credit required for full-time standing in each academic period;
and
8. Maintains continuous enrollment from the time of receipt of the initial award (excluding the summer term) unless granted an exception for cause by the council. A student participating in a CO-OP or internship that is part of their academic program and a student whose college education is interrupted by a call to military service shall be deemed to have maintained continuous enrollment.

Students who transfer to a participating institution shall be considered renewal students if they received an award during the prior year provided they meet renewal criteria. Students who do not initially receive a VGAP award may be considered for renewal awards provided that they meet initial eligibility criteria and continue to meet renewal criteria. Once a student loses his classification as VGAP-eligible, the student cannot reestablish such eligibility. However, the student may qualify for a Commonwealth Award.

Part V Graduate Financial Assistance

8 VAC 40-130-170. Graduate eligibility criteria for an initial award.

In order to participate, a graduate student will be admitted to and enrolled at least half-time in an approved degree, certificate, or diploma program.

8 VAC 40-130-180. Type of awards.

Any institution may, with the approval of the council, use funds from its appropriation to provide the institutional contribution to any graduate student financial aid grant program established by the federal government or private sources which requires the matching of the contribution by institutional funds, except for programs requiring work.

Funds may be used for one, all, or any combination of the following:

1. Grants to graduate students enrolled at least half-time;
2. Institutional contributions to federal or private graduate student aid grant programs requiring matching funds by the institution except for programs requiring work; and
3. Awards made from the transfer of funds to the education and general account to establish an employment program requiring specific service to the institution for graduate students. No more than 50% of an institution's graduate funds may be transferred to the education and general account for this purpose. These awards must be made in accordance with the Chart of Accounts for institutions of higher education dated July 1, 1990, as promulgated by the council.

8 VAC 40-130-190. Amount of awards.

An individual award may be based on financial need but may, in addition to or instead of, be based on other criteria determined by the institution making the award. The amount of an award shall be determined by the institution making the award; however, the institution shall annually notify the council of the maximum size of a graduate award that is paid from funds in the appropriation.

8 VAC 40-130-200. Renewability of awards.

Awards may be renewed provided that the student:

1. Maintains satisfactory academic progress; and
2. Continues to be enrolled at least half-time in an approved degree, certificate, or diploma program.

Students who transfer to a participating institution shall be considered renewal students if they received an award during the prior year providing they meet renewal criteria. Students who do not initially receive a Commonwealth award may be considered for renewal awards provided that they meet initial eligibility criteria and continue to meet renewal criteria.

Part VI Administration

8 VAC 40-130-210. Responsibility of the council.

The council shall collect such student specific information for both graduate and undergraduate students as is necessary for the operation of this program and other information deemed necessary by the council.

8 VAC 40-130-220. Responsibility of participating institutions.

Participating institutions shall:

1. Provide reports to the council which will include, but not be limited to, information describing the students served, the awards received, and the number and value of awards. Each institution shall annually report to the council its definition of "neediest" students;
2. Maintain documentation necessary to demonstrate that students' awards calculated during the same packaging cycle used the same proportionate award schedule;
3. Provide the council with the initial award schedule or formula that will be used to package on-time applications when submitting an annual report; and
4. Upon request by a student transferring to another institution, send to the other institution information about the student's VGAP eligibility.

8 VAC 40-130-230. Program reviews.

The council periodically will review institutional administrative practices to determine institutional compliance with prescribed guidelines and this chapter. If a review determines that an institution has failed to comply with guidelines and this chapter, the council may withhold approval of expenditure plans for the program until the end of the next General Assembly session. No attempt to determine compliance with the guidelines and this chapter should be solely based on information from either the student financial aid data file or the graduate financial assistance data file.

Part VII Discontinued Student Loan Program

8 VAC 40-130-240. Terms and conditions of the loans.

An institution with a loan program established from previous general fund appropriations may continue the loan program, under such terms and rules as the governing board of the institution may prescribe, but shall not expand the loan program with currently appropriated funds. The loan program shall meet the following requirements:

1. In any one academic year no student shall receive a loan or loans from the fund of an institution which would result in that student owing a net outstanding amount at the end of that year in excess of the tuition and required fees charged by the institution;
2. The annual interest rate charged on loans to students from a fund shall be 3.0%;
3. An institution shall make every effort to collect each loan made from its student loan fund using the provisions of the Virginia Debt Collection Act (§2.1-726 et seq. of the Code of Virginia); and
4. The Auditor of Public Accounts shall at least biennially audit and exhibit the account of student loan funds at each institution.

8 VAC 40-130-250. Eligibility criteria.

In order to be eligible for the student loan program, a student shall meet the criteria of 8 VAC 40-130-90, 8 VAC 40-130-130, and 8 VAC 40-130-170.

8 VAC 40-130-260. Discontinuing student loan programs.

If any federal student loan program for which the institutional contribution was appropriated by the General Assembly is discontinued, the institutional share of the discontinued loan program shall be repaid to the fund from which the institutional share was derived unless other arrangements are recommended by the council and approved by the Department of Planning and Budget. Should the institution be permitted to retain the federal contributions to the program, the funds shall be used according to arrangements authorized by the council and approved by the Department of Planning and Budget.

An institution may discontinue its student loan program. The full amount of cash in the discontinued loan fund shall be paid into the state treasury into a nonrevertible nongeneral fund account. Prior to such payment, the State Comptroller shall verify its accuracy, including the fact that the cash held by the institution in the loan fund will be fully depleted by such payment. The loan fund shall not be reestablished for that institution.

The cash paid into the state treasury shall be used only for awards to undergraduate students in the Virginia Student Financial Assistance Program according to arrangements authorized by the council and approved by the Department of Planning and Budget. Payments of any promissory notes held by the discontinued loan fund shall continue to be received by the institution and deposited to the nonrevertible nongeneral fund account and to be used for the awards noted above.