Federal financial aid is limited and contingent on some complex rules and regulations. There are at least three areas of primary concern for students enrolling in cooperative agreement programs.

1. Satisfactory Academic Progress (SAP)
2. Pell Grant Lifetime Eligibility Used (LEU)
3. Aggregate Loan Limits and new legislation limiting subsidized student loan eligibility (150% of published length of program)

Satisfactory Academic Progress (SAP)

Each post-secondary institution that is eligible to disburse Title IV funds must create and follow a satisfactory academic progress policy for all students receiving Title IV financial aid. It has two components: a qualitative measure (usually based on GPA) and a quantitative measure (usually based on number of hours attempted compared to successfully completed hours). Students must also complete their program within about 150% of the allowable time frame (usually measured in hours attempted). In other words, a student must complete an associate degree program that requires 62 credit hours by the time the student has attempted 93 credit hours; a bachelor’s program requiring 124 hours must be completed within 186 hours attempted. At many schools all college credit hours taken anywhere (including unsuccessful hours of any type) are counted whether or not financial aid was received. Monitoring of the grade point average and completion rate is done at least annually and often each semester. Higher education institutions monitor “pace toward completion” by calculating the percentage of courses completed successfully. If a student has too many unsuccessful hours (including classes from which the student withdraws) or the grade point average falls below the standard required at any monitoring point, the student may lose eligibility for federal aid. Students that exceed the limit on total credit hours attempted before a bachelor’s degree is completed will lose eligibility as well.

Pell Grant Lifetime Eligibility Used (LEU)

All Title IV eligible students are allowed approximately 6 full-time academic years of Pell grant eligibility or until the student receives a bachelor’s degree, whichever comes first. Use of Pell grant eligibility in pursuit of an AAS degree may limit the student’s future ability to qualify for Pell grant funding if the student later chooses to pursue a bachelor’s degree. The limit on Pell grant eligibility is based on what the student actually receives (as a percentage of the annual award). If AAS recipients decide to pursue a bachelor’s degree after receiving Pell grant funding for their AAS degree, they may find that their Pell grant eligibility expires before requirements are met for the bachelor’s degree.

Aggregate Loan Limits and New Legislation

New Regulations (Public Law 112-141) written to prevent student loan interest rates from doubling on July 1, 2012 also included a limit on new borrowers. A new borrower on or after July 1, 2013 will not be eligible for new Direct Subsidized Loans if the period during which the borrower has received such loans exceeds 150 percent of the published length of the borrower’s educational program. These regulations are in addition to long standing aggregate limits on student loan eligibility.
**High School student example**

A high school student begins a cooperative agreement program and receives 30 hours credit while in high school. The student does not continue the AAS degree and decides to pursue a bachelor’s degree (BA or BS, not a bachelor’s of technology) at a university. The student now begins a degree program that requires 124 credit hours. The 30 hours taken previously will not count toward the degree, but the hours and grades may be counted for federal financial aid purposes even though the student did not receive federal financial aid for the coursework. As long as the hours taken previously were successful and the grades were good, the student should be eligible to receive financial aid for the bachelor’s program; however, this student must be aware of the 186 total attempted hour limit and will have limited options for program/major changes and other unforeseen completion obstacles.

If the preceding student drops out of the cooperative agreement program or fails some of the hours taken, the adverse effect could be more difficult to overcome. If the grades received were Ws, the “pace to completion” could immediately cause the student to be probationary or even suspended from financial aid. If the grades were Fs the grade point average component could cause the student to be placed on immediate probation or suspended from financial aid. Since all courses and grades are counted for financial aid purposes, past failures will continue to have an effect on future eligibility and options.

**Adult student example**

An adult student begins a cooperative agreement program and receives a Pell grant for the program. The student moves from the technology center to the higher education institution and completes the AAS. At this point, these students have used about 1/3 of their lifetime eligibility for Pell grants. Now the student decides to pursue a bachelor’s degree (BA or BS, not a bachelor’s of technology) at a university. Only about 18 hours (general education) of the 60 hours taken previously counts toward the degree but all the hours and grades are counted for federal financial aid purposes. The student will need to take at least 100 hours to complete the bachelor’s degree. The student’s Pell grant eligibility will expire after about eight semesters of full time enrollment in the bachelor’s degree program. This could represent as few as 96 hours.

If the preceding student has had unsuccessful hours either in the AAS program or during the pursuit of the bachelor’s degree, options for financial aid eligibility will be limited in the same way as in the high school student example.

Receipt of student loans also complicates the student’s situation. Aggregate loan limits may restrict students’ ability to receive loans to pay for the completion of their degrees.

Keep in mind that there are variables involved. Institutions have some flexibility in the design of their SAP policies. Some higher education institutions may not count hours and grades taken that do not apply to the current program in the evaluation of SAP. However, the Pell grant limits are very defined and no student will be eligible to exceed the 6 full-time academic year limit on Pell grant recipients. Student loan recipients must be aware of aggregate limits as well as the new borrower limits outlined in the recent legislation.

Ultimately, the “take away” should be that taking hours for college credit can affect the student’s future eligibility for federal financial aid even if financial aid is not received for the college credit courses. Any courses that a student fails to complete successfully or any courses that do not count toward the student’s ultimate post-secondary degree objective may jeopardize the student’s financial aid eligibility.