

## FAA4.G Unearned Income Educational

### 01 UNIE - Purpose

UNIE is used to key unearned educational income. Use UNIE to add, change or remove educational income.

(See [Educational Income-Overview](#))

### 02 EDWO - Purpose

**REVISION 03**  
(01/01/08 – 03/31/08)

EDWO is a calculation screen used to establish countable amounts of unearned educational income.

To access EDWO complete the following:

- Key Y in the FIN AID field on UNIE
- Key the Educational Income Type Code in the TYP field on UNIE (See [Types of Educational Income](#))
- Press ENTER

EDWO provides fields in which educational income and expenses may be keyed.

EDWO calculates the countable amount of educational income after deducting allowable expenses. The net amount is divided over the period of time it is intended to cover.

#### WARNING

Information keyed on EDWO is not saved. Only the totals display on UNIE. A screen print of EDWO must be placed in the [case file\(g\)](#).

Press ENTER to return to UNIE when all information is keyed on EDWO. The monthly countable amount is displayed for each program on UNIE.

NOTE When more than one type of educational income is received, an EDWO screen must be keyed and printed for each type.

### 03 Unearned Education Income - Overview

**REVISION 51**

(01/01/23 – 12/31/23)

A participant may receive financial aid. Financial aid is educational unearned income.

The source of the educational income determines whether the income is countable or not countable. (See [Educational Income Overview](#))

The net countable educational income is established by deducting allowable [educational expenses](#) from the gross countable income.

Countable educational income is calculated on EDWO and displayed on UNIE, for participants whose income must be included in the eligibility determination.

Policy and procedures regarding educational income are outlined as follows:

- [NA Students Overview](#)
- [NA Ineligible Students](#)
- [Educational Income Overview](#)
- [Types of Educational Income](#)
- [Types of Educational Expenses](#)
- [Verification of Educational Income and Expenses](#)
- [Budgeting Educational Income and Expenses](#)
- [Changes in Educational Income and Expenses](#)

NOTE When a student under age 18 has earned income, see [Student Income](#).

#### **04 Educational Income**

Policy and procedures regarding educational income are outlined as follows:

- [Educational Income Overview](#)
- [Types of Educational Income](#)

##### **A Educational Income - Overview**

[REVISION 51](#)

(01/01/23 – 12/31/23)

A participant may receive financial aid (educational income) for enrollment in or for attending any of the following:

- Colleges
- Universities

- Schools for the handicapped
- Technical and trade schools
- Programs that provide for completing either a high school diploma or a General Educational Development (GED) diploma

Educational income can be earned or unearned income. Education income may be counted or not counted depending on the source of income and programs for which the participant has applied.

When the participant is receiving any educational income, key the educational income on [EDWO](#).

Before budgeting countable educational income, deduct [educational expenses](#).

Determine whether a cash award or scholarship given to a participant from a nonprofit service club or charitable organization is a [cash contribution](#).

#### **WARNING**

When a provider of a countable [educational income](#) source pays a third party for living expenses, treat the payment as follows:

- Countable as unearned educational income for the NA benefit.
- Not countable as income for CA benefits. Treat the income as a [vendor payment](#).

(See [Verification of Educational Income](#) for policy and procedures regarding verification of educational income)

#### **B Types of Educational Income**

Policy and procedures regarding types of educational income are outlined as follows:

- [BIA Allowance For Educational Expenses](#)
- [Grants, Loans, Awards and Scholarships](#)
- [Guaranteed and Other Loans](#)
- [IDA Deposits](#)
- [American Indian Education Funds](#)
- [State Funded Student Loans](#)
- [Tribal Student Loans](#)

- [Veterans Administration Educational Income](#)
- [Workforce Innovation and Opportunity Act Allowances](#)

**.01 BIA Educational Assistance Program**

**REVISION 35**  
(04/01/15 - 05/31/15)

Any funds received from the Bureau of Indian Affairs (BIA) Educational Assistance program are not countable.

Key BE in the TYPE field on UNIE.

**.02 Grants, Loans, Awards and Scholarships**

Payments provided by Title IV of the Higher Education Act are not countable. This includes, but is not limited to, the following:

- BEOG/PELL Grant-Basic Education Opportunity Grant
- Super PELL Grant-Presidential Access Scholarship
- SEOG-Supplemental Educational Opportunity Grant
- SSIG-State Student Incentive Grant
- TRIO Grant-Special Disadvantaged Student Programs
- CAMP-College Assistance Migrant Program (Special Migrant and Seasonal Farm Work Programs)
- Robert C. Byrd Honors Scholarship Program
- Work Study Program (Not all federal work study funds are under Title IV of the Higher Education Act)
- Income Contingent Direct Loan Demonstration Project
- NDSL-(Perkins Loan) Direct Loan to Students in Institutions of Higher Education.
- FDSLPL-Federal Direct Student Loan Programs (formerly known as GSL and FFELP)
- HEP-High School Equivalency
- National Early Intervention Scholarship and Partnership Program
- Carl D. Perkins Vocational and Applied Technology Education Act

Key EI in the TYPE field on UNIE.

Grants, loans and scholarships paid from any source other than the previously listed Title IV or Title XIII sources are not countable.

Key GN in the TYPE field on UNIE.

(See [American Indian Education Funds](#) and [VA Educational Benefits](#) for how to budget these educational funds)

**.03 Guaranteed and Other Loans**

Guaranteed loans, and other loans, not funded by the Title IV or Title XIII Acts, are not countable.

Key GU in the TYPE field on UNIE.

**.04 American Indian Education Funds**

**REVISION 48**  
(01/01/20 – 12/31/20)

American Indian education funds from the following sources are not countable:

- Title IV funds
- Title XIII funds
- Funds excluded by Public Law
- Bureau of Indian Affairs Funds

Key BE in the TYPE field on UNIE.

American Indian Education funds from any source other than the previously listed are not countable for NA and are countable for CA.

Key BL in the TYPE field on UNIE.

**.05 IDA Deposits Educational Income**

Educational income from any source that is deposited into an Individual Development Account (IDA) is countable.

Key IX in the TYPE field on UNIE:

For additional policy on treatment of IDA deposits see, the following:

- [IDA - Earned Income](#)

- [IDA - Financial Accounts](#)
- [IDA - Self-Employment](#)
- [IDA - Unearned Income](#)

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**.06 State Funded Student Loans**

State funded student loans (SGL) that are funded only by a state and are not federally guaranteed are not countable.

Key ST in the TYPE field on UNIE.

**.07 Tribal Student Loan**

Income paid to the participant as a Tribal Loan for educational purposes under Title XIII is not countable.

Key TS in the TYPE field on UNIE.

**.08 Veterans Administration (VA) Educational Income**

The Montgomery GI bill Chapter 30 and other income paid to the participant by the Veteran's Administration for educational purposes are not countable.

Key VA in the TYPE field on UNIE.

**.09 Workforce Innovation and Opportunity Act (WIOA) Allowances**

Educational income (earnings and living allowances) from WIOA related Summer Component Programs (SCP), and Job Corps are not countable.

(See [WIOA Unearned Income](#), and [WIOA Earned Income](#))

Key WI in the TYPE field on UNIE.

**05 Educational Expenses**

Policy and procedures regarding educational expenses are outlined as follows:

- [Educational Expenses Overview](#)
- [Types of Educational Expenses](#)

**A Educational Expenses - Overview**

Budget educational expenses only when the student receives countable educational income. (See [Types of Educational Income](#))

To allow the deduction, the countable educational income must be used for the claimed educational expense.

Use the actual educational expense when the amount exceeds the allocated educational income. Verification must be provided in order to allow the expense.

When the institution does not allocate an amount for a specific expense, the student must provide information regarding the allowable expense.

## **B Types of Educational Expenses**

Educational expenses include the following:

- [Books and Supplies](#)
- [Mandatory Educational Fees](#)
- [Miscellaneous Educational Personal Expenses](#)
- [Student Dependent Care](#)
- [Educational Transportation](#)

NOTE Educational expense deductions cannot exceed the countable educational income for a month. This does not apply to dependent care expenses.

For policy and procedures regarding verification of educational expenses, see [Verification of Educational Income and Expenses](#).

### **.01 Books and Supplies**

Books, supplies and other items necessary or required for a given class are deductible.

Key BO in the TYPE field on EDWO.

### **.02 Mandatory Fees**

Mandatory fees that are related to the pursuit of the course of study are deductible. This includes, but is not limited to, the following:

- Tuition
- Lab fees
- Uniforms
- Rental or purchase of any of the following:
  - Equipment
  - Materials
  - [Educational Supplies](#)



Key TU in the TYPE field on EDWO.

**.03 Miscellaneous Personal Expenses**

Miscellaneous personal expenses include all personal expenses other than room and board. This includes, but is not limited to, the following:

- Personal care, such as haircuts, laundry expense, clothing, personal hygiene items
- Recording equipment, data processing equipment, software
- Auto repair, when necessary for school attendance

Miscellaneous personal educational expenses are not deductible.

**NA EXCEPTION**

Miscellaneous personal educational expenses are deductible.

Key PX in the TYPE field on EDWO.

**.04 Student Dependent Care**

Dependent care that is necessary for the student to attend school is deductible.

**NA EXCEPTION**

Dependent care expenses are NOT deductible.

Key DC in the TYPE field on EDWO.

Deductions for dependent care expenses can exceed the countable educational income for a month.

**NOTE** Deduct dependent care expenses from the countable educational income last, in order to provide the greatest advantage to the student.

When dependent care expenses are more than the countable educational income, use the excess childcare expense in determining the [dependent care deduction](#) on EXNS.

**NOTE** Do not key any portion of the dependent care deduction on EXNS that is used as an educational expense on UNIE.

**.05 Educational Transportation**

Transportation to and from school is not deductible.

**NA EXCEPTION**

Transportation expenses are deductible.

Key TP in the TYPE field on EDWO.

When the participant can verify the mileage for transportation, see Mileage Standard for the current mileage amount.

NOTE When the expense has been verified and the participant indicates a lesser amount, use the lesser amount.

**06 Verification of Educational Income and Expenses**

Policy and procedures regarding verification of educational income and expenses are outlined as follows:

- [Verification of Educational Income and Expenses Overview](#)
- [Educational Income and Expenses Verification Sources](#)

**A Verification of Educational Income and Expenses - Overview**

The PI has the primary responsibility for providing educational income and expense verification.

Accept any reasonable verification provided by the PI, school, program, or grantor of educational income or expenses.

Verify educational expenses claimed by the student when the student has countable educational income.

When requested, assist in obtaining the verification when the PI indicates an inability to provide the needed information.

When verifying educational income and expenses, use any of the following methods:

- Request the PI provide the proof.
- Call the school.
- Send the Authority to Release Student Information (FAA-0060A) form.

When neither the participant nor the local office has been able to obtain the verification by the time of processing, apply the following:

- Use the best available information for educational income. (See [Verification process](#))
- Do not allow an expense deduction for the educational expense that has not been verified.

**NOTE** When the expense verification is provided, recalculate the prorated amount of income for future months. Do not restore benefits.

**WARNING**

Participants are not required to verify that educational income is allocated for a specific expense.

(See [Educational Income and Expense Verification Sources](#))

**B Educational Income and Expenses Verification Sources**

Use any of the following sources to verify educational income and expenses:

- Award letter
- Loan paper
- School

- Student expenses
- Bank loan funds
- Participant statement for transportation expenses
- Expense receipts
- School budget sheet or computer printout

**07 Budgeting Educational Income and Expenses**

Policy and procedures regarding budgeting educational income and expenses are outlined as follows:

- [Budgeting Educational Income and Expenses Overview](#)
- [Prorating Educational Income and Expenses](#)

**A Budgeting Educational Income and Expenses - Overview**

Do not count educational income until it is actually received or can be reasonably expected.

Unearned educational income may be received as either of the following:

- A monthly amount

NOTE Do not change the number (1) in the PERIOD field when a monthly amount is budgeted.

- An amount intended to cover several months

NOTE Divide the income by keying the specific number of months in the PERIOD field.

(See [Prorating Educational Income](#))

**B Prorating Educational Income and Expenses**

**REVISION 27**  
(12/01/13 – 01/31/14)

Prorate educational income and expenses as follows:

- When the income and the expenses are for the same months, **AZTECS** completes the following:

Subtracts the total expenses from the total income

Prorates any remaining income over the months it is intended to cover

- When the income and expenses are for different months, complete the following steps:

Divide each income by the number of months it is intended to cover.

Divide each expense by the number of months it is intended to cover.

Subtract the total monthly expenses from the total monthly incomes.

(See Example [Budgeting Educational Income](#))

- Prorate educational income including earned income, unearned income, or educational expenses that are intended to cover more than a month.
- The period begins with the month containing the first day of the intended period, and extends through the month containing the last day of the intended period.

NOTE The period range limit in **AZTECS** is from 01 to 60.

Budget income beginning with the month in which the total, or the first payment is received or is expected to be received. Document the [case file\(g\)](#) with the reason for the date selected.

When the educational income is received after the period it was intended to cover, consider it a lump sum when received. (See [Lump Sum – Liquid Assets](#))

When income is received after the beginning of the period it is intended to cover, but before the end of that period, complete the following steps:

- Prorate the income over the period it is intended to cover.
- Budget the income for the remaining months of that period.
- Do not count the prorated amount from prior months.

## **08 Changes in Educational Income and Expenses - Overview**

Policy and procedures regarding changes in unearned educational income and expenses, and student status, are outlined as follows:

- [Educational Income and Expenses Changes](#)
- [Refunds of Tuition and Fees](#)
- [NA Student Status Change](#)

### **A Educational Income and Expenses Changes**

Information and verification may be received indicating a change in the monthly educational income or expense. Recalculate the educational income or expenses for the entire period over which they are intended to cover. Complete the following:

- Remove the specific educational income on UNIE.
- Key the new income, expenses and period fields on EDWO.
- **AZTECS** budgets the new prorated amount for the benefits not yet paid.
- Do not initiate overpayments or restored benefits.
- Send the appropriate notice to the **PI**.

### **B Refunds of Tuition and Fees**

When a student who quits school receives a refund of tuition or mandatory fees, the following applies:

- Funds originally determined not countable that are refunded are not countable.
- Funds retained by the institution are not countable.
- Continue to count educational income budgeted during the period for which the countable income has been prorated. This includes those students who left school prior to a new NA application.
- When the refund is for an expense allowed as a deduction from countable educational income, prorate the amount over the remainder of the period it is intended to cover.

**C NA Student Status Change**

Information or verification may be received indicating a change in eligible NA student status. When the student status changes, complete the following:

- Determine whether the participant now meets [NA student criteria](#)
- Key the appropriate Participation Code in the FS PT field on SEPA
- Redetermine NA eligibility
- Send the [appropriate notice](#) allowing for [NOAA](#) when necessary

**EXCEPTION**

When the only participant is the **PI**, close the case by keying the FS Denial or Closure Reason Code, allowing for NOAA. Send the [F200 notice](#).