FINANCIAL AID OVERAWARD POLICY

There are two types of financial aid overawards that may occur at South Texas College of Law Houston: (1) Federal Work Study Campus-Based Overawards, and (2) Federal Direct Loan Overawards.

1. Federal Work Study Campus-Based Overawards

A Federal Work Study Campus-Based Overaward occurs when a student is awarded Federal Work-Study, and the student subsequently receives a scholarship award that causes the student to exceed her or his cost of attendance budget. When this type of overaward occurs, federal law requires the Financial Aid Office to either return a portion of the student’s Federal Direct Loan, or reduce the student’s Federal Work Study award.

2. Federal Direct Loan Overawards

A Federal Direct Loan Overaward occurs when a student’s financial aid package includes a Federal Direct Loan, and the student subsequently receives a scholarship award that causes the student to exceed her or his cost of attendance budget. When this type of overaward occurs, the Financial Aid Office must make a downward adjustment to the Federal Direct Loan, if the Financial Aid Office becomes aware of the scholarship award, prior to the disbursement of the Federal Direct Loan.

When a student receives a scholarship award that causes the student to exceed her or his cost of attendance budget, after a Federal Direct Loan has been disbursed to the student, federal law permits the law school to establish the maximum allowable overaward amount. The maximum allowable overaward amount per semester is $2,800.00. When an overaward is equal to, or less than, $2,800.00 per semester, the Financial Aid Office need not return any Federal Direct Loan funds.

If, however, the scholarship exceeds the maximum allowable overaward amount of $2,800.00 per semester, the Financial Aid Office must return the portion of the Federal Direct Loan that exceeds the maximum allowable overaward amount.
Example 1: Federal Work Study Campus-Based Overaward

One Semester Cost of Attendance: $28,225

Financial Aid Award:
Federal Work-Study $5,000
Federal Direct Unsubsidized Loan $10,250
Federal Direct Graduate PLUS Loan $10,975
Total $28,225

In Example 1, a student receives a $5,000 scholarship, after the Federal Direct Loans are disbursed to the student. In this case, the Financial Aid Office must return $5,000 of the Graduate PLUS Loan, or eliminate the Federal Work Study award. The scholarship will replace either the Graduate PLUS loan, or the Federal Work-Study award in the student’s financial aid package.

Example 2: Federal Direct Loan Overaward

One Semester Cost of Attendance: $28,225

Financial Aid Award:
Federal Direct Unsubsidized Loan $10,250
Federal Direct Graduate PLUS Loan $17,975
Total $28,225

In Example 2, no federal work study is awarded, and a student receives a scholarship of $5,000, after the Federal Direct Loans are disbursed. In this case, the student could receive an overaward in the amount of $2,800, the maximum allowable amount. The Financial Aid Office must return $2,200 of the Graduate PLUS Loan to account for the balance of the scholarship.