



# The University of Mississippi

## Office of Financial Aid

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**Policy Name:** Current Year Aid to Pay a Prior Year Balance

**Purpose:** This document contains the Office of Financial Aid's current policies and procedures regarding the use of Federal Title IV aid from the current year to pay a prior year balance.

**Disclaimer:** This policy is subject to change, without notice, in order to comply with administrative and regulatory requirements.

### Definitions:

SEOG – Supplemental Educational Opportunity Grant

TEACH – Teacher Education Assistance for College and Higher Education Grant

PLUS – Parent Loan for Undergraduate Students

### Current Year Aid to Pay a Prior Year Balance Summary

Federal Title IV aid includes Federal Pell Grant, Iraq & Afghanistan Service Grant, SEOG, TEACH, Federal Work-Study, Direct Loans, Perkins Loan, and PLUS loans.

Per federal regulation, Federal Title IV aid for the current award year (Fall through Summer terms) cannot be used to pay Bursar charges from a prior year unless the balance is \$200 or less. A student authorizes payment toward a previous balance of up to \$200 in minor institutional charges when accepting his/her Financial Aid Award Notification online.

Beginning with the 2010-11 academic year, further federal clarification was provided. Evaluation of prior charges must be done by payment period:

- If there is a Direct Loan in the current financial aid package, then the “prior year” is considered any time prior to the loan period AND this definition then applies to *all* Title IV federal aid in the payment period - both loan and non-loan aid. (Since summer aid is awarded separately from Fall/Spring, then any summer package of federal aid that contains a Direct Loan cannot be used to pay remaining charges from Fall/Spring, even though these terms are in the same academic year.)
- If there is no Direct Loan, then the “prior year” is considered an award year.

Beginning July 1, 2016, new rules will define “current year” as follows:

- If a student’s Title IV aid package includes only a Direct Loan, the current year is the current loan period.
- If a student’s Title IV aid package includes only non-Direct Loan aid, the current year is the award year.
- If a student’s Title IV aid package includes both a Direct Loan and other aid, the institution may choose to use either the loan period or the award year as the current year. The University of Mississippi will use the award year as the current year in these cases.

The \$200 allowance for current Title IV funds to pay for prior charges applies only for the most recent “prior year” (award year or loan period, depending on whether or not the student has a Direct Loan). It is not to be used against older charges.