

1328; amended Pub. L. 102-325, title IV, § 403(b), July 23, 1992, 106 Stat. 505; Pub. L. 105-244, title IV, § 406(a), Oct. 7, 1998, 112 Stat. 1664.; Pub. L. 110-315, title IV, § 406(a), Aug. 14, 2008, 122 Stat. 3215.)

Editorial Notes

PRIOR PROVISIONS

A prior section 1070b, Pub. L. 89-329, title IV, § 413A, as added Pub. L. 92-318, title I, § 131(b)(1), June 23, 1972, 86 Stat. 251; amended Pub. L. 94-482, title I, § 122(a), Oct. 12, 1976, 90 Stat. 2094; Pub. L. 96-49, § 5(a)(3), Aug. 13, 1979, 93 Stat. 352; Pub. L. 96-374, title IV, § 403(a), (b), title XIII, § 1391(a)(1), Oct. 3, 1980, 94 Stat. 1404, 1405, 1503, related to program of supplemental educational opportunity grants purpose, authorization of appropriations, and initial year payment provisions, prior to the general revision of this part by Pub. L. 99-498.

AMENDMENTS

2008—Subsec. (b)(1). Pub. L. 110-315 substituted “such sums as may be necessary for fiscal year 2009 and each of the five succeeding fiscal years” for “\$675,000,000 for fiscal year 1999 and such sums as may be necessary for the 4 succeeding fiscal years”.

1998—Subsec. (b)(1). Pub. L. 105-244 substituted “1999” for “1993”.

1992—Subsec. (b). Pub. L. 102-325 amended subsec. (b) generally, substituting present provisions for provisions authorizing appropriation of \$490,000,000 for fiscal year 1987 and such sums as necessary for 4 succeeding fiscal years.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-244 effective Oct. 1, 1998, except as otherwise provided in Pub. L. 105-244, see section 3 of Pub. L. 105-244, set out as a note under section 1001 of this title.

§ 1070b-1. Amount and duration of grants

(a) Amount of grant

(1) Except as provided in paragraph (3), from the funds received by it for such purpose under this subpart, an institution which awards a supplemental grant to a student for an academic year under this subpart shall, for each year, pay to that student an amount not to exceed the lesser of (A) the amount determined by the institution, in accordance with the provisions of part F of this subchapter, to be needed by that student to enable the student to pursue a course of study at the institution or in a program of study abroad that is approved for credit by the institution at which the student is enrolled, or (B) \$4,000.

(2) If the amount determined under paragraph (1) with respect to a student for any academic year is less than \$100, no payment shall be made to that student for that year. For a student enrolled for less than a full academic year, the minimum payment required shall be reduced proportionately.

(3) For students participating in study abroad programs, the institution shall consider all reasonable costs associated with such study abroad when determining student eligibility. The amount of grant to be awarded in such cases may exceed the maximum amount of \$4,000 by as much as \$400 if reasonable study abroad costs exceed the cost of attendance at the home institution.

(b) Period for receipt of grants; continuing eligibility

(1) The period during which a student may receive supplemental grants shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student.

(2) A supplemental grant awarded under this subpart shall entitle the student (to whom it is awarded) to payments pursuant to such grant only if the student meets the requirements of section 1091 of this title, except as provided in section 1070b-2(c) of this title.

(c) Distribution of grant during academic year

Nothing in this section shall be construed to prohibit an institution from making payments of varying amounts from a supplemental grant to a student during an academic year to cover costs for a period which are not applicable to other periods of such academic year.

(Pub. L. 89-329, title IV, § 413B, as added Pub. L. 99-498, title IV, § 401(a), Oct. 17, 1986, 100 Stat. 1328; amended Pub. L. 102-325, title IV, § 403(c), July 23, 1992, 106 Stat. 505.)

Editorial Notes

PRIOR PROVISIONS

A prior section 1070b-1, Pub. L. 89-329, title IV, § 413B, as added Pub. L. 92-318, title I, § 131(b)(1), June 23, 1972, 86 Stat. 252; amended Pub. L. 96-374, title IV, § 403(c), Oct. 3, 1980, 94 Stat. 1405, related to amount and duration of supplemental educational opportunity grants, prior to the general revision of this part by Pub. L. 99-498.

AMENDMENTS

1992—Subsec. (a)(1). Pub. L. 102-325, § 403(c)(1), substituted “Except as provided in paragraph (3), from” for “From” in introductory provisions and inserted “or in a program of study abroad that is approved for credit by the institution at which the student is enrolled” after “course of study at the institution” in subpar. (A).

Subsec. (a)(3). Pub. L. 102-325, § 403(c)(2), added par. (3).

§ 1070b-2. Agreements with institutions; selection of recipients

(a) Institutional eligibility

Assistance may be made available under this subpart only to an institution which—

(1) has, in accordance with section 1094 of this title, an agreement with the Secretary applicable to this subpart;

(2) agrees that the Federal share of awards under this subpart will not exceed 75 percent of such awards, except that the Federal share may be exceeded if the Secretary determines, pursuant to regulations establishing objective criteria for such determinations, that a larger Federal share is required to further the purpose of this subpart; and

(3) agrees that the non-Federal share of awards made under this subpart shall be made from the institution’s own resources, including—

(A) institutional grants and scholarships;

(B) tuition or fee waivers;

(C) State scholarships; and

(D) foundation or other charitable organization funds.

(b) Eligibility for selection

Awards may be made under this subpart only to a student who—

- (1) is an eligible student under section 1091 of this title; and
- (2) makes application at a time and in a manner consistent with the requirements of the Secretary and that institution.

(c) Selection of individuals and determination of amount of awards

(1) From among individuals who are eligible for supplemental grants for each fiscal year, the institution shall, in accordance with the agreement under section 1094 of this title, and within the amount allocated to the institution for that purpose for that year under section 1070b-3 of this title, select individuals who are to be awarded such grants and determine, in accordance with section 1070b-1 of this title, the amounts to be paid to them.

(2)(A) In carrying out paragraph (1) of this subsection, each institution of higher education shall, in the agreement made under section 1094 of this title, assure that the selection procedures—

- (i) will be designed to award supplemental grants under this subpart, first, to students with exceptional need, and
- (ii) will give a priority for supplemental grants under this subpart to students who receive Pell Grants and meet the requirements of section 1091 of this title.

(B) For the purpose of subparagraph (A), the term “students with exceptional need” means students with the lowest student aid indexes at the institution.

(d) Use of funds for less-than-full-time students

If the institution’s allocation under this subpart is directly or indirectly based in part on the financial need demonstrated by students who are independent students or attending the institution on less than a full-time basis, then a reasonable proportion of the allocation shall be made available to such students.

(e) Use and transfer of funds for administrative expenses

An agreement entered into pursuant to this section shall provide that funds granted to an institution of higher education may be used only to make payments to students participating in a grant program authorized under this subpart, except that an institution may use a portion of the sums allocated to it under this subpart to meet administrative expenses in accordance with section 1096 of this title.

(Pub. L. 89-329, title IV, §413C, as added Pub. L. 99-498, title IV, §401(a), Oct. 17, 1986, 100 Stat. 1329; amended Pub. L. 102-325, title IV, §403(d)-(f), July 23, 1992, 106 Stat. 506; Pub. L. 103-208, §2(b)(25), Dec. 20, 1993, 107 Stat. 2459; Pub. L. 105-244, title IV, §406(b), Oct. 7, 1998, 112 Stat. 1665; Pub. L. 116-260, div. FF, title VII, §704(2), Dec. 27, 2020, 134 Stat. 3199.)

Editorial Notes**PRIOR PROVISIONS**

A prior section 1070b-2, Pub. L. 89-329, title IV, §413C, as added Pub. L. 92-318, title I, §131(b)(1), June 23, 1972,

86 Stat. 253; amended Pub. L. 94-482, title I, §122(b), Oct. 12, 1976, 90 Stat. 2094; Pub. L. 96-374, title IV, §403(d), Oct. 3, 1980, 94 Stat. 1405, related to selection of recipients of supplemental educational opportunity grants and agreements with institutions, prior to the general revision of this part by Pub. L. 99-498.

AMENDMENTS

2020—Subsec. (c)(2)(B). Pub. L. 116-260 substituted “student aid indexes” for “expected family contributions”.

1998—Subsec. (d). Pub. L. 105-244 amended heading and text of subsec. (d) generally. Prior to amendment, text read as follows: “If the institution’s allocation under this subpart is directly or indirectly based in part on the financial need demonstrated by students who are independent students or attending the institution less than full time and if the total financial need of all such students attending the institution exceeds 5 percent of the total financial need of all students attending such institution, then at least 5 percent of such allotment shall be made available to such students.”

1993—Subsec. (d). Pub. L. 103-208 substituted “and” for “, a reasonable proportion of the institution’s allocation shall be made available to such students, except that” and “5 percent of the total financial need” for “5 percent of the need”.

1992—Subsec. (a)(2). Pub. L. 102-325, §403(d), amended par. (2) generally. Prior to amendment, par. (2) read as follows: “agrees that the Federal share of awards under this subpart will not exceed—

“(A) 95 percent of such awards in fiscal year 1989,

“(B) 90 percent of such awards in fiscal year 1990, and

“(C) 85 percent of such awards in fiscal year 1991, except that the Federal share may be exceeded if the Secretary determines, pursuant to regulations establishing objective criteria for such determinations, that a larger Federal share is required to further the purpose of this subpart; and”.

Subsec. (d). Pub. L. 102-325, §403(e), inserted “who are independent students or” after “demonstrated by students” and inserted before period at end “, except that if the total financial need of all such students attending the institution exceeds 5 percent of the need of all students attending such institution, then at least 5 percent of such allotment shall be made available to such students”.

Subsec. (e). Pub. L. 102-325, §403(f), struck out before period at end “, and may transfer such funds in accordance with the provisions of section 1095 of this title”.

Statutory Notes and Related Subsidiaries**EFFECTIVE DATE OF 2020 AMENDMENT**

Amendment by Pub. L. 116-260 effective July 1, 2024, except as otherwise expressly provided, and applicable with respect to award year 2024-2025 and each subsequent award year, as determined under this chapter, see section 701(b) of Pub. L. 116-260, set out as a note under section 1001 of this title.

EFFECTIVE DATE OF 1998 AMENDMENT

Amendment by Pub. L. 105-244 effective Oct. 1, 1998, except as otherwise provided in Pub. L. 105-244, see section 3 of Pub. L. 105-244, set out as a note under section 1001 of this title.

EFFECTIVE DATE OF 1993 AMENDMENT

Amendment by Pub. L. 103-208 effective on and after July 1, 1994, see section 5(b)(6) of Pub. L. 103-208, set out as a note under section 1051 of this title.

EFFECTIVE DATE OF 1992 AMENDMENT

Amendment by Pub. L. 102-325 effective July 23, 1992, except that changes in subsec. (a)(2) of this section, relating to Federal share for supplemental educational opportunity grant program, applicable to funds pro-

vided for such program for award years beginning on or after July 1, 1993, see section 410 of Pub. L. 102-325, set out as a note under section 1070a of this title.

EFFECTIVE DATE

Section effective Oct. 17, 1986, except as otherwise provided, see section 2 of Pub. L. 99-498, set out as a note under section 1001 of this title.

Pub. L. 99-498, title IV, §401(b)(5), Oct. 17, 1986, 100 Stat. 1353, provided that: "Section 413C(c)(2) of the Act [20 U.S.C. 1070b-2(c)(2)] as amended by this section shall apply to the awarding of grants under subpart 2 of part A of title IV of the Act [this subpart] for periods of enrollment beginning on or after July 1, 1987."

§ 1070b-3. Allocation of funds

(a) Allocation based on previous allocation

(1) From the amount appropriated pursuant to section 1070b(b) of this title for each fiscal year, the Secretary shall first allocate to each eligible institution an amount equal to 100 percent of the amount such institution received under subsections (a) and (b) of this section for fiscal year 1999 (as such subsections were in effect with respect to allocations for such fiscal year).

(2)(A) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this subpart after fiscal year 1999 but is not a first or second time participant, an amount equal to the greater of—

(i) \$5,000; or

(ii) 90 percent of the amount received and used under this subpart for the first year it participated in the program.

(B) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this subpart after fiscal year 1999 and is a first or second time participant, an amount equal to the greatest of—

(i) \$5,000;

(ii) an amount equal to (I) 90 percent of the amount received and used under this subpart in the second preceding fiscal year by eligible institutions offering comparable programs of instruction, divided by (II) the number of students enrolled at such comparable institutions in such fiscal year, multiplied by (III) the number of students enrolled at the applicant institution in such fiscal year; or

(iii) 90 percent of the institution's allocation under this part for the preceding fiscal year.

(C) Notwithstanding subparagraphs (A) and (B) of this paragraph, the Secretary shall allocate to each eligible institution which—

(i) was a first-time participant in the program in fiscal year 2000 or any subsequent fiscal year, and

(ii) received a larger amount under this subsection in the second year of participation,

an amount equal to 90 percent of the amount it received under this subsection in its second year of participation.

(3)(A) If the amount appropriated for any fiscal year is less than the amount required to be allocated to all institutions under paragraph (1) of this subsection, then the amount of the allocation to each such institution shall be ratably reduced.

(B) If the amount appropriated for any fiscal year is more than the amount required to be allocated to all institutions under paragraph (1) but less than the amount required to be allocated to all institutions under paragraph (2), then—

(i) the Secretary shall allot the amount required to be allocated to all institutions under paragraph (1), and

(ii) the amount of the allocation to each institution under paragraph (2) shall be ratably reduced.

(C) If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under paragraphs (1) and (2) of this subsection).

(4)(A) Notwithstanding any other provision of this section, the Secretary may allocate an amount equal to not more than 10 percent of the amount by which the amount appropriated in any fiscal year to carry out this part exceeds \$700,000,000 among eligible institutions described in subparagraph (B).

(B) In order to receive an allocation pursuant to subparagraph (A) an institution shall be an eligible institution from which 50 percent or more of the Pell Grant recipients attending such eligible institution graduate from or transfer to a 4-year institution of higher education.

(b) Allocation of excess based on fair share

(1) From the remainder of the amount appropriated pursuant to section 1070b(b) of this title for each year (after making the allocations required by subsection (a)), the Secretary shall allocate to each eligible institution which has an excess eligible amount an amount which bears the same ratio to such remainder as such excess eligible amount bears to the sum of the excess eligible amounts of all such eligible institutions (having such excess eligible amounts).

(2) For any eligible institution, the excess eligible amount is the amount, if any, by which—

(A)(i) the amount of that institution's need (as determined under subsection (c)), divided by (ii) the sum of the need of all institutions (as so determined), multiplied by (iii) the amount appropriated pursuant to section 1070b(b) of this title of the fiscal year; exceeds

(B) the amount required to be allocated to that institution under subsection (a).

(c) Determination of institution's need

(1) The amount of an institution's need is equal to—

(A) the sum of the need of the institution's eligible undergraduate students; minus

(B) the sum of grant aid received by students under subparts 1 and 3¹ of this part.

(2) To determine the need of an institution's eligible undergraduate students, the Secretary shall—

(A) establish various income categories for dependent and independent undergraduate students;

(B) establish a student aid index for each income category of dependent and independent

¹ See References in Text note below.