

# Child Welfare Policy Manual

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## Questions & Answers

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### 3.5C Eligible Expenses and Institutions

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**1. Question: What type of institutions fall within the definition of "institution of higher education" for the purposes of the educational and training voucher program under section 477 of the Social Security Act?**

**Answer:** The term "institution of higher education" is defined in Sections 101 and 102 of the Higher Education Act (HEA) of 1965, as amended. The U.S. Department of Education, Office of Postsecondary Education, can help States determine which institutions meet the law's criteria. In general, the term includes three different types of institutions: public and nonprofit institutions of higher education; proprietary institutions of higher education; and postsecondary vocational institutions.

A public or nonprofit institution of higher education must meet the following criteria (section 101(a) and (b) of HEA):

(1) admits as regular students only persons with a high school diploma or General Equivalency Degree (GED), OR students above the age of compulsory school attendance in the State where the institution is located;

(2) is authorized by the State to provide postsecondary education;

(3) provides an educational program for which the institution awards a bachelor's degree or at least a two-year program (e.g., an associate degree) that is acceptable for full credit toward such a degree OR provides at least a one-year training program to prepare students for gainful employment in a recognized occupation; and

(4) is accredited by a nationally recognized accrediting agency or association, recognized by the Department of Education, or has been granted pre-accreditation status by the agency or association, and the Secretary has determined that there is a satisfactory assurance that the institution will meet the accreditation standards of the agency or association within a reasonable time.

A proprietary (for-profit) institution of higher education must provide a training program to prepare students for gainful employment in a recognized occupation and meet the same criteria as described in (1) and (2) above for public or nonprofit schools. In addition, the

institution must: be accredited by an agency or association recognized by the Department of Education; be in existence for at least two years; and, have at least 10 percent of its funding come from sources other than title IV of HEA (section 102(a)(1)(A) and 102(b) of HEA).

A postsecondary vocational institution must be a public or nonprofit school in existence for at least two years, which provides a training program to prepare students for gainful employment in a recognized occupation. The school must also meet the criteria described in (1), (2) and (4) above (section 102(a)(1)(B)) and 102(c) of HEA).

Certain institutions may not be considered an "institution of higher education" without obtaining special Secretarial approval if they have a high percentage of distance learning classes or students, incarcerated students and students without a high school degree, or have previously filed for bankruptcy or have been convicted of fraud using HEA funds (section 102(a)(3) and (a)(4) of HEA). Schools outside of the United States cannot be considered institutions of higher education for the purposes of the Educational and Training Voucher program (section 102(a)(1)(C) of HEA).

- **Source/Date:** 4/4/05
- **Legal and Related References:** HEA of 1965 § Section 101 and 102

**2. Question: Section 477(i)(4) of the Social Security Act allows States to use educational and training vouchers to pay for the "cost of attendance" up to \$5,000 per year. What is included in the definition of "cost of attendance?"**

**Answer:** The definition of "cost of attendance" is in section 472 of the Higher Education Act of 1965, as amended. The cost of attendance is calculated by the institution of higher education in establishing a youth's financial need and can vary depending on the student's full-time or part-time status and where the student is receiving instruction (i.e., in jail, study-abroad or distance learning).

In general, the definition includes a student's:

? Tuition, fees and other equipment or materials required of all students in the same course of study

? Books, supplies and an allowance for transportation costs and miscellaneous personal expenses, including computers

? Room and board (which may vary depending on whether the student lives at home, in student-housing or an apartment)

? Child care expenses for a student who is a parent

? Accommodations related to the student's disability, such as a personal assistant or specialized equipment that is not paid for by another source

? Expenses related to the youth's work experience in a cooperative education program

? Student loan fees or insurance premiums on the student loan

- **Source/Date:** 4/4/05
- **Legal and Related References:** Higher Education Act of 1965, as amended § Section 472; Social Security Act § Section 477(i)(4)

**3. Question: What child care expenses are included in the definition of "cost of attendance" for the voucher program?**

**Answer:** According to the Higher Education Act of 1965, as amended, if the youth has at least one child, the cost of attendance includes an allowance for child care expenses. The institution must determine the actual allowance, if any, for child care expenses. The institution's determination must be based on the number and age of the youth's child(ren) and may not exceed the reasonable cost for child care in the community where the youth lives. The expenses may cover, but are not limited to, child care necessary for class attendance, periods of study, field-work, internships, and commuting time.

- **Source/Date:** 4/4/05
- **Legal and Related References:** Higher Education Act of 1965 § Section 472

**4. Question: If the State is paying for the "cost of attendance" for a student under the Educational and Training Voucher program, what are allowable transportation expenses under the definition of "cost of attendance?" May the State use funds from the voucher program to pay for expenses related to a student's personal vehicle?**

**Answer:** There is no statutory definition of allowable transportation expenses. The institution may determine the amount of transportation expenses, if any, to allow in determining the cost of attendance. The State should consult with the institution to determine which expenses are allowable and appropriate.

If expenses related to the student's personal vehicle are not a part of the cost of attendance, they are not an allowable expense under the voucher program. The State may pay for costs, such as a youth's car insurance or car repairs, that are reasonable and necessary for the youth to become independent or attend classes out of regular Chafee program funds.

- **Source/Date:** 4/4/05
- **Legal and Related References:** Social Security Act § Section 477

**5. Question: Can the State use funds awarded in the current fiscal year for the Educational and Training Voucher (ETV) program to pay all or a portion of a youth's educational or vocational student loans from previous years?**

**Answer:** No. Fundamental principles of both appropriations law and grants management policy dictate that funds are not available for expenditure or obligation by the grantee (in this case, the State) until they are awarded to the grantee. Accordingly, funds cannot be expended by a grantee for costs incurred prior to the effective date of the grant award. The use of a current fiscal year's ETV funds to finance a youth's educational or vocational loans that were incurred prior to the awarding of grant funds is prohibited.

- **Source/Date:** 4/4/05
- **Legal and Related References:** Social Security Act § Section 477; GAO/OGC-91-5, Vol. 1, Chapter 5

**6. Question: There is a \$5,000 per year maximum per youth for the Educational and Training Voucher fund. Does this maximum apply only to Federal funds? If so, can the State spend additional dollars from all-State funds or other sources for this purpose?**

**Answer:** Yes to both questions. Consistent with section 474(a)(4) of the Social Security Act, a State will be reimbursed for 80 percent of the amount of a youth's voucher, up to the \$5,000 per year/per youth maximum. The State is responsible for a 20 percent match up to that limit. The State is free to use additional State or other funds for this purpose.

- **Source/Date:** 4/4/05
- **Legal and Related References:** Social Security Act § Section 474(a)(4)

**7. Question: Section 477(i)(4)(B) of the Social Security Act states that a voucher or vouchers provided for an individual "shall not exceed the lesser of \$5,000 per year or the total cost of attendance, as defined in the Act." Does the \$5,000 ceiling apply to an academic year, a Federal or State fiscal year, a calendar year or any 12-month period?**

**Answer:** Since the law does not define the term "year" as applied to the \$5,000 ceiling, the State has the discretion to decide the 12-month period to which to apply the ceiling. Accordingly, the voucher amount of up to \$5,000 per year/per youth may be for any 12-month period of the State's choosing. It should be noted, however, that the funds must be spent within the two-year expenditure period that is based on the Federal fiscal year.

- **Source/Date:** 4/4/05
- **Legal and Related References:** Social Security Act § Section 474(i)(B)(4)

**8. Question: Would a voucher be available for a youth to get an adult high school certificate or General Equivalency Degree (GED) at a community college?**

**Answer:** Typically, no, because Chafee requires that a youth attend an institution of higher education, as defined in section 102 of the Higher Education Act (HEA) of 1965, as amended. Among other things, HEA defines what constitutes an "institution of higher learning" based on certain criteria. We encourage the State to consult the specific community

college or institution of higher education about whether such a youth is considered a student for whom the institution can calculate the cost of attendance and whether the college or institution of higher education meets the criteria in sections 101 and 102 of HEA.

- **Source/Date:** 4/4/05
- **Legal and Related References:** Social Security Act - Section 477(i); Higher Education Act of 1965, as amended - Section 472