

HOTMA Resident Worksheet: Student Financial Aid

This worksheet is for families who live in public housing. There are new rules affecting student financial aid because of a federal law, the Housing Opportunity Through Modernization Act of 2016 (HOTMA). This change begins with all rent determinations with an effective date of January 1, 2027 or after. This worksheet is not official or required by HUD or your PHA.

Background

HUD has created new rules about certain types of student financial aid. These rules say that your PHA will not count financial aid for both **full and part-time students** in calculating your rent. This is good news if you or someone in your household receives assistance like scholarships or grants for school.

Types of Student Financial Aid

Under the new rules there are two categories of student financial aid:

1. **Title IV Higher Education Assistance (HEA) / Bureau of Indian Affairs student assistance programs:** For all public housing residents and most Section 8 residents, any money you receive from these programs will not be considered income, even if it's more than what you need for school. (An exception for some Housing Choice Voucher participants is explained at the end.)
2. **Other financial assistance:** This includes any other funds you receive, like scholarships or grants, to pay for higher education. It can come from the government (federal, state, tribal, or local), foundations, businesses, or your school. This financial aid is not counted as income, when it is needed for the actual costs of your education. Your PHA will first see if you have actual costs that were not covered by HEA Assistance. If so, this type of aid will be applied up to the amount of remaining costs.

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Let's use an example to understand this better.

Anna is starting her second year of college. Anna lives in public housing and is the head of her household. She receives $10,000 through the Federal Work Study Program, which is HEA Assistance. She also got a $10,000 scholarship for community service from a foundation. Anna's total expenses for attending college are $18,000.

Here's how the PHA will treat her financial assistance:

1. The PHA will look at HEA Assistance. The $10,000 from the Federal Work Study Program won't count as income.
2. The PHA will calculate if Anna has any actual costs that are not covered. Anna has $18,000 in actual covered costs. So, she has $8,000 in actual costs remaining.
3. The PHA will look at other financial assistance. Anna received a $10,000 scholarship. Since the remaining actual costs for Anna's school are $8,000, only $8,000 of the scholarship will be excluded from her income calculation.

In Anna's case, $18,000 is excluded income. The remaining $2,000 will be counted as income for her rent calculation.

Dependent Income: If you are full-time student and a dependent, any money you earn won't be counted in your household's income to determine rent. Any loans you receive also won't be counted as income if the borrower or co-borrower is a member of the household.

Educational savings account: If you are saving or using money from a Coverdell education savings account, or any savings program under IRS sections 529 and 530, these funds won't be considered as part of your income in determining your rent.

Calculate your student financial aid exclusion

Step 1. Confirm Your Institution is covered.

Make sure your school is eligible for this program. It must be an eligible institution of higher education. This includes colleges, universities, trade schools, or post-secondary educational institutions that can take part in a student aid program managed by the U.S. Department of Education.

If you're unsure about your school's eligibility, you can:

- Ask your school, "Can I use Federal student aid here?", OR
- Look it up at studentaid.gov/fafsa-app/FSCsearch.

Step 2. Gather your documents and start estimating.

Get together your documents:

- Proof of school enrollment
- Financial aid award letters

To understand what will be excluded, you can use the chart below. You will note if the aid is Title IV HEA Assistance or Other Student Financial Assistance. The form below lists the most common forms of HEA Assistance.

Do not include: gifts from friends or family, or payment for services (like a teaching fellowship) that is not under section 479B of the HEA, or loans, like Federal Perkins loans or other federal or private loans (which are already excluded from income).

Table 1: Financial Aid Source		
	A: Title IV HEA Assistance	**B: Other Student Financial Assistance**
Federal Pell Grants	$	
Teach Grants	$	
Federal Work-Study Programs	$	
Bureau of Indian Affairs/Educational assistance programs	$	
Higher Education Tribal Grant	$	
Tribally Controlled Colleges or Universities Grant Program	$	
Employment training program under section 134 of the Workforce Innovation and Opportunity Act (WIOA)	$	
Other Title IV HEA federal student aid	$	
Other federal grants and scholarships (non-Title IV HEA)		$
State, local, or tribal government grants or scholarships		$
Grants or scholarships from a non-profit foundation		$
Grants or scholarships from a business or corporation		$
Grants or scholarships from an institution of higher education		$
TOTALS	$ 0.00 *Enter in Table 3, Box 2*	$ 0.00 *Enter in Table 3, Box 4*

Step 3. Calculate your costs.

HUD rules only exclude Other Financial Assistance that is used for your remaining actual costs to attend school. The descriptions below should give you an idea of what qualifies as an actual covered cost. However, it's a good idea to double check with your RHA property manager.

Gather information about your expenses.

- **Tuition and fees** — Most colleges and universities publish a "Cost of Attendance" on their website. The form is also available from the school's financial aid office. The form includes mandatory fees and tuition. However, other amounts listed may be estimates. Check the categories for an idea of what expenses to include but you'll need to know what you personally paid.
- **Housing costs** (only for dependent, full-time students) — for on-campus housing, you can use the student aid office's costs. Otherwise, you will have a lease or other agreement that states the cost of housing.
- **Books and supplies** — you can include the costs of any necessary books or supplies, like a laptop or art materials, that you purchased. Include any items you need due to learning disabilities or other disabilities.

Use information from your school's financial aid office, and any other actual covered costs you've had, to fill out the amounts below. Hold on to your documentation.

Table 2: Actual Covered Costs

Expense	Amount
Tuition	$
Fees	$
Room & Board	$
Books, course materials, supplies, and equipment *Example: computer*	$
Extra fees or costs *Example: lab fees, activity fees*	$
Other *Example: necessary supplies and equipment due to a learning disability.*	$
TOTAL	$ 0.00 ***Enter in box Table 3, Box 1***

Step 4. Calculate the total exclusion.

The PHA looks at all Title IV HEA assistance before any other student financial aid. Use the table on the following page to calculate the **total** amount of assistance that won't be included as income when RHA calculates your rent.

Table 3: Total Exclusion	
1. Actual covered costs *From total of Table 2*	$ 0.00
2. Total Title IV HEA Assistance *From total of Table 1, Column A*	$ 0.00
3. Remaining actual covered costs *Actual Covered Costs (Box 1) minus HEA Assistance (Box 2)* ***Put 0 if negative.***	$
4. Other Student Financial Assistance *From total of Table 1, Column B*	$ 0.00
5. Amount of Excluded Other Student Financial Assistance *Enter the lower of the remaining actual covered costs (Box 3) or Assistance (Box 4), whichever is lower*	$
TOTAL EXCLUSION *(add rows 2 and 5)*	$ 0.00

Exception for specific Section 8 students

The law that funds HUD includes a special rule for some Section 8 students. For these students, any student financial aid (including HEA Assistance) that is more than the actual covered costs, is considered income. HUD will notify your PHA if this requirement is removed.

This applies to Section 8 students who are the head of household, co-head, or spouse and:

- Are 23 years old and under, OR
- Do not have dependent children.

All other Section 8 students can use the formulas described above.

For these Section 8 students only student financial assistance needed for actual covered costs can be excluded from income. The amount excluded will be the lower of total student financial assistance or actual covered costs.

Table 4: Total Amount of Student Aid	
1. Total Title IV HEA Assistance *From total of Table 1, Column A*	$ 0.00
2. Other student financial assistance *From total of Table 1, Column B*	$ 0.00
TOTAL AMOUNT OF STUDENT AID *(add rows 1 and 2)*	$ 0.00

Table 5: Total Exclusion from Income	
1. Actual covered costs *From total of Table 2*	$ 0.00
2. Total amount of student aid (above)	$ 0.00
ENTER THE LOWER OF BOX 1: ACTUAL COVERED COSTS OR BOX 2: TOTAL AMOUNT OF STUDENT AID	$