

Jeff:

Okay. Two Pell's in an award year. We have time I think – it went pretty well yesterday in terms of the time. There'll be time for questions. The session actually talks about – the title – that we'll have time for questions. That's why it goes a little bit longer. I do have to tell you now, though, that at 3:00, we're done because I've got to run upstairs and find my way to another room to do another session, unlike yesterday where I had a little more time. So let's jump right into it.

This is the way we're gonna cover it. We're gonna talk about basic concepts. Then we're gonna talk about the regulatory requirements, specifically about the crossover payment periods, academic year progression or acceleration, the operations issues, which should go pretty quickly, and then time for questions.

The two Pell's in an award year concept was authorized by the Higher Education Opportunity Act back in 2008. And, basically, it says that if the student is otherwise eligible, they can receive all or a portion of a second-scheduled award. You'll hear me talk about first-scheduled awards and second-scheduled awards over and over here. And I'm gonna – in another slide, I'm gonna explain to you the differences. Make sure you understand the differences because some rules apply to the student whether it's a first-scheduled award or a second-scheduled award, and some only apply if it's a second-scheduled award, and that's really important.

The objective, as stated in the statute, is to help needy students by providing more grant dollars, which is a good thing, to accelerate their program, to move more quickly through their academic program. That's why we have the academic progression requirement. Under the statute, two Pell's in an award year, where it's effective with the 2009-10 award year, last year, the year that's been over for six months or so, you should have been awarding students second-scheduled awards if they were eligible for it last year. We'll just leave it at that.

*[Laughter]*

We issued regulations after the law passed. We go through our negotiated rule making in our regulatory process issue regulations in October of 2009. And under our master calendar, required by the statute, we publish the regulations. If we get it done by November 1st, and we did, then the rules become effective for the next following award year, the '10-'11 award year. So we had kind of a strange situation where we had the law was in effect for the '09-'10 year, but we didn't have any regulations until '10-'11.

Now that didn't mean you didn't have to do it. You still were really seriously were supposed to provide students with second-scheduled award monies during '09-'10. It just meant that these rules – and we'll talk about it in a mind – are effective for the '10-'11 award year only.

Now let me just give my little schpiel on this. Yeah, could the Congress have written this a little bit easier for us? Maybe. Could we have done our regulatory work a little differently? I don't know. We did the best we could, given the statutory structure and the objectives of the secretary and so on. Is it complicated? Yeah. Is it at least initially difficult, and maybe even costly to implement some of these on your campus? Yeah, I think so. But we gotta get through all a that, folks, because this is what it is.

And most importantly, whether you've been a financial aid administrator – whether today's your first day or you've been a financial aid administrator as old as me and been in this as long as I have, every one of us has at least thought and probably said over and over again, "We need more grant money for needy students." And that's why we get up each morning and come to work. And could it have been better? Yeah, probably. But we're talking about thousands of dollars. And you'll see some examples, maybe \$5,000.00 and \$6,000.00 a year extra for a needy student. And we've been arguing and fighting for that for many, many years. So this is a good thing for our students, and we need to support it.

So, let's – we think about that ways to approach this, and this is our latest thinking on it. Let's talk about what hasn't changed, because you could get into trouble if you begin to think that this does more than it really does. The concept of scheduled award, old news. From the very beginning of the Pell Grant program, 40 whatever years ago, okay? Scheduled awards. A scheduled award is the amount the student would receive based upon the student's EFC, Expected Familiarity Contribution, and the cost of attendance, if the student were a full-time, full-year student.

The scheduled award is the maximum award for the year, minus the EFC. Now we don't do an exact arithmetic, because we do the payment schedules with bands, \$50.00, \$100.00 bands. But that's basically what it is. Cost of attendance is there, but for – there's very, very, very few cases where cost of attendance is a factor, and that's because, unfortunately, the Pell Grants, as generous as they've been recently, are not high enough to really impact – to have cost of attendance impact it. But the amount the student would receive based upon the maximum award and their EFC, if

they were full-time, full-year. That's the scheduled award.

How much do they really get? It depends on whether they're full-time, full-year. They may be part-time. They may be not there for the whole year. They may be taking some time off, and all kinds of things. They may get less because they withdrew and you had to return \_\_\_\_\_ for aid and return something – or all kinds of reasons. But the scheduled award is how much they would get if they were full-time, full-year.

That has not changed. So the scheduled award, for example, for this year – the maximum award for this year, the 2010-'11 year, is \$5,550.00. So if a student with a zero EFC, the scheduled award is \$5,550.00. And if the student had a EFC of \$1,000.00, the scheduled award – it may not be exactly this – would be \$4,550.00. It's not doubled because we have two Pells, and the scheduled award for this student with zero EFC is not \$11,100.00. It's \$5,550.00. And if you get going off on some other thing, you're gonna run into some problems.

Payment periods, 'cause we pay students by payment periods in the grant programs. And what's a payment period? Well, we define them in our regulations, and this doesn't change any of that. Generally, for a term-based program, it's the term, semester, trimester, quarter. Even a non-standard term, it's the non-standard term. For a non-term credit-hour program, or a non – or a clock-hour program, we still define payment periods it's roughly half of the award year defined in weeks and hours. So none of that changes. Nor does the way you calculate the amount a student's going to get for a payment period.

You use one of our formulas, one, two, three, four. You – five. You – as based upon the scheduled award and your type of program, you decide which formula to use, which payment schedule. You divide it in half if it's semesters, and thirds if it's quarters, and if it's non-standard terms, you gotta do a little arithmetic. But none of that changes. What changes is whether you can pay it when the student has already used or is about to use 100 percent of their first scheduled award.

So it did change. For all of the years of the Pell Grant program, until 2009-'10, a student could only receive one scheduled award, 100 percent of their scheduled award, whatever it is. For a zero EFC student, \$5,550.00 for this year. And that's why we invoke a number of years ago in our common origination disbursement system, COD, this POP business, Pell Overpayment Process, right,

to warn you when we have a situation where either you or, more likely, more than one school are awarding or have disbursed or are going to disburse funds that would exceed on 100 percent, and we put all these warnings up and take your money and have you resolve it and all of that.

That's old. Now, beginning with 2009-'10, a student can receive more than one full-scheduled award, more than 100 percent scheduled award. They can receive up to 200 percent of a scheduled award within an award year. A Title 4 award year July 1st through June 30th, with the crossover business, which we'll talk about. Okay?

The other thing that's changed is the enrollment status thing. And I don't know why that Congress did this. A number of years ago, probably 8-10, maybe more years ago, the law was changed to allow less than half-time students to receive a federal Pell Grant. Now they get a lesser amount. So a student gets 100 percent of whatever they're eligible for if they're full-time; three-quarter time, 75-percent; half-time, 50 percent; less than half-time 25 percent; and you have to do the costs a little bit differently.

For whatever reason, the Congress said for second-scheduled award money – so this is the first time I'm saying something's different between first-scheduled awards and second-scheduled award. For first-scheduled award monies, a less than half-time student can still get a Pell Grant. If they're into the second-scheduled award world, they cannot. You have to be at least half-time. I don't know why.

Crossover payment periods. This changed because of our regulations. In the past, for some – frankly, some very good reasons, and for, frankly, from my perspective at least, not so very good reasons, schools – we allowed schools to have a choice as to what – which year in a crossover payment period – and we'll talk more about what a crossover is – they were gonna pay a student from, whether from the ending year, the waning year, the old year, however you wanna say that, or from the upcoming year, the new year, however you wanna say that.

But we've changed that. Because one of the good reasons why you wanted to manipulate this a little bit was to protect the student because they're gonna run out of 100 percent of their first-scheduled award. But now for most students, they will not. And so now the regulatory requirement is you must decide in a crossover payment period to the award year that will produce the

higher payment amount for the student. And we have a lot more on that in a minute.

So in summary, again, there's no change in the way the payment period is established. There's no change in the way that you calculate how much a student should be awarded for a payment period, for a term, or a non-term, whatever it is. It's only a question of can you keep paying even though they've received 100 percent, or will receive 100 percent.

And the last part of this – up to 200 percent – it's possible – and I'll show you in a minute – it's possible for a student to receive in a particular payment period the remaining funds from the scheduled award, and if eligible, the beginning of funds from the second-scheduled award at the same time in one payment period.

Student eligibility. Most of this goes without saying. You wouldn't be thinking about a second-scheduled award in Pell Grant, unless the student was Pell Grant-eligible, obviously. You also wouldn't be – you have to pay attention to this at least half-time. That's the real difference here. And, obviously, you wouldn't be thinking about a student being awarded second-scheduled award funds if they haven't used or aren't about to use all of their first-scheduled award money. So those are kinda no-brainers.

Just remind you that a number of years ago, the law was changed to provide a maximum period of time at which a student can receive a federal Pell Grant, right, the equivalent of 18 semesters, 9 years or so. These second-scheduled award funds will count towards the student getting to that threshold. It shouldn't be a problem. If it is, there's something wrong, because the whole purpose of this is to get them through their program sooner, rather than later. And the other eligibility requirement is beginning with the '10-'11 year, because it was in our regulation, this concept of acceleration or academic progression.

Now I can't find a better way to do this, so in the presentation – and I've already mentioned it twice – we talk about academic progression or acceleration as a requirement. A little later in the presentation, I'll give you a lot more detail what that means. But there is a requirement as we talk about some other things, that the students show and demonstrate academic progression.

So I like pictures a little bit, even though I'm not very good at drawing them. This is what would happen – would have happened

if the law had not changed. Now, on these little slides with all these pictures you're gonna see, I take the easiest, simplest example to use. We have a semester-based program. We have a program where the summer is considered the equivalent of a semester, so we don't have to do any prorations. We have a student with zero EFC. We have a student unless I say otherwise, who's gonna be full-time in all of this. And we have a student who completes all of the hours.

But that's just to make this easy to discuss and to show on a screen. But the concepts, all of these concepts they apply it for a term – a quarter program or a trimester program or a non-term program, or a clock-hour program. They all appropriately the same way it doesn't have to be nice and smooth like this.

So there's what would happen if the law did not change. Our student would have gotten – say she was an entering freshman this year at your school, and woulda got \$2,775.00 'cause the maximum Pell Grant is \$5,550.00 and I told you she had a zero EFC. So that's half, and she gets that. And then the spring coming up, the same thing. And now if the law had not changed, that's 100 percent. The student cannot get any '10-'11 Pell Grant for this summer crossover period. If they're gonna get funded for the summer at all, it's going to be what the bottom line shows out of the '11-'12.

Now where'd I get \$2,855.00? Well, I put in the \$5,710.00 because that's in the president's budget, is recommendation to the Congress for '11-'12, but we don't know what it's really gonna be. So please, please, please, don't go back and start awarding \$5,710.00 in Pell Grants for '11-'12. Or well all go to jail. I mean, it'll be really bad. But there's some points to be made here – both here and later on this.

So here's the only thing the student would be able to get for the summer is this money. But here's what happens, and this is one of the quotes around it. “Good reasons why –” I know you wouldn't in the past want to fund the student perhaps out of the upcoming year because what happens, she gets this much money in the summer and then again in the fall. There's nothing in spring. And since spring's not a crossover, there isn't a opportunity to go get it from next year. Okay? But the law did change. The law did change.

So our student can get the 100 percent this fall and spring of '10-'11, and get another 50 percent – remember, I made this nice

and easy – another 50 percent in the summer on the '10-'11, on the '10-'11, 150 percent, okay? This is \$2,700.00 extra for the student because by doing that, then the fall is \$2,855.00 – my increase – and the spring, and this student is eligible for next summer. Well, first of all, she's eligible for spring, and she wasn't on the other slide. Now, also, this summer of '12, over a year from now, depending on what happened in the future, this student would be eligible again. So in this two-year period, this student gets three Pell Grants? All right, three Pell Grants for about \$5,700.00 extra. That's a lotta money for a needy student. That's a lotta money for a needy student.

Now you know already, because we've been a year talking about this, and I'll show you a little bit later, that isn't exactly gonna be what the students' package is. You'll see in a minute why this summer is not gonna be funded the way this one shows. But I wanted to make the point here.

Then we were – so then you get into a situation – could this happen? Absolutely. Last summer, the student was awarded a Pell Grant out of 2010-'11 and this fall, and that's 100 percent. "Oh, I don't have to stop if the student's eligible." So this spring, another \$2,775.00, and this upcoming summer of '11, the student could get another \$2,775.00 for 200 percent, for 200 percent over a 15-month period. Okay. That's 200 percent. That's why we call it two Pells in an award year. Okay?

So then we have – you notice I say "okay," and then I don't wait for you to answer or anything, because it doesn't matter. I'm gonna keep going.

Then we ask the question, "Does this apply to clock-hour program?" Of course. It's the same. And in this case, it's even a little more dramatic telling here. Here I made up a situation where it's a 1,500-clock-hour program all within the same award year. There's no overlap and there's no crossover here, so you don't have that flexibility. If the law had not changed, our student would have got half her award for the first 450 hours, and half for the second. And that would have been the end of it, even though the student had 600 clock hours to complete the program.

So what happens to this student? I don't know. They drop out? That's terrible. They take less – they do less coursework so they – 'cause they have to work or something? I don't know. They take more loans? All of those are bad for a needy student. But the law did change, so we can see that our student does get an additional

two-thirds, in this case, in this example, two-thirds of a Pell Grant, \$3,500.00 or so, because two Pells in an award year. Okay?

Now I mentioned earlier that a student could get the remaining part of a first scheduled award and the beginning of a second-scheduled award for the same payment period. And that can happen. I'll show you a picture in just a second. The important thing is that when this happens, you don't have to award the student two halves. You don't have to report to COD as two different awards or something like that. There is an indicator – there's an additional eligibility indicator which we'll talk about later when we get to operations, but that's all you have to do. So let's look at a picture of this one.

Here's a student with a 55 – same thing – \$5,550.00 scheduled award, \_\_\_\_\_ and all that. She was in school last summer three-quarter time, and so the calculation was that the student was awarded \$2,081.00 in Pell Grant for last summer, which is 37.5 percent. Why is it 37.5 percent? Well, because at three-quarter time, the student gets 75 percent of the award and the summer is equivalent of a semester at a semester school, so it's half, 37.5 percent for \$2,081.00.

Then in the fall, this current fall, the student is full-time, and so they get the full \$2,775.00, right? Now comes this coming spring. You calculate the award without our regard to whether there's any amount remaining or not in the scheduled award. It's \$2,775.00. And you always shoulda done that, even before this changed, to calculate the award. The question was – it still is – can you pay it all? If this law had not changed, you would have awarded this student – you would have – you wouldn't have told the student all of this, probably, but the payment period calls for you to get \$2,775.00. But because you already used 87.5 percent, I can only award you \$694.00 'cause that's gets you to 100 percent. But now if the student's eligible – and we'll get to this great progression in a monitor – if the students eligible, you can award the student the full \$2,775.00, which is \$694.00 of the remaining first scheduled award, and – what is it – \$2,081.00 of the second-scheduled award. So we've given this student \$2,000.00 more than they would have gotten otherwise.

When you – again, you don't have to award the student separately or any of this. You just have – and you have to report it. You're gonna report it either just for this term, or the whole year, whether this totals up to, to COD. You're gonna report the disbursement for this spring. That's \$2,775.00 on January whatever, the date.



And the only thing you're gonna make sure is that you set this additional eligibility indicator.

So let's get more specific about the regulatory requirements. We published the rules, as I said, on October 29th. These are the two things. And these are two things that I know frustrate us all, so but they're very important. One is about crossovers. We're gonna spend three or four slides on that. And one is about this academic year progression.

So let's review a little bit about crossover. So this slide and the next one, they are a longstanding policy. Nothing changed here because we're in two Pells in an award year. We've always said this, and hopefully you've always known about this and been able to use these flexibilities to help your students out.

First of all, what is a crossover payment period? It's a payment period that cross over July 1st. That includes both June 30th and July 1st. Normally, it's a summer. We're gonna refer to them in this presentation as the summer. They don't technically have to be an entire summer. They could be, for instance, in some non-term programs or non-standard term programs, something that, for example, began in March, say March 15th and ends on July 3rd. That's a crossover, or began on June 28th and went into October, that's a crossover. Okay? And all of the rules apply, even for one of those not-so-obvious ones. But we're gonna talk about it in terms of summer.

Obviously, if you're thinking about which award year to award the student from, you gotta whether they're eligible. So you have to have a student aid report or an iCERT for the student. You can only assign a Pell Grant to one year or the other. Now in the past – and nothing has changed. You've always had to – one year or the other. In the past, you got to choose which year. In the future, you don't get that choice. But it's one year or the other. You can't give the student \$600.00 remaining from last year and begin in \$800.00 the beginning of the next year. It's one year or the other. And when you award it for the one year or the other, that's the COD year that you report to.

It's possible – and I showed you that earlier – that a student could have the crossover payment period at the beginning of the year, and at the end of the year be from the same award year. That's how you get the 200 percent.

This last bullet, I've got another slide or two on this, but this is that even though – and one of the things we've done in these rules is to provide schools with lots of flexibility. And that's a good thing. It does get a little confusing in explaining in it and training on it, and understand it. But you just have to work at it because we could have been much more prescriptive, but it wasn't the right thing to do, and you told us it wasn't the right thing to do.

You can award a – you're gonna be required to award the Pell Grant from the year that gives the student the greatest payment. But you can award the other Title 4 aid, your campus-based programs FSEOG work-study or Perkins, and direct loans, sub-direct loans, using the other award year's information. Gets a little tricky, but it's the – you don't have to do it. But it's the flexibility that you want. Schools talk about being headers or trailers. So let's look at that a little bit.

Before we do that, here's a little example just to make sure we understand about crossovers and about modules within a summer. Here's a school that has a summer, and they have two modules within it. One begins on June 1st and ends on July 14th. The other begins on July 20th and goes until the end of August. But this school, based upon the guidance we provided and the options we provided, chose to combine these into one payment period. And, again, to make easy, it's the equivalent of a semester. Since it's one payment period that crosses over June 30th/July 1st, it's a crossover payment period. And here's the kicker. Even if the student – a particular student – is only enrolled in one part of this module – more explicitly, even if the student is only enrolled in the second module which is after July 1st, he's still in a crossover payment period. So the rule about the higher of the two and other things that relate to that, okay? The enrollment and all those kinds of things.

Now if this school chose not to combine these modules, they had two different modules then that would be two different non-standard terms. The calculation would be different, using a different formula, this is one of the reason why schools combine them. And, the student who is enrolled in just the first module would be in a crossover. And the students who were enrolled just in the second module, but it didn't begin until July 20th, would not be in a crossover 'cause that doesn't crossover July 1st. That's all into the next year. Okay? But most schools combine these things. It's a whole lot easier, particularly when different students take different – take courses in the different modules.

Okay. For Pell, as I said, you are gonna require to use the award year from – on a crossover in which the student's gonna get the higher payment. But you can –, and, therefore, the EFC is from that award year. But, of course, you only use the EFC to calculate the award amount, and then you have the award amount. But you can use the other year, and meaning the other year's EFC to determine need for campus-based, and our loan programs. And if you do – if you use the other year then the Pell Grant fits into – you know the formula for campus basin for subsidized loans, it's cost with tenths, minus EFC minus other aid. And for unsubsidized loans, it's cost of attendance minus other aid. Well, the other aid in both of those for the campus-based programs and for the loans, would be the Pell Grant that came from the other year. All right?

Let's look at an example. And it's a little confusing. I couldn't think of any – a better way to do it. I apologize for that. But let's see if it works. Here's a school that likes to think of itself as a trailer, their software, their software was a trailer, meaning that they award the summer – fall, spring, summer, or even if they don't it that way, summer only, but it's connected to the fall and spring that just proceeded it, all right?

And so in this example I made up here, the summer cost of attendance is \$7,500.00. And we're gonna pretend we're packaging the student just for the summer, and not for the whole year. You can do it both ways, but let's say just for the summer. And the '10-'11 application \_\_\_\_\_ and result and EFC is \$1,800.00 which would – if I did it right, will calculate it out to a – for a payment period for \$1,875.00 Pell Grant. For 2011-'12, the next year, it's EFC zero. We went down for whatever reason. So the Pell Grant is \$2,855.00. That's half of the \$5,710.00 that I was playing with. Okay?

Since the '11-'12 payment amount is higher than the '10-'11, even though the school wants to package this summer as trailer, you have to plug in the higher amount for the Pell. So the cost of attendance is \$7,500.00, right? The EFC is \$600.00. That's a third of the \$1,800.00 because when you're just doing a summer-only, it's prorated. But, basically, what the \$600.00 means is you're using the prior year, 'cause this school's a trailer year, EFC. But you're plugging in the Pell Grant from the other year. And then you get – if I did the math right, then the balance after you do all of that, and if there's no other aid floating around somewhere, it's \$4,045.00, and you fund that if you can with campus-based or

subsidizes loans or whatever. All right? So you see how that can work.

It's complicated, but it gives you the flexibility. You don't have to do it this way. If you had a package that looked like this, the thing to be careful about is when you report to COD, you'd be reporting the Pell Grant to the '11-'12 COD, and the direct loan to the '10-'11 COD. And those don't cross. Not only do programs not cross, but award years don't cross in COD. Right? And the G5, the same way. The money would drive from the appropriate G5 account.

Now here's one just the opposite, obviously. Had to change the numbers to make the demonstration work. Here's a school that likes – is a header. They award their summer as either summer, fall, spring, or at least summer, using the upcoming year's information. And so to make this tricky, of course, turned it around and said, "But for '10-'11, which is not the year the school wants to use as a header for the summer, the student has zero EFC, \$2,775.00.

But for the '11-'12 year, because the EFC was – I made high, \$2,100.00, the award would only be \$1,800.00. Okay? So even though this school would like – wants to package as a header, they're not gonna be able to use, and should not use, the lower Pell Grant, even though that's from the header year. So, again, \$7,500.00, the EFC is \$700.00 because that's the upcoming year, but they plug in the \$2,775.00, not the \$1,800.00. The \$2,775.00 from the prior year, not the \$1,805.00 from the upcoming year, because we wanna give the student the higher payment. And the same thing about reporting to COD.

Okay. So what's the rule? All of that stuff was about a crossover, what it is, and when your flexibility's – that was all old news. The new news is the higher of the two, and this is it. Beginning with the '10-'11 award year, beginning with the '10-'11 award year, you must assign the award – you must assign the student in a crossover payment period to the award year for Pell Grant that will give the student the highest payment for that payment period. Now it doesn't matter whether it's first-scheduled award or second-scheduled award. Stay with me here a minute. If it's going to be from the upcoming here, it by definition it is first-scheduled award 'cause you only get the second-scheduled award once you've used 100 percent and you're at the beginning of the year. So how could it possibly?

But when you're comparing the numbers, if it's the prior year, it could either be second-scheduled award monies, 'cause the student already got in the – let's fall and spring, all of their money – or it could be remaining first-scheduled award monies. Let's look at a student who only started school, or got a Pell Grant at least in the spring. They used 50 percent summer. If they get awarded from that year – and we're not sure they will yet. We have to see which one is higher – but if they were awarded that year, that's first-scheduled award money. That's the remaining 50 percent of the first-scheduled award, which means, among other things, the student could get it at less than half time, and could also get it at – without regard to this acceleration, 'cause acceleration only applies to second-scheduled award monies. Okay?

You have to award the student from the award year that will give the highest payment. Now people came up to me after we presented this and said, "Oh, I got it, Jeff, I finally got it through. Thanks for explaining that to me. It's the award year that has the lowest EFC." No. And they look at me like, "Okay. It's the award year that has the highest scheduled award." No. It's the award year that has the highest payment. Most of the time, those three are all together. The highest payment amount is related to the highest scheduled award, which is related to the lowest EFC, but not always. Not always. There's a couple of examples here, and I'll give you a couple more.

This is one example year a little bit. What – I'm sorry, the next slide. Then we get asked this question, "Well, he hasn't applied yet for the other year." Now mostly that other year is the next year, 'cause bless their hearts, they don't apply when we want 'em to, right? But be careful here 'cause sometimes it could be the earlier year. You're evaluating a student for summer of '11, and you're doing it next April or May, and for some reason the student applied for '11-'12, and you've got an ICER and all off that. And for some reason – he's at your school, but for some reason, he didn't apply for '10-'11. I don't know why, right? He's got until June 30th. That's our deadline.

He could apply for '10-'11 after here's applied '11-'12. Okay? And if you were at the session this morning, I think that Michelle pointed out that we're trying to help protect the students from that. When they get to these screens, we kinda tell 'em, "Hey, which one do you wanna apply for? And we notice you didn't apply for the other one," try to get it straight. But that can happen. So most of the time – and I'll probably fall into the trap here thinking about

it's the next year that something's wrong. But it could be the earlier one. But let's go with that.

So the question became, "Okay. We have to award from the award year that gives the student the highest payment. What if they haven't applied? Okay. If they haven't applied, what's the payment?" Zero. The other one is higher. What if they applied but their transaction was rejected for they didn't put a signature or they didn't provide parental information or didn't – some fatal error somewhere? If you don't have an EFC, what's the award? Zero. The other one is higher.

What if they applied and they weren't rejected, but they're going through verification and they haven't been verified yet? Then you don't know what the EFC. You had one reported you, but the whole purpose of verification, like it or not, is to say, "We're not sure that's the right eligibility, the right EFC." It's zero. The other one is higher.

Now at least for the last one, and probably for the last two, and maybe for all three, you probably don't want to just drop it at that point and say, "Hey, he didn't apply," or, "He didn't solve his reject," or, "He didn't do his verification. I'm going with the other year." Because you're gonna see in a minute it's gonna come back and get you anyway in a month or so.

So what you need to do, probably – this is not a requirement – if you can, and it depends on what your systems and your resources are, is say to the student, "Look, I need to evaluate – you're applying for summer. You want financial aid for summer. We've got summer money for you. But you haven't finished a verification. You need to do that so I can make a determination of how much to give you," or, "You had this reject, and call the 1-800 number or come in and see me or go somewhere and we'll help you get that resolved," or even, "We don't know why you didn't apply yet, but it looks like you're gonna be here for another year or so. Why don't you apply?" But that's all up to you. But if you don't have the EFC, then the award is zero. The other one is higher.

The beginning of this slide is the same thing. But this is the other way around. This is how could it – this is a couple of examples of how could the award, the payment amount be lower even if the schedule award is higher and the EFC is lower? Is that right? Only in financial aid, would anybody understand what I just said. For example, suppose that the lower EFC and, therefore, the higher

scheduled award, is from the prior year compared to the upcoming year, but it's gonna be second-scheduled award monies 'cause the student already got 100 percent, and they didn't make acceleration? Then the award from the prior is zero. The award from the prior year is zero. The other one is higher. That's why you have to look at the award.

Suppose a student is not – is only gonna be enrolled less hand half-time? The upcoming year, even if the EFC was higher, the scheduled award was lower, they at least can get \$1.00 – they can get whatever, 25 percent of their scheduled award – but they can't get anything on the second-scheduled award because you gotta be – the student has to be at least half-time. I don't have it on the slide here 'cause we had already done these, but yesterday it came up in conversation about – a couple a reasons I want to explain this to you.

What you call census date, what we call recalculation date, okay. Aside, a footnote. When you wonder how something works with second-scheduled award, a pretty good rule of thumb is say, "How would it work anyway without second-scheduled award? And do I remember something I read or Jeff said or something that this is different?" 'Cause there's not a lot that's different. You should know the following. When you calculate a student's Pell Grant award for a payment period, you use the expected enrollment if it's before enrolment has started, the actual enrollment, or if the payment period is over, the actual hours completed, including Fs, if they were earned. I know all about that. Right?

So here's what happens. You've got a student that the prior year the student didn't apply for the upcoming year, so you award them second-scheduled award monies and you awarded them based upon them being in 12 hours. So you gave 'em a full-time Pell. You have a recalculation of census date, 10-15 days into the semester, and the student was still at 12 at that point. After that point, they dropped a course. They're only enrolled in nine. But under our rules, you don't have to touch that award, right? Because recalculation is when census date plays in, not calculation. Now the student, bless their heart, they apply for financial aid for the upcoming year, after they drop – you get the ICER, after they dropped.

You have to base that award on the current enrollment of nine credits, which would be three-quarter time, right, which could be even with a higher scheduled award, could be less than the other

award. Anyone who wants to leave now, go ahead. Churn it a little bit, we could have some questions on it at the end, okay?

So then the question came up on this is, “What – okay, we may not like this, but we’re gonna be nice to you. The higher of the two.” And that’s because to give the student the most money. These are needy students. So then we – “Okay. Well, how long do we have to monitor this?” That’s when I said earlier if they haven’t verified, haven’t applied, you might wanna get ’em to take care of that. “How long do I have to monitor this, forever, or at least for the whole year?” ’Cause the student can apply way to the end of the year, to the following June 30th. No, that doesn’t make any sense for a number of reasons. One is at some point, the students gotta have responsibility here to take care of their business.

Secondly, and school pointed this point at negotiations and other places that you got workload issues here, right, and you’re trying to – it’s a terrible time of the year to have to redo everybody ’cause it’s August and September and October, and you’re trying to start up the new year, most of you, and so on, and it’s very complicated. But we had to balance that against the very real – first of all the statutory requirement, but the very real business of this is grant money for needy students. And at the risk of sounding fresh, and I really don’t mean to, I don’t think – let me speak for me. If you came to me and said, “Jeff, I owe you \$100.00, but it’s a bit of a hassle for me to give it to you, so I’m really not gonna do it ’cause it’s only \$100.00,” all right, think about saying that to a needy zero EFC Pell Grant student, okay? But I understand. I was on campus for years, thank goodness, not recently. You guys, bless you

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So what we decided to do was to say, “Well, let’s find out what’s really going on here.” So we did say that we didn’t want to lock in a date in the regulation, ’cause you can’t change these for years. So we put in the regulation that you have to monitor up to date that we publish in the federal registry each year. And for last summer, we published it as September 10th. So if you have a change – and, again, mostly it’ll be that the student either applied or cleaned up a problem that they had in the upcoming year, but it could be the other way – then you have to monitor. So if you get an ICER anytime after you made the award, but through, in this case, September 10th, you have to compare to see if maybe it should be shifted to the other year, and if so, shift it. Give the student the extra money. That’s a requirement.



At your option – and you can do this on a student-by-student basis – you can do this monitoring and make a change all the way up to February 1st of the following year. So in this case, it was February 1st, 2011, if you want to do that. Why would you wanna do that? Well, if the world were perfect and you had nothing to do and it was sitting around all during this – the fall and winter, sure, it lets me give the student \$100.00 or whatever, I'd do that. But the world's not like that. But you might find yourself in a situation that you say, "I know, but we just gotta stop. And feds say I only have to go to September 10th, so I'm done."

But lo and behold, a student comes along and maybe you built in your system, so you flag these, and it's not \$100.00, right, because something dramatic changed, right, it's \$2,500.00, or \$1,500.00 or so on. That's – and there's not gonna be a lot of them. Maybe you'll decide, "I'm gonna do those as long as it's through February 1st." It's up to you. I would write a policy so you're not fighting with students about why you did it and why you didn't do it. But I would just do that.

We're hopeful – the plan was to set this date and then watch and look at data and talk to schools to see if we got it roughly right. In other words, as it turns out, with all the concern, as it turns out was it really – did you have really so many of 'em that it was a hassle. Maybe it turns out that – mostly across the country, "It really wasn't. We took care of 'em. If there were a few more, it's fine. It's the right thing to do." And if we came to that conclusion, we'd probably move this date later into September or even into October. If on the other hand, we discovered there's so few and it really is a burden. When it happened, it took resources away from the school serving students and doing other kinds of things, then maybe we move the date in the other direction.

We probably won't have sufficient data to do that after this first year, particularly since it's '09-'10, and we all joked about it a little bit. I'm not sure how much '09-'10 was going on on these awards. So my guess is that sometime in the spring, early spring or late winter, we will publish in the federal register, and they'll probably around the same date, sometime early to mid-September. And I think it's the following year when we get a better sense of this, we'll think about whether it should be moved. And that'll be based upon not just data that we have, but talking to schools and talking to your representatives and so on. So you're required to do it through the day we publish, which was September 10th, probably be mid-September for next fall.

So remember I showed you a slide like this. I said, “But that’s not really what the package is going to be.” Well, this is what the package really would be, because that earlier slide had the student getting summer of ’11, \$2,775.00 when it turns out that the upcoming year \$2,855.00, is higher. So this is what the student’s package really would look like. But what this means, of course, is then the student – the spring of ’12, that student is in second-scheduled award monies and has to be qualified for it in terms of being at least half-time. That shouldn’t be a problem. But having – meeting this acceleration, this academic progression, which we’re gonna talk about in just a minute or so. And since the spring in this example, is not a crossover, there’s no option. If the student doesn’t – is ineligible for second-scheduled award monies, that’s it. There’s no Pell Grant for that spring.

So in this example here, just to show how this could work out, here’s a student who last summer got the \$2,775.00, \$2,775.00 fall and spring. But because – it’s the one we just looked at – but because this upcoming summer, next year is higher, they get the 150 percent out of ’10-’11, right, the \$8,000.00, whatever that adds up to, and the summer out ’11-’12. And clearly, if I spread it out, next fall and next spring, and depending upon what goes on, even the following summer.

But if the student’s award was like this where I changed the EFC so that the upcoming year’s EFC is higher, and, therefore, the award is lower, we are gonna fund the student’s summer out of 2010-’11, because \$2,775.00 is higher than \$2,350.00. And we’re not gonna give the student the Pell Grant based upon the EFC that got \$4,700.00 total until the fall ’cause we don’t have any choice. That’s not a crossover. So that’s how this one would work out. Where the other one, the – was – the prior year was higher because the EFC went up, and that could happen. And then in that case, all of this would be the 200 percent, and then the next fall would be the \$2,350. From the ’11-’12 year.

So what’s this academic year progression he’s been talking about? You should know that in the statute and our regulations, you have to define your academic year for Title 4 purposes. And you can define ’em anything you want, as long as they meet these minimums. The minimums being 24 semester hours for a semester or a trimester program, 36 quarter hours for a quarter program, and 900 clock hours for a clock-hour program, and then the weeks. Now you’re probably, over the years if you’ve been in financial aid a while, didn’t pay a lot of attention to this, particularly at so-called traditional schools or for traditional programs because they

probably always met this requirement and you package your financial aid that way. You said, “Full-time is 12 credits for a Pell Grant, and blah, blah, blah.” And you used Formula 1 or 2, so you didn’t have to worry about this.

Where it first reared its ugly head is when ACG and SMART came along, because the way Congress initially wrote that law, they had this academic year business, which refer to these numbers. So we had to try to explain – figure out and then explain to you in training and so on, and you had to implement this craziness about when a student became a second-year ACG students even though they were still a freshman or maybe a junior. But it was this different measurement. And the same thing with when they went from second year to third year, so they could no longer get ACG, but get a SMART Grant, and so on. And then, of course, the Congress fixed it and so now it’s a little bit different. But we’re back to it a little bit, but not anywhere near that complicated. At least I think so.

So the requirement is we had a statutory requirement that academic progression or acceleration is part of the reason for this program. So when we went to negotiate a rule making at the table there, we suggested that we had to have something to show academic progression. And what we suggested is that in order for a student to get second-scheduled award funds, the student had to have completed all of the hours – credit hours or clock hours – in the academic year, in the school’s definition of an academic year, during the award year – ’cause remember, we’re within an award year deciding whether we can a student second-scheduled award monies – we wanted to make sure the student was enrolled had completed sufficient number of hours.

The people at the table said, “What, are you nut?” They said, “No.” They said, “First of all, that’s very, very complicated to track.” And then they also said – they kinda threw it back in our face a little bit, and I respect that, “You are saying that this is about needy students and getting them money. You’re making it so hard for a needy student to get money. You have to say they have to have complete 100 percent – these 24 hours and so on.” Well, we didn’t reach consensus on the package for that, and other reasons. And so when that happens in negotiated rulemaking under the law, we get to publish the way the secretary decides to publish. And we went out with this same requirement, that completed at least 24. And we got tons of comments, lots of comments on this, and a few of them were polite. Not a lot.

And so we made a change. And so we made a change. And the change is this. At least one credit or clock hour, or if you offer partials, in the payment period in which the student is going to be receiving second-scheduled award funds, must apply to the student's next academic year, defines as your definition of an academic year. It's not grade progression. It's not freshman, sophomore, junior, senior.

It's not Grade Level 1, 2, 3, 4. It's not the same grade level progression that now ACG SMART users, and you use for loan programs, \$3,500.00 \$4,500.00, \$5,500.00. It's not that is not – and it's not necessarily – it's not what your registrar does for moving a person up a grade level and all of that. It's about measuring your definition of an academic year – and we're gonna assume in these models here that you chose the minim. I'm not sure why understand choose anything higher. But you choose the minimum, and we wanna see if the student completed it. I got tons of it – pictures here to show you how this works.

But this is the requirement because we have to give some meaning to the statutory use of the term “accelerate.”

This applies with – because this is a regulation, it applies to the '10-'11 award year, okay? So if you're awarding the crossover – remember, I said, I'd you're awarding the crossover First Management the upcoming year, it's not second-scheduled award monies. It's first. And since it's first-scheduled award money, this rule does not apply. Now will those credits earn that summer. They will not apply – they don't apply going back. They will apply to go forward to count the hours completed when you get to the spring and you have to see of the accelerated.

Okay. Here's a picture. Again, simple example but it applies across the board. Here's a student who in both fall and spring of '10-'11, the year we're in now, we paid full Pell Grant, and earned at least 120 hours, 24 hours. Gonna enroll in six this summer. When we applied – now remember, this is important, the first year you would apply of these network regulations, is, “What year am I paying the summer out of? Which one will be higher?” Okay? And if you determine that it's going to be the next year, the number don't have to bother with this, 'cause accelerations doesn't apply to first-scheduled award monies. But it's possible it's gonna come from the year just ending, and therefore, it's second-scheduled award monies.

So you look they're enrolled in six hours. None of those 6 hours needs to go back to have the student complete 24 hours. She's already completed 24 hours. All six are in the student's next academic year. Another way of saying it is when you add all of the hours completed in the academic year, with what they're enrolled for the term that's also gonna be in the award year – sorry. All the hours completed earned in the award year, plus the hours they're enrolled in in a payment period that will be in that same award year, is it more than 24? I say it this way. The six hours, none of the six hours needs to go to the academic year. They already completed it. Six is greater than one. The student is eligible.

Here's a student who also earned 24, but a different way. All right? Same thing, no difference. Earned 15 and 1 and 9 and then other. No difference. Now the reason I say pay 25 percent of the scheduled award, because we got a student being half-time here with six hours, right? That's the only reason I say it that way.

Now here's a student who didn't earn 24, only earned 21. But they're enrolled in six hours. So 3 of those hours are gonna go to get from 21 to 24, leaving 3. Three is at least one. The student is eligible. Or said the other way, if you add the 12 and the 9 and the 6, it's more than 24. So the student is eligible.

Now obviously, we're gonna have a student who's not eligible. For example, this student, even though they go full-time payment, they were awarded three-quarter time, this wouldn't be an issue. But they got awarded full-time. They had to drop or they failed a class or whatever, one course let's say, in each of these terms, only completed 18. Okay? All six of those hours have to go to get the 18 to 24 leaving zero. Zero is not least one. The student is not eligible. Where, again said the other way, 9 plus 9 plus 6 is 24. It's not greater than 24. The student is not eligible.

Now here's a student we hope we don't see, or if we do see him, we've had a pretty serious conversation. But to make the point, here's a student who even thought they got full-time Pell in both fall and spring, in total, only earned 13 hours and then has the audacity to suggest they're gonna enroll in 12 hours in the summer. But arithmetically, this student is eligible because 7 and 6 is 13; 11 of the 12 hours are gonna get from 13 to 24, leaving 1, and 1 is at least 1. The student is eligible. Or said the other way, when you add 7 and 6 and 12 – if I did it right – that's 25. That's greater than 24. The student is eligible. Now you would have to a serious conversation with this student under satisfactory progress.

And, in fact, you might find – might have found that this is an exceptional student who had a very bad situation going on during the '10-'11 year that's now resolved, an illness of a child, taking care of an elderly parent, the student's own illness. And they got sick in the fall and so they only completed seven and they thought they could come back and do it in the spring. And they registered for 12 hours, but it just didn't work out. They couldn't do it. And they only completed – I mean, there's reasons why this could be okay. And we'll actually get to that in a little bit.

And this student here – so this one's eligible, but one hour less, this student's not eligible. Only completed 12 and is taking 12. And so 12 plus 12 is 24. That's not 25.

Let me go back to one for a minute here. This student here – remember, she only completed 21 hours, but the student is eligible where we came – and what we had proposed as a negotiation of rulemaking what we had proposed in the MPRN, the student would not have been eligible. Because that was one was gonna say, "Must have completed 24," and the student only completed 21. So we see why more students are eligible.

Before I go on, you're counting the hours earned during the award year. And earned means they completed them successfully. Fs don't count. Incompletes don't count. Unsatisfactory's don't count. Pass/fail, fails don't count, okay? The hours completed. But for the enrollment, you're counting the hours the student is enrolled in. And because of our rule – remember, I said go back to the normal rule – and ultimately began classes. So let's think about this a minute.

Here's our student. Let's make – find someone who's eligible. Somebody not so bad. Let's look at this student here. So this student is eligible. But if it turns out that after this student began all six hours, the student dropped a course or failed it, which would not – right – which is not gonna equal at least 24 – they're okay. They enrolled in and began an attendance for enough coursework to meet this requirement. You don't have to go back and monitor. You have to do your normal monitoring about did they begin classes? So there's nothing new there. Begin classes. So they didn't begin classes. They – the award has to be adjusted anyway.

But the problem – not the problem. The issue is, the award wouldn't just be adjusted in this example. It would go away at

100 percent – 100 percent of it would go away 'cause the student didn't qualify. You have to start classes.

Okay. In determining hours completed, and also hours enrolled, but mostly hours completed. You don't count things like advanced placement in the national baccalaureate testing out life experience, those things of things. Remedial courses do count and this is another example of, well, do remedial courses count? Well, can you use remedial courses to get a Pell Grant in the first place? Yes. Up to a year's worth. That's what the law in our regulations say. So remedial coursework completed and earned count on one side of this formula. And enrolled in – assuming they stay enrolled in it – count on the other side of the formula, up to the amount that the student can take which is one year's worth.

Then the question was what to do about transfer students. My gosh. What do we do about transfer students? Well, we could have – no, this sounds like we're heavy-handed government – we looked about how flexible can we be here, and what are the implications and so on. And we came up with the idea that we'd have two options for you. One is what we'll call the assumption method, and the other is the hours-earned method. The assumption method is going to be a formula that basically is based upon the amount of Pell Grant the student got. The amount of Pell Grant the student got. And the hours-earn where you're actually looking at transcripts to see how many hours were earned at the other school or the other schools. You can apply one or the other. You can apply it by student-by-student basis, on a case-by-case basis, on an exception basis. And I'm gonna tell you in a minute why I think you should – your policy should be probably assumption with an exception. And I'll tell you why that might happen.

So let's talk about the assumption method. The first thing the assumption method says is if the student has earned 100 percent of his scheduled award at the prior school or schools – and you get that by looking at NSLDS. Then you can assume – and this carries through – you can assume that the student earned all of the – the number of hours that you define in your academic year, which means that the student is eligible. They met the test. Right? 'Cause it's 24 or whatever the example is. If they didn't receive the full 100 percent, you'd basically do a little calculation. It's the same thing. 100 percent – if they received 100 percent of the scheduled award, we're basically saying they get 100 percent of your definition of an academic year. So if they didn't receive 100 percent of a scheduled award, we're gonna assume it's prorated.

Now in the example I give, it's easy to see that if the student received only 75 percent of their scheduled award, then the assumption is they earned 75 percent of your definition of academic year, right, and 75 percent of 24 is 18, and that's it. But you really need to use this little formula here, because if it's not quite as clean as that, if the student receives some crazy amount, you had to do the formula, and it makes a little bit of a difference. It's the amount disbursed at the prior institution times the hours in your academic year definition, divided by the scheduled award at the prior institution. And that becomes the hours assumed to be completed. You round down to the nearest whole hour.

Go back here a minute. The second – the do not consider hours earned of other institutions to be conflicting information. If you use the assumption method, whether it comes up with 24 or 18 or whatever, it doesn't matter what they really earned at the other school or schools. It's not conflicting information. It doesn't matter, even if you have the transcript. It doesn't matter if the financial aid officer has the transcript sitting next to them because somebody gave you admissions responsibility as well as **finished late** 'cause you didn't have anything to do. It doesn't matter that you're looking at an academic transcript that says, "What do you mean 18 hours? They never took 18 hours, or they must have taken 'em 'cause they got that much money. But they didn't complete 'em and it doesn't matter. This is the flexibility we're providing. So you don't have to monitor transcripts – academic transcripts. Okay?

Here's an example, and it's a really simple one. Our student had a scheduled award of \$4,000.00 at the other school, and received \$1,000.00 of it. Okay? So when you do this formula, or when you just do it in your head and say that's 25 percent, and then the student is considered to have earned six hour at that other school during the award year. And then whatever else they might have earned at your school, then you do this little business to see if what they're gonna enroll in makes them eligible. Okay?

Here's a clock hour one. Maybe a little more realistic. This student received \$3,000.00 of the \$4,000.00 scheduled award. And when you do the arithmetic, of course, that's 75 percent and it comes out to 675 hours which is 75 percent of 900. So this student is assumed to have earned 675 hours. Okay?

Now here's – so that's the assumption method. The actual method is actual method. You look at transcripts from the other school and



you see how many hours were earned using the same measure that you do at your school, not Fs, and not Us, and not Is, and not Was, and not AP and IB and testing out and all that, but hours actually earned. But you don't have to worry about whether those hours are gonna apply – gonna be accepted by your school and/or applied to the students degree objective, or credential objective at your school. You don't have to worry about that. Just were they earned. Okay?

Now, here's an example where a school is doing actual. They look on the transcripts and they see that in the fall term the student earned 6 hours, and 12 in the spring for a total of 18, okay? And how they're thinking about is the student gonna be able eligible for say summer, right? Look what happens here. If this student – if you did the assumption method for this student, \$2,000.00, \$4,000.00, you would assume that this student only earned 12 hours. That's the assumption method. But he really earned 18. That's where I think you might, if you want, be in a situation that I'm gonna use the assumption method, but if that – then when I do this other stuff with making sure there at least equal to 25 or however you do your arithmetic, if he doesn't make it, and if you want to, maybe you oughta look at this guy's transcript – academic transcript, and maybe we can make this student eligible. That's why you might do that. It seems to me, at least.

And this is a clock-hour example, \$3,000.00 and \$4,000.00. But when you look up this student, their transcript from the other clock-hour school, they only earned 600 hours. And you remember from my calculation, the assumption method would have showed 675. Okay? Now the other thing, not only is not conflicting information if you have something different, but you don't have to go back. You can if you want. So you make this determination. You look at the NSLDS to use the assumption method. You make your determination. You don't have to worry about that later on NSLDS is gonna change 'cause some money got returned or something.

Now you – again, you might, if the assumption method doesn't make the student eligible, it might be worthwhile going back to look to see if maybe another disbursement was made by that other school, particularly if you're doing your evaluation maybe in the mid spring or something, maybe they haven't submitted yet. But you don't have to go back. The same thing if you do an actual and look at transcripts and you make your determination one way or the other. You don't have to worry about, "Oh, the admissions office just received another transcript," or a grade change on a

transcript or something. None of that matters. Okay? Lot a of flexibility.

For both hours, whether they're earned at your place in the normal thing, or through this transfer where you're doing the actual, you gotta be careful you don't use hours like the AP, the IB, and so on. And the hours have to be earned within the award year. It's not how – where they are – how many they earned in the last 15 or 18 or 24 months. It's how much they earned in the award year, 'cause what you're talking about here is giving second-scheduled award monies in the award year. So during that award year, did the student earn enough hours that at least one of the new enrolled one is going to be in the next academic year.

Even with all of that we are so flexible here, I can hardly stand up. Even with that, there's a recognition that students have lives to live and things happen to all people, including students. There's nothing – they're not invincible. They think they are on Friday nights, but they're not. So this isn't called professional judgment because it has a special meaning in the law. I call it using your judgment professionally. But you basically are doing the same thing. You are using your judgment in a professional way that on a case-by-case – just like the regular professional judgment basis – fully documented, you've determined – and you make a decision – that the reason this student did not complete sufficient units to demonstrate academic progression was beyond the student's control.

And you have to make sure you document it. Please, please, please, make sure you document it very carefully. When we say “document it,” two kinds of documentation. This always surprises me. Maybe we don't make it clear enough. The documentation of what the life of that was, and then that you document it in your file. We come across – and it gets scary – we come across a wonderfully written narrative by the financial aid counselor. I waived this, or I did the other \_\_\_\_\_ because the student told me that their father got laid off last year and the EFC needed to be changed and so on. That's wonderful as an audit trail. But where's the documentation that the father got laid off? Right? Or in this case, where's the documentation that the parent got sick and that's why the student didn't complete all of those hours?

Things that are – we would consider easily to be beyond the student's control, though, it's not limited to this, are illness, obviously, of the student or of a family member or a death of a close family member, those kinds of things. The student can't –

they were gonna take these classes, but they couldn't because they weren't being offered and they needed them for their academic program or for a prerequisite to get into a program, those kinds of things. But there's many others. That does not include – beyond the student's control does not include withdrawing from a class because they were getting a failing grade, or they didn't like the instructor, or they didn't like the young woman sitting next to them, or they liked the young woman sitting next to them. None of that was beyond the student's control, okay? But there's a whole series of things that you can do this, okay?

How are we doing here? Good. Okay. We're gonna wrap up with operations and then we'll do some questions.

So COD. If you're awarding the student for the crossover and it turns out that after you awarded it, reported it to COD, maybe even disbursed it, maybe even got money for that disbursement, it turns out that something happens and the other year because you're within this September 10th, or whenever we do it, or you go into February 'cause you chose to do that, and you have to make a change, well what happens? Well, you make the changes. But remember, COD is not multi-year. I mean, there's multi-years in it, but they don't cross over. Each year is separate. G5 each year is separate.

So, for example, if you awarded the student for a crossover out of the ending year, and let's say we're talking about next summer, so out of the '10-'11 year, and you reported it to COD, and then sure enough, he applies for '11-'12 and that award is higher, so what do you do? You go into COD for '10-'11 and you lower the award amount. So downward adjustments. And we'll take downward adjustments forever. No one's ever gonna refuse to take money back. If you do it by September 30th, it's not a problem. If you even do it within a year or two – 'cause we leave their system up – it's not a problem.

There'll be a little bit of – 'cause you've already reconciled, there may be an adjustment there. And depending on where G5 is, your businesspeople may need to actually send money back rather than have it washed through. Washing through of – in COD is a great thing during the year. You don't have – it's not student-specific dollars until you give it to the student. But when you're done and there's no more disbursements to be made and you're lowering an award, you probably have to send the money back. You can't slide it over into the next year. So that's what you'd do there. And then, of course, adding it to the upcoming year is a no-brainer.

You're at the beginning of the upcoming year, so you're either awarding the student in COD, telling COD the first time, or originally you told COD that the student was only gonna get a fall/spring because you thought the summer was coming out of the other year. Well, now you just change it and put in the disbursement date and so on, okay?

The opposite gets a little bit trickier, but still the concept is the same, that if you awarded the student – and, again, this doesn't happen a lot. If you awarded the student out of the upcoming year because he had hadn't applied for the earlier year, but finally somebody kicked him and said, "You can even get some money for this – for last spring or something," and he applies and it turns out it's higher, well, then you're going to – obviously, it's easy to lower what you already reported for the upcoming year, but getting a disbursement in to the year that ended if it's after September 30th, is a little bit tricky, but not very. First of all, if it's by September 30th, you just keep doing it. But once it's after September 30th, you just have to call our customer service – COD customer service. You tell 'em you need to put in a Pell Grant disbursement because of the two Pell's rule, and they'll open up your account and allow you to make these transactions. And then the money will flow normally. G5, very similar on that.

Now also in G5, one of the questions that we've had over the years, frankly, is – remember I said this crossover business was old news, is schools said, "We've chosen, for whatever reason, to award out of the upcoming year, and we have a payment period, a summer crossover that's let's say fairly traditional, May 15th to August 15th or something. And it's the upcoming year. But – and we wanna pay the student and ourselves at the beginning of the summer, May 15th or so.

But you don't let us draw down the money till July 1st 'cause it's upcoming year money." And we said, "Yeah, that's right. Too bad." We said it nicer than that. But it really didn't rise to a big important issue, but it probably should have, to be honest with you. But now where we're requiring schools in some cases to award out of the upcoming year, we can't be in the situation where the only thing you can do is use your own money or wait and have the student wait and everybody else wait.

So what we did last year, and we'll even do it better this year, sometime within a few weeks of after we publish the payment schedule, G5 will be turned on for that year. And if you have transactions that demand a disbursement – remember I said you

have some of these – well, certainly for the May – my May example, it would be available for you on May 15th. You don't have to wait till July. And even in these cases where I said the payment – this crossover coulda started in March or something, that will happen, too, assuming we have a payment schedule. So we'll take care of that for you, and we'll announce that.

Then a question comes on **FISAP**. People raise their hand over the months we've been training on this, "What about FISAP?" Well, what about it? "Well, one of the items on the FISAP that you're required to file by September 30th or October 1st is how much Pell Grant." And the first question you should ask us is, "Why are you even asking for Pell Grant money on a FISAP when you know all of the Pell Grant money because you have this very complicated COD system?"

*[Applause]*

Right?

*[Laughter]*

'Cause we're the feds and we can do it. The short answer is because you've got – as we know for a lot of times, we use this a lot, not as an excuse, just a reality is we have different systems and they don't speak to each other as well as they should. But this is on a list of things to fix because, again, it was – it's always kind of like crazy, but now it's even more crazy, right, 'cause you have these adjustments all the time. And if I just – if what I just explained works, and it does, that COD can take care of all of this, then FISAP or the campus-based \_\_\_\_\_ can keep going and looking at your Pell Grant. If it needs to change it, it can change it. But in the meantime, first of all, you file your FISAP, and maybe some of you are a little better than when I was an aid administrator, you file them in July and August. But most of us filed them at the very end of October – of September and hoped that the electricity doesn't go down when you press the button, right? So you file 'em late.

So most of these changes are gonna be in there in time and you can put that in. But you also have, as you know, in the FISAP you have until December 15th to make changes on anything you submit in the FISAP that wasn't right. And so you have until December 15th, which, again, will take care of virtually all of these things. But even if you have something later, and why would you? Because you decided to fund somebody even after February 1st – I

mean, up to February 1st. Well, we have a process to go in and make a modification to the FISAP. But don't tell anybody I said this, but I'm gonna try to find out if we can just stop it after December 15th. Okay? I'll see if we can do that. But don't tell anybody except for the people here.

No. The reason is, first of all, we have the actual dollars, so you're not gonna get – no one can steal any money on that basis. We know exactly what you spent and for whom. So for audits and reviews. But more importantly is once we get farther along in the **EAT** process in the FISAP process, and we've done tentative awards and final awards, we're not gonna go back and change 'em because one school its Pell Grant is \$2,700.00 higher than it was. And we're not gonna send 5,000 reallocations of campus-based aid for three cents or something. It's just not gonna do that. So we're gonna try to just say, "That's the end of it, but we'll see.

Now, I mentioned this additional eligibility indicator. This is very important. This – we have this POP thing 100 percent, right? And we've had it for the last eight or ten years. We chose, when there's two Pell's, we debated whether we should just get rid of it or at least move it to 200 percent. And we said, "No. Lots of students are not gonna get second-scheduled award." We want to make sure that we enforce the rules. And the rules are that you only 100 percent of a scheduled award unless you're eligible for more than that. So we still have the 100 percent POP business. Unless you go into the system when you know that a student is gonna be receiving – that you're gonna exceed 100 percent because the student is eligible for second-scheduled award monies, then you check this additional eligibility indicator.

Now when we first talked about this, schools said – they actually raised their hand and said, "So I get it. So to be safe – 'cause I don't know, for instance, in – I don't know in May when I'm packaging for next year, whether this student is gonna be getting second-scheduled award monies the following summer. I mean, it's 14 months away. So I don't know. But why don't I – I'm just gonna go in and check this additional eligibility indicator for every so I'm safe." No, no, no, no, no, no, no, no, no, no. First of all, we can find you, okay? We can. But it's this – like most edits in most systems – ours or anybody else's – they're to protect everyone from an error occurring to catch it before it occurs. So don't set the additional eligibility indicator unless you are sure you're awarding a second-scheduled award monies. Otherwise, this student may exceed 100 percent. We don't catch it until later.

And now the student owes money back or the school owes money back. So don't do that.

So finishing this up, this is the way it looks like on a COD online screen. That little arrow – I know you can't see if very well – just check that box 'cause you're going in on this particular student if you do it that way. It's obviously it's in the COD batch record. There's an indicator for that. This is the way it shows up that in this case, the eligibility indicator was set to No. And then this is how it also shows in the ED Express, 'cause you can set it in ED Express. Okay?

So after explaining that so well, you wonder why this guy is saying, "What the heck was he just talking about?" So we have about 25 minutes or so. If you have to leave, leave the names of your school so we can send program reviewers out.

[Laughter]

But do so quietly in respect to your colleagues. So you need to come to the mics 'cause this whole thing's being recorded and I don't know. It'll be on *60 Minutes* or something. Yes, ma'am.

*Audience:* Okay. Summer of 2011 is a trailer for the '10-'11 award year, and it's a crossover period at our school. We award '11-'12 Pell Grant to a student because they have more eligibility than they have for '10-'11. Can my '11-'12 Pell Grant pay more than \$200.00 of the summer 2011 charges since my summer of 2011 is part of '10-'11 and, therefore, a prior award year to '11-'12?

*Jeff:* The reason I'm nodding is because this question – and I'm glad you asked it. I'm glad you asked it first. It was almost the last question yesterday. The answer is no. You cannot award it more than \$200.00. And \$200.00 is only with permission. Under the prior year charges, okay, you can only pay from the current award year. And by definition, 'cause you've got there the student is in '11-'12.

Now we need to be careful here. The summer itself is an '11-'12. So, obviously, you can pay the summer charges. But in your example, you have something more than a couple hundred dollar for maybe the prior spring?

*Audience:* No. For the summer itself – summer 2011 –

*Jeff:* Oh, okay.

*Audience:* – is part of our '10-'11 award year. It's the trailer. So we have a \$3,000.00 tuition charge. The student gets an '11-'12 Pell Grant. Can I use more than \$200.00 of that '11-'12 Pell Grant to pay my '10-'11 summer of 2011 charge –

*Jeff:* Yes.

*Audience:* – because it's a current –?

*Jeff:* Because while you're calling it – and this is fine. I'm not saying you're wrong or we're – because you're calling it the end of your '10-'11 –

*Audience:* Yes.

*Jeff:* – because of this rule, it's in the '11-'12 award year. Summer is '11-'12. And you can pay current year's charges with that.

*Audience:* So even though my summer 2011 is in my '10-'11 award year –

*Jeff:* It's not.

*Audience:* It is for direct loan and campus-based.

*Jeff:* Could be. Right. And it is in terms of your registrar system and your accounting system. It's in –

*Audience:* Right.

*Jeff:* But it's –

*Audience:* But you guys are considering it in the '11-'12 –

*Jeff:* It's in the '11-'12 –

*Audience:* – charges for – if they get an '11-'12 Pell award.

*Jeff:* Right. That's why you're reporting it to the '11-'12 COD. Right? So yes, you can. I'm sorry. I didn't get the last part. But just let's take it to the next part. If, though, the award, in the same example you talked about, the award for the Pell Grant as more than was needed to pay that summer's '11-'12 summer, even though you think about it differently, and there was some money left over, and the kid owed you \$300.00 from the prior spring –



- Audience:* Right.
- Jeff:* – you cannot do that.
- Audience:* Right.
- Jeff:* Because that's in the prior award year.
- Audience:* Right. Okay. Thank you.
- Jeff:* Yeah. Thanks for helping me clarify that. Yes, ma'am.
- Audience:* Hi. My question is regarding Pell in conjunction with ACG and SMART ending. So if we have determine the student can receive an '11-'12 Pell, but they're also eligible for an ACG and SMART award –
- Jeff:* For the crossover summer?
- Audience:* Yes.
- Jeff:* This upcoming summer? Uh-huh.
- Audience:* And ACG and SMART is linked to being awarded from whichever year the Pell is assigned to –
- Jeff:* Right.
- Audience:* – can they not get the ACG and the SMART?
- Jeff:* If the student also was Pell-eligible earlier in '10-'11, then, yes, they can get – because that's '10-'11, and the ACG or SMART is gonna be '10-'11 as well.
- Audience:* Right.
- Jeff:* But if for some reason the student was not Pell-eligible in '10-'11 – and, by the way, that's why you're paying the summer to of '11-'12?
- Audience:* Mm-hmm.
- Jeff:* Then, no. Because the student has to be – to get an ACG or national SMART, and this is the last year – the ACT or national SMART, the student has to be Pell-eligible for the same award year. So we have this award year. We're not sure what it is until

we do this comparison. But if the student – and a continuing student was probably there and Pell-eligible, so that wouldn't be a problem. But if they either were a new student or for some reason weren't Pell-eligible in '10-'11, and only in '11-'12, they can't get ACT or SMART.

*Audience:* Okay. But they still could get the ACT and SMART even though Pell is assigned to '11-'12 if they were Pell-eligible?

*Jeff:* So I guess – right and where it gets a little – so let's assume they get a Pell Grant sometime in '10-'11, right? So you're gonna have a situation. I think this is where you're thinking is good. So I'm awarding this summer ACT and SMART out of '10-'11, and Pell out of '11-'12, right? And yes, that'd be okay.

*Audience:* Okay. Thank you.

*Jeff:* That would be okay. Over here?

*Audience:* Hi. I have a question kind of regarding the cutoff, the September 10th cutoff. If a student didn't do – complete the FASA in the in the trailer year at all, and they complete – and the FASA in let's say November, and they were enrolled in summer, they complete verification December 15th, am I required to go back and look at summer, or did that September deadline say I don't have to look at all?

*Jeff:* Let me make sure I get it. Let's say we're next year and let's say it's September 10th next year.

*Audience:* Okay.

*Jeff:* So the student didn't apply for '11-'12 until November.

*Audience:* Correct.

*Jeff:* You do have – well, and did you fund the student's summer?

*Audience:* They didn't complete a FASA in –

*Jeff:* In the prior year, right?

*Audience:* Right.

*Jeff:* So they just didn't get anything for the summer. They didn't get anything for fall, either, until they finally showed up.

*Audience:* Right.

*Jeff:* Right? Okay. Again, longstanding, even if the student applied in June, the following June, the student is eligible for any payment period in which they were enrolled and eligible. So you would go back and award this student, in your example, November your finally figured it out or whatever. You would award this student for the hours completed in the summer, and then in this November while they're enrolled in fall, and then whatever's left for spring.

If the student didn't apply till April, you'd still go back to hours completed in the summer, hours completed in the fall, and enrolled in the spring. That has nothing to do with second-scheduled award. I mean, it may kick in in the spring, second set of award rules. But you always – when a student is allowed – I call it retroactive. A student is allowed to apply late in an award year, and if they're still enrolled when they the \_\_\_\_\_ comes in be eligible for all of the payment periods in that award year, that is longstanding always have been that.

*Audience:* Okay. So then let me change the first part. Let's say they weren't Pell-eligible. So my Pell calculation resulted in zero. Does the September 10th deadline come in then?*[unclear,*

*Jeff:* They weren't Pell-eligible for '11-'12?

*Audience:* They were not – yes. They did do a FASA. But they weren't Pell-eligible – I've calculated a Pell at zero, right?

*Jeff:* There's no Pell if they're not Pell-eligible.

*Audience:* So even – so you haven't calculated a Pell if they're not Pell-eligible.

*Jeff:* No, no, no. They're right. This is only awarded in Pell. I mean, this student's not gonna get Pell for summer or fall or spring unless they make a correction and become Pell-eligible.

*Audience:* Well, no. I'm going back and saying in this case the student didn't not do the FASA the prior the year. They did.

*Jeff:* Oh, they did, and they were not Pell-eligible?

*Audience:* Correct.

- Jeff:* Okay. So there was nothing there. And you didn't have one for the upcoming year when you're –
- Audience:* Right.
- Jeff:* – looking at it. And then November, they applied, and they're Pell-eligible?
- Audience:* Mm-hmm.
- Jeff:* Yeah. You award 'em going –
- Audience:* So, basically, if they did – you always – you have to just keep looking – the September 10th is really just –
- Jeff:* No.
- Audience:* – a recalculation.
- Jeff:* No. And that's because we've always said you go back – a student who's eligible for any time in the award year that they were enrolled.
- Audience:* Okay.
- Jeff:* But only for the hours completed once it's \_\_\_\_\_.
- Audience:* Okay. All right. Thanks.
- Jeff:* Okay?
- Audience:* On transfer students, if we use the assumption method and qualify them for Pell, and then receive their transcript, do we have to look at their actual hours or can we just go with the assumption method?
- Jeff:* If you use the assumption method, you never have to look at the academic transcript, whether you had it before you used the assumption method, at the time you used an assumption method, or it came in later.
- Audience:* Okay.
- Jeff:* And just to complete it, if you decide to use the actual hours, and so you looked at real transcripts, and then a later transcript came in, you don't have to go look at that. Now if you can, and every school you're on your own workload and burden and can you find

these things, there's some flexibility. So use these things that might make a student more eligible. But you're not required to.

*Audience:* Okay. Thank you.

*Jeff:* Okay? Hi.

*Audience:* I'm actually looking at your Slide 14 where you paid a student summer '10, fall '10, spring '11, and summer '11, all from the '10-'11 award year.

*Jeff:* Did you say 14?

*Audience:* Yes. Okay. So I guess my question comes into the earned hours. So let's say for summer '10, they earn 12 hours, which is we're gonna go with the academic year definition of 24. For fall 2010, they earned 9, so that's 21. So for spring '11 when I'm gonna award their second Pell, I look for acceleration, and they're gonna take 12 hours, so that's 33. So they're fine for spring.

But during spring '11 something happens and they totally withdraw from the semester. So then they earned zero. And then for summer '11, I'm like recalculating their second Pell again. So do I have to – are they eligible for their second Pell for summer because they didn't earn anything?

*Jeff:* Yeah. Without us going through all of the arithmetic, 'cause there's all the examples –

*Audience:* Right.

*Jeff:* – but you've hit an important point. It can be both ways.

*Audience:* Okay.

*Jeff:* If you went through – let's look at this student – and you're count – remember we're counting the hours earned in the award year, and by definition on this slide, the summer of '10 was in this award year, a '10-'11 award year.

*Audience:* Right.

*Jeff:* So completed some number of units. Completed some number of units in the fall. The only way to get spring money here is if it's a second-scheduled award. In your example, between what they earned and what they enrolled in the spring, 'cause it's a regular

semester, let's say they only completed – try to do the arithmetic. Let's say they only completed 13 hours between the first two. Remember we had that student? Next spring they're gonna enroll in 12, and that's not unusual, and that's more than 25. So you give it to 'em, right?

Now but it turns out they enrolled in 12, but they only completed 5.

*Audience:* Right.

*Jeff:* Or something. But that's okay because you don't have to go back and undo the spring. But now summer is another – because of the rule, we're not going to the next year. This is another second-scheduled award disbursement. Now you look at the – yeah, you do the arithmetic all over again. Summer, fall, spring, uh-oh. It's not enough hours. It's only 17 hours and she's taking 6 in the summer. That doesn't equal – the student's not eligible.

*Audience:* Okay. So basically we should – instead of awarding a full second-scheduled award, we should really just award that first disbursement.

*Jeff:* Well, you have to decide whether you want – even at the beginning of the year, you have to decide whether you want to award a student for upcoming payment periods, knowing that there might be reasons that they don't get it. It's not terribly different, although a bit, from awarding a student – from fall and spring, but knowing that if they didn't make satisfactory progress, they're not gonna get the spring.

*Audience:* Okay.

*Jeff:* Just a take here is one more. You could have the opposite of what we just described. You could have a situation – and I don't wanna try to do the math – where between the summer and the fall, and what they enrolled in the spring, they're not eligible for second-scheduled award monies.

*Audience:* Mm-hmm.

*Jeff:* Right? But then they went to school anyway and took enough hours that when you do the evaluation for summer, sure enough, they're okay.

*Audience:* Great. Thank you.

*Jeff:* Right? Right. Hi.

*Audience:* Hi. I have a question with Pell and the crossover period where there used to be a rule that if the period falls more than six months in one award year, you would use that award year. Is that gone?

*Jeff:* Yeah. We got rid of that. Yeah. When I gave the example of March to July 2nd, she just referred to, we used to have a rule that a crossover was this, except that if it's more than six months, it has to be in that award year. We got rid of that.

*Audience:* Thank you.

*Jeff:* Yep, yep. Thanks for reminding me about that. Yep.

*Audience:* Okay. You basically touched on this before, but I just wanted clarification on schedule versus earned. If I schedule upcoming Pell and it's going to be second schedule, I have to check it before they actually take the term in order to award it. Or if they take the term – if I schedule it in advance and they do not meet the second-scheduled award, they're not eligible for it, I can't pay it, even though it was scheduled in advance.

*Jeff:* When you say "scheduled," what – you mean awarded and reported to COD as a scheduled disbursement?

*Audience:* Right. We're awarding – like we'll package it three terms at a time. And so the final third term is going to be second scheduled. I can't – I have to actually check it when it comes to spring before I can pay it.

*Jeff:* Before you can disburse. You can award it, schedule it, it's up to you. But just like in some cases – again, it's not exactly – just like you might have awarded the student for your three periods, but you had to check satisfactory progress before you can release that money? That last –

*Audience:* Yes.

*Jeff:* – that third term. It's similar to that. And, also, just to complete a **story**, even if it looks okay, so you do release it, right, but then they drop before they attended all the classes –

*Audience:* Okay.

- Jeff:* Then it gets undone.
- Audience:* Okay.
- Jeff:* Right? It gets undone.
- Audience:* Yep. Thank you.
- Jeff:* Yep. Hi.
- Audience:* Hi. We create an origination, a Pell origination for the current aid year, and then find out later we want to do it from the upcoming aid year. Do we create a new origination we have to cancel and then create a new origination with the new aid year on it, right? Not a changed origination.
- Jeff:* Right. Because if I understand right, because COD's got two separate flows. There's the '10-'11, '11-'12, and they don't look at each other. We're beginning – you heard this morning I think Michelle or Jody, we're beginning to look in our FASA, what – were you here last year and what do we know about you. But we're not doing that in COD. So everyone's – each is separate.
- Audience:* Okay. Just wanted to make sure. Thanks.
- Jeff:* Yep. And, by the way, in the example you've used, you said you delete it. But in many cases the student in the earlier year already got some Pell Grant, so you're not getting rid of the record. You're just changing the award amount and the disbursement. And then in the upcoming year – this is a little bit different – you may have already submitted a COD record for the fall/spring. And now – a certain amount of money with two disbursement dates. So you have to go back and include the summer. So it may not be adding a new record, depending upon what you've already done.
- Audience:* I have a question about the crossover period and the census date. Say we have a student, they've already filed both FASAs for both years and the trailer year gave them a bigger payment, so we award that. Now they do an appeal or something and we update their information. Their EFC goes down. Now we wanna award it out of the new year because it's a better payment. But it's passed our census date. What enrollment do we have to use?
- Jeff:* Okay. This is what I was trying to get. Thank you. So in this situation, we've got a student that a decision was made – it doesn't



really matter. But in the example you gave, to award out of the prior year 'cause he hadn't applied yet. So you did a calculation –

*Audience:* They had. They had applied. It's just that the EFC was higher.

*Jeff:* And so you awarded out of –?

*Audience:* The trailer year, because the EFC was higher than –

*Jeff:* Okay. Remember, don't say "it was higher" 'cause it's the award amount. Right?

*Audience:* Right. Okay. So the award amount was higher in the trailer year.

*Jeff:* So you awarded out of the trailer year.

*Audience:* Right, both had already been filed.

*Jeff:* Right.

*Audience:* Then we changed data.

*Jeff:* He changed data in the upcoming year.

*Audience:* Yeah.

*Jeff:* \_\_\_\_\_ verification or something. Okay. And now, sure enough the payment would be higher now in the upcoming year.

*Audience:* Right.

*Jeff:* Right? Okay. So now you have to pay out of the – now you have to consider paying out of the upcoming year. But now he was full-time when you packaged him. And he remained full-time past your recalculation's last census date. But he dropped a class.

*Audience:* Right.

*Jeff:* And he's only three-quarter time, but you didn't have to change that award. You don't have to recalculate. But now when the '11-'12, the upcoming either applied, or in your example, fixed something, you're doing a calculation. Summer is over. You're doing a calculation based upon hours earned. Only earned nine, 75 percent. Depending up on the numbers here, in this example, even though the payment amount, if it – this is an example where the EFC is lower in the upcoming year, turned out to be. The

scheduled award is higher. But because he's only can get funded at three-quarter times, those dollars are less than the full-time at the higher EFC.

*Audience:* Okay. So we have to – any time we change award years, it's a calculation.

*Jeff:* It's a calculation, right.

*Audience:* Okay.

*Jeff:* This is why financial aid administrators don't get paid enough, 'cause you have to know all this stuff. Hi.

*Audience:* Hi.

*[Applause]*

*Jeff:* I'm with you.

*Audience:* I think this kind of relates. Just make sure I understand. Let's say it's spring term. We've got six hours left on this first-scheduled award. Then I go into the second-scheduled award for the second six hours. The semester ends. The student has two unearned Fs and two legitimate grades. Do they keep both of those awards and –?

*Jeff:* I gotta interrupt you. I'm not sure what you mean by has six credits for the first scheduled award.

*Audience:* Well, to finish the first scheduled award. There's 12 hours. They're taking 12 hours in the spring. Six of those are the remainder of the Schedule 1 award, and six of those begin the Schedule 2 award.

*Jeff:* Schedule – the first-scheduled award and second-scheduled award are dollar, percentages, actually. They're not credits. That's what I'm – I think there's something – I just – I'm not grasping it. Because you award – you can get 100 percent of your first-scheduled award which is 100 percent of some dollars, not of any hours. And the second-scheduled award is anything beyond 100 percent in dollars.

*Audience:* Well, don't you – but if we were using 24 hours as the example, for instance, to make up – to calculate that 100 percent of the award, wouldn't that –

- Jeff:* No, you're using 24 hours to say, "If I'm thinking about the student for second-scheduled award, did he complete or will he complete with the hours in this term at least 24?" Well, more than 24. So I think that's where you're going, but I'm not getting it.
- Audience:* Right. I've got a student who took 12 in the – let's say 6 in the previous summer –
- Jeff:* Earned?
- Audience:* – 12 in the fall.
- Jeff:* Okay.
- Audience:* So we've got six hours remaining on this Schedule 1 award.
- Jeff:* No, he doesn't.
- Audience:* Or 25 percent.
- Jeff:* No, you gotta be careful because, for instance, that student who only earned six in the summer, could have gotten 75 percent or 100 percent of the scheduled award, but only earned six. That's why you gotta be careful with the hours. Now we can make an example. We can say that it was six hours at half-time and so on. But you gotta be careful with that because you start looking at hours related to scheduled awards, you're gonna get into some difficulty, I think.
- Audience:* Okay.
- Jeff:* We can talk about it afterwards, but – no. Be real careful. Scheduled awards are about dollars and percentage of dollars, actually. And academic progression is about completing enough hours in the award year. And they don't relate because students don't complete everything they enroll in or get money for. Yep.
- Audience:* This question relates to the crossover. We have a clock hour program that starts, or started in September, ends in August. The second payment period is at the end of February. If they do a '11-'12 FASA, am I gonna have to recalculate?
- Jeff:* When did the program start? Tell me again.

*Audience:* September. September 2010. And it'll be ending August 5th, 2011.

*Jeff:* Yeah. That's a crossover.

*Audience:* Okay.

*Jeff:* So, yeah. This is an example of a 12-month – no, no, no. The program is 12 months or so? Yeah.

*Audience:* Yeah.

*Jeff:* But the payment period is half of that.

*Audience:* Mm-hmm.

*Jeff:* So only one of the payment periods is gonna cross over, the second one.

*Audience:* Okay. So the second payment period then I have to readjust –

*Jeff:* Right.

*Audience:* – if they do another FASA.

*Jeff:* Right. Just off the top of my head, playing with this one. The first payment period is let's say September to March or something. That's all in this '10-'11.

*Audience:* Correct.

*Jeff:* The second payment period is March – middle of March till August. That's a crossover and you have to do the rule about the higher of the two.

*Audience:* Okay.

*Jeff:* Does that do it?

*Audience:* Mm-hmm.

*Jeff:* Okay. Hi.

*Audience:* Hello. My question has to do with has DOE set a deadline for the various \_\_\_\_\_ modules to demonstrate that they can handle the new regulations? My only concern is that it seems that the process

is not – it doesn't seem to be overly difficult. It just seems to be overly manual. And with the summer being right in the middle of the recruitment season, just curious as to whether or not a deadline has been set for banner and so on and so forth do demonstrate that they can handle the new regulations?

*Jeff:* Well, if I think understand, we were careful here. The low was – said it was effective '09-'10. We did the regulations as quickly as possible and then published them in October of '09, meaning that they were effective for the '10-'11 year. We got a little flexible about last summer, which was a transition summer, because of these very reasons, systems, and processes and so on.

What that meant is this is really an issue for this – for academic progression, it's really an issue this winter and spring and for the crossover which is the more complicated one. It's next summer. So that's like 15 months from when we published the final rule. And we've talked – we've been talking – and over two years from when we've been talking about moving in this direction. So we had a fair amount of confidence and we talked with software providers and so on that they knew what they needed to do. So that's – and the rules are in effect, so we have to do that. Okay?

*Audience:* Okay. Thanks.

*Jeff:* Let's just take these four more and then we're gonna have to wrap this up. Go ahead.

*Audience:* Thank you. My question is about the FISAP reporting. I understand that Pell would be reported for the crossover period with the year that the FISAP is covering. What about the charges for that student who received the Pell? I'm assuming that also goes with that year's FISAP.

*Jeff:* The Pell Grant is – the Pell Grant for the award year.

*Audience:* Yeah.

*Jeff:* So if you're filing – when you filed the FISAP last September, it was for the '08-'09 year. Right? The charges are the – I think there's a specific period. I think on the FISAP – I'm trying to visualize it – it says the enrollment and the charges are for students enrolled between –

*Audience:* July 1, June 30.

- Jeff:* – probably July 1st to June 30th, something like that.
- Audience:* Right. So my Pell might be out of –
- Jeff:* Oh, yeah. Right, right.
- Audience:* – '11-'12, but my charges are –
- Jeff:* That's possible.
- Audience:* – are in '09-'10 and –
- Jeff:* Yeah, that's **fine**.
- Audience:* Does that have an implication somehow –?
- Jeff:* No, not really. I don't think. Because first of all, the charges are all on a average basis. It's all averages. We take the number of your enrolled students divided into the amount of tuition, come up with an average tuition. Add all these things to do this formula.
- Audience:* Mm-hmm.
- Jeff:* By the time it comes out the other end, even a few dozen students is not gonna matter. And the same thing with the Pell Grant at the end. That's not gonna be an issue. And that's – there's nothing new about the two Pell's in an award year with that. It's just that's just the way that is.
- Audience:* Okay.
- Jeff:* I don't think there'll be a problem. Okay. Yep.
- Audience:* Has to do with progression. So say a student is half-time in summer 2011, and full-time in the fall. So at the end of the fall, they've been paid 75 percent of their first-scheduled award. And then in the spring, they're registered full-time again, so we give them the last 25 percent, the first 25 percent of the second second-scheduled award. And they end up withdrawing from two of the classes after it's been paid. Do we have to retroactively remove that first 25 percent of the second-scheduled award?
- Jeff:* So let me make sure. So because of the – what you described it's in the summer – and I almost had a transaction something like that. For the spring – actually, I think you're talking about something like this. So this student here in the spring, the only reason they

got this second \$2,000.00 was 'cause they had enough hours, right? Now they with – if I combine this with the other one, we look at some credit hours. And they had enough – they were enrolled in enough credit hours in the spring to justify giving them second-scheduled award monies, right?

Then it turns out dropped – that – did they begin attendance?

*Audience:* Yes.

*Jeff:* Then there's not a problem at all.

*Audience:* Okay.

*Jeff:* But let me finish. But if you had said no, or if he didn't begin attendance, then only the hours that he began attendance would count. So first of all, it's not a full-time award any more. But secondly, those hours might not have been enough to make him eligible for any dollars in that payment period. That's the important thing.

*Audience:* Thank you.

*Jeff:* Okay.

*Audience:* Okay. I have a quick comment, just something to think about, and then two questions. My state, I work in Massachusetts, and with state financial aid, we have to use or return money by June 30th. One of the –

*Jeff:* I'm sorry. You have to use what?

*Audience:* Use or return whatever the state funding was for a particular year by June 30th. We're not allowed to award say '10-'11 grant funds for the state after July 1st of 2011. So what will happen with the September 10th deadline is we award Pell Grant and state funds to cover direct costs. If we later in August or September have to determine that a student is eligible for upcoming Pell, then to be fair, we would have to reduce the state aid necessarily. And now we can't award that fund to another student who does need it for direct costs. So I know it's – it is what it is right now, and that's fine. But just something that I wanted to kinda bring up to maybe talk about when you're looking at a future date.

*Jeff:* Yeah. Just a quick comment. Obviously, my initial comment is that's a state issue.

*Audience:* Exactly.

*Jeff:* But I don't wanna be that fresh about it. But it should be – maybe this is how you and your colleagues can work on it. It should be in most cases just a little bit of different. I mean, I gave an example could be a couple thousand. But most of the time, it's gonna be a few hundred, and maybe there's a way to not worry about that it came from another year.

*Audience:* Yeah.

*Jeff:* You'll have to work with the grant people. Yep.

*Audience:* Yep. And so my first question is 'cause, again, we are a community college. We have a lot of late applicants, a lot of late file completions all that. Is there any problem regulatorily if we do our initial review, make the best assessment that we can based on the year where the Pell is higher at that time for the crossover period, and then, for example, wait until after summer to enrollment is confirmed and do no second calculations until we know exactly what their eligibility's gonna be as long as it's done prior to September 10th?

*Jeff:* So let me just do this quickly. So you're awarding a student in May. They haven't applied for next year yet. So you base it upon the prior year and –

*Audience:* Yeah.

*Jeff:* – he applies in June.

*Audience:* Mm-hmm.

*Jeff:* Can you wait until things settle down a little bit and you get a chance as long as you do it before – we have not – we've said that the September 10th, or whatever date that's gonna be, that's when the student – you have information if the student is eligible.

*Audience:* Mm-hmm.

*Jeff:* We have not – just like we don't say for any how long it takes you award somebody, so I wouldn't worry about that. I'm gonna have to take hers and then I gotta go. I gotta get upstairs to another meeting.



*Audience:* I actually just have one more quick question.

*Jeff:* I gotta go. She's –

*Audience:* Okay.

*Jeff:* – been waiting.

*Audience:* My question's about transfer programs. If a student transfer from an old program to a new program, do we – and the credits go different. Maybe they have more in the old program than the new.

*Jeff:* Excuse me. Within the same school?

*Audience:* Within the same school.

*Jeff:* Right.

*Audience:* And we've already decided we're gonna use the assumption method. When that –

*Jeff:* You wouldn't use the assumption method –

*Audience:* That was my question. Did we use the credits that they actually earned or –?

*Jeff:* No, no. You don't – the assumption method is only for transfer from another institution.

*Audience:* Okay. So –

*Jeff:* At your school, it's the hours earned no matter which program they were in.

*Audience:* So it doesn't matter that those – maybe they earned 30 credits in the old program and it's only 10 going for the new, we –

*Jeff:* Right.

*Audience:* – would still use the 30.

*Jeff:* That's correct.

*Audience:* Okay. Thank you.

*Jeff:* That's correct. Hey, thanks very much for hanging in there, guys.  
I'm sorry. I gotta run right outta here.

*[Applause]*

*[End of Audio]*