Calculating Pell and Iraq & Afghanistan Service Grant Awards

CHAPTER 3

Pell Grant awards are based on the 9-month Expected Family Contribution (EFC) on the student's valid SAR or ISIR, the academic year structure (see Chapter 1), and the cost of attendance for a full-time student for a full academic year (see Chapter 2). The Scheduled Award amounts are specified on the Pell Payment Schedules released by the Department. For term-based programs, awards for part-time students are also based on enrollment status, using the part-time charts in the Pell Grant Disbursement Schedules.

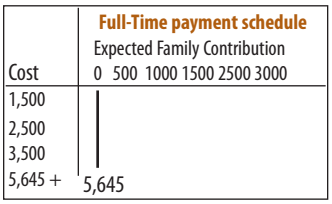
In this chapter, we'll show you how to calculate Pell Grant and Iraq & Afghanistan Service Grant payments for your students, using the appropriate formula for the term or nonterm calendar.

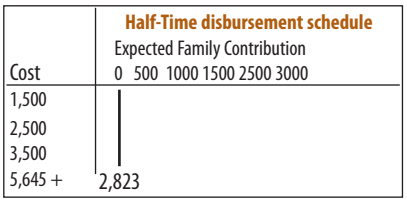
SCHEDULED AWARD, AWARD YEAR, & ANNUAL AWARD

The Scheduled Award is the maximum amount the student can receive during the award year, if he or she attends *full-time* for a *full* academic year. The award year begins on July 1 of one year and ends on June 30 of the next year. For example, the 2013-14 award year begins July 1, 2013, and ends June 30, 2014.

The student's *Scheduled Award* is established by the Pell Grant payment schedule that the Department issues prior to the start of each award year. The amount of the Scheduled Award is always taken from the full-time payment schedule, and is based on the student's EFC and Cost of Attendance. The *annual award* is the maximum amount a student would receive during a full academic year for a given enrollment status, EFC, and COA. Note that for a full-time student, the annual award will be the same as the Scheduled Award.

At a term school, a part-time student will have an *annual award* that is less than the Scheduled Award. If the student attends part-time, the student's annual award is taken from the 3/4-time, 1/2-time, or less-than-1/2-time disbursement schedules. For instance, if a student's Scheduled Award is $5,645, but the student is enrolled as a 1/2-time student in a term program, the student's annual award would only be $2,823.





CHAPTER 3 HIGHLIGHTS

Calculations for:

- Zero EFC treatment for children of soldiers
- Iraq & Afghanistan Service Grants
- Credit-hour term programs with fall through spring standard terms that provide 30+ weeks of instructional time and certain other standard term programs (Formula 1 or Formula 3)
- Credit-hour term programs with fall through spring standard terms that provide less than 30 weeks of instructional time (Formula 2 or Formula 3)
- Any credit-hour term programs including nonstandard term programs (Formula 3)
- Clock-hour programs and nonterm credit-hour programs (Formula 4)
- Pell/Iraq & Afghanistan Service Grant LEU NEW
- Summer terms, crossover payment periods, and mini-sessions
- Transfer students
- Recalculations (required and optional)

Appendices to Chapter 3

Appendix A - Formula 2: Calculations for standard-term programs with less than 30 weeks in fall through spring

Appendix B - Formula 5: Calculations for correspondence study programs

Appendix C - Formula summaries for all five Pell formulas

The Sequester and Pell & Iraq & Afghanistan Service Grant NEW

E-Announcements March 15 & April 26, 2013

On August 2, 2011, Congress passed the Budget Control Act (BCA) of 2011, which put into place an automatic federal budget cut known as the sequester. The Pell Grant program is exempt from the effects of the sequester. As such, 2013-14 (as well as 2012-13) Pell Grant Payment Schedules will be unchanged under the sequester. Unlike Pell, the Iraq & Afghanistan Service Grant is not exempt from the effects of the sequester. Iraq & Afghanistan Service Grant awards first disbursed after March 1, 2013, require reductions of 10% from the award amount for which the student would otherwise have been eligible to receive.

Scheduled Award limit

34 CFR 690.63(g)

Pell payment schedules for 2013-14

DCL GEN-13-06
E-Announcement March 8, 2013

Pell Grant awards for 2013-14 NEW

The maximum Pell Grant award has increased to $5,645. Due to the passage of the Consolidated Appropriations Act of 2012 (CAA), the maximum eligible EFC for the 2013-14 award year has increased, to 5081. For 2013-14, students must be eligible for at least $582 in order to be Pell Grant eligible. For more detail, see the Pell payment schedules in Dear Colleague Letter GEN 13-06, available on the IFAP website.

Minimum Pell Grant for 2013-14 NEW

HEOA Section 401
DCL GEN-13-06

The HEOA eliminated the $400 minimum award and instead set a new minimum award at 10 percent of the maximum award appropriated each year. Because mid-points are used for the EFC and COA columns in constructing the Pell Payment & Disbursement Schedules, the minimum Pell award for a full time student is actually slightly higher than 10 percent of the maximum Pell award. Students who are eligible for less than $582 are not Pell eligible for 2013-14.

Second Pell Grant Scheduled Award repeal and crossover payment periods

2 Pells in an Award Year repealed
34 CFR 690.64

To conform with the removal of second Pell Grant Scheduled Award availability, you are no longer required to assign a crossover payment period to the award year in which the student would receive the greater Pell award, but are free to assign crossover payment periods to the award year that best meets the needs of your students and maximizes a student's eligibility over the two award years in which the crossover payment period occurs (you must source Pell funds from the award year to which the payment period is assigned), provided that you never make a payment that will result in the student receiving more than his or her Scheduled Award for an award year. For more detail on crossover payment periods, see the section on crossover payment periods later in this chapter.

Pell Grant Administrative Cost Allowance

34 CFR 690.10
HEA Sec. 489(a)

For each student that receives a Pell Grant at your school each award year, your school is paid $5 to help pay the associated administrative costs. This money must be used solely to pay for the costs of administering the Federal Pell Grant, Federal Perkins Loan, Federal Work-Study, and FSEOG programs.

Ground rules for Pell

Fractions

When using fractions, be careful to multiply first, and then divide to avoid an incorrect result. For example, here's the correct way to prorate a $2,150 Scheduled Award for a payment period that is a nonstandard term of 10 weeks of instructional time, for a program that has 30 weeks of instructional time.

$$\$2{,}150 \quad X \quad \frac{10}{30} \quad \text{is multiplied as} \quad \frac{2{,}150 \times 10}{30} = 716.67$$

In this case, if you divide the fraction to get a decimal (.333333...) and then round the decimal either down (.33) or up (.34), your calculation will result in a number that's too low (709.50) or too high (731).

Rounding NEW

The Common Origination and Disbursement System (COD) accepts cents and whole dollar amounts in payment amounts for Pell. When rounding, you may round up if the decimal is .50 or higher; round down if its less than .50. When rounding for a student expected to be enrolled for more than one payment period in the award year, alternate rounding up and down. The amount used to round (whether it be a dollar or penny) is carried forward to the next payment and applied before the rounding calculation is performed for that payment period. Your policy on rounding must be applied equally to all students.

Important: Rounding rules do not apply if the amount disbursed would exceed the student's Scheduled Award or place the student's LEU over 600%.

For more on LEU for Pell and Iraq & Afghanistan Service Grants, see "Pell & Iraq & Afghanistan Service Grant LEU" later in this chapter.

Additional Aid Eligibility for Children of Soldiers: Zero EFC treatment or Iraq & Afghanistan Service Grant

July 30, 2010 E-Announcement; February 11, 2011 E-Announcement; February 21, 2012 E-Announcement, April 26, 2013 E-Announcement

An otherwise Pell-eligible student whose parent or guardian died as a result of U.S. military service in Iraq or Afghanistan after September 11, 2001, may receive increased amounts of federal student aid if the student was less than 24 years old when the parent or guardian died, or was enrolled at an institution of higher education at the time of the parent or guardian's death. There are two different provisions for such students, depending on whether the student has an EFC that falls within the range for Pell eligibility or not.

Zero EFC treatment for children of soldiers

A school must use an EFC of 0 to package all federal student aid if the student meeting the above criteria has a Pell-eligible EFC. (Note that the zero EFC is only used for packaging purposes; you do not actually change the student's calculated EFC.)

When submitting an origination to COD for a student of this type, you must include the CPS transaction containing the Department of Defense Match Flag set to "Y," or the award will not be accepted.

A student with an EFC that is not Pell eligible is potentially eligible to receive an award under the new Iraq & Afghanistan Service Grant program (see Iraq & Afghanistan Service Grant below).

Iraq and Afghanistan Service Grant

To receive the Iraq & Afghanistan Service Grant, the student must have an EFC that is not Pell eligible. (The student must meet the other criteria for Pell eligibility.) Iraq & Afghanistan Service Grants are made under the same terms and conditions as Pell, and disbursements for each payment period are calculated in the same manner as described in this chapter for Pell.

Due to the sequester, all Iraq & Afghanistan Service Grant award amounts first disbursed on or after March 2, 2013 must be reduced by 10%. For example, a student otherwise eligible for a Grant of $5,645 (the maximum Scheduled Award for 2013-14) the grant would be reduced by $564.50, resulting in a grant of $5,080.50.

A second or subsequent disbursement(s) of Iraq & Afghanistan Service Grant funds for which the first disbursement was made on or before March 1, 2013 is not subject to the 10% reduction.

When submitting an origination to COD for a student receiving an Iraq and Afghanistan Service Grant, you must include the CPS transaction containing the DoD Match Flag set to "Y," or the award will not be accepted. The award may not exceed the student's cost of attendance. Iraq and Afghanistan Service Grants are not considered Estimated Financial Assistance for packaging purposes. For more detail on packaging awards, see Chapter 7 of this volume.

Identification of eligible students & notification by ED:

The Department will notify the student when a student appears to meet the criteria for Zero EFC treatment for children of soldiers and the Iraq & Afghanistan Service Grant, based on a match with a Department of Defense (DoD) file of eligible dependents. The match will be performed when a student submits a FAFSA or FAFSA correction (and periodically thereafter). When an eligible student is identified, ED will generate a Central Processing System (CPS) transaction for the student, and the resulting ISIR will include a "DoD Match Flag," associated comment code 298, and the parent or guardian's date of death.

Use the flag and date of the parent or guardian's death, along with the student's calculated EFC, to determine if the student is eligible for either Zero EFC treatment for children of soldiers or an award under the Iraq & Afghanistan Service Grant program. ED will also send a letter to each matched student that informs the student of his or her possible increase in eligibility for FSA funds. The letter advises the student to contact his or her financial aid administrator for more information.

Full-time enrollment status for students with intellectual disabilities enrolled in special programs

34 CFR 668.230-233

HEA Sec. 484(s)

Students enrolled in a program for students with intellectual disabilities may qualify to receive aid as a full-time student by meeting the full-time enrollment status criteria using alternative credit "equivalencies." These equivalent credits, earned from audited courses and other normally non-credit activities undertaken as part of a program for students with disabilities may be awarded for purposes of determining enrollment status. For more detail, see Chapter 1 of Volume 1 of the FSA Handbook.

TERMS AND PAYMENT METHODS FOR CALCULATING PELL

Generally, if all the coursework is scheduled to be completed within a specific time frame, the program can be considered term-based. Term-based programs can have either standard terms or nonstandard terms. Generally, Pell Grants are calculated differently for the two types of terms. Standard term programs may be treated similarly to nonstandard term programs if the program does not conform to a traditional academic calendar or meet certain other conditions. When calculating Pell, you must use the same formula for all years in a student's program.

Standard terms

Standard terms are semesters, trimesters, or quarters, as these words are traditionally used. In traditional usage, an individual semester or trimester provides about 14 to 17 weeks of instructional time and full-time is defined as at least 12 semester or trimester hours. The program's academic calendar generally consists of three terms, one each in fall, spring, and summer. In traditional usage of the term "quarter," an individual quarter provides about 10 to 12 weeks of instructional time, and full-time is defined as at least 12 quarter hours. The program's academic calendar generally includes three quarters in the fall, winter, and spring and often a summer quarter as well.

Nonstandard terms

Any term that isn't one of the standard terms described above is a nonstandard term. Sometimes schools refer to terms by standard names when they are, in fact, nonstandard terms. For example, a program may be made up of terms called quarters, but progress is measured in semester hours. **If a student's program contains any nonstandard terms, it cannot be considered a standard term program.**

Nonterm programs

Nonterm programs may be measured in either clock-hours or credit-hours. **If a student's program contains coursework not offered for completion within set beginning and end dates, the program cannot be considered a term-based program.**

CREDIT-HOUR TERM-BASED PROGRAMS

Annual award based on enrollment status

In a term-based program, academic progress is always measured in credit hours, and the student's annual award depends on his or her enrollment status. Your school's standards for enrollment status must meet the minimum regulatory requirements, which are discussed in further detail in *Volume I: Student Eligibility (Chapter 1)*.

For standard terms, the minimum enrollment standards are:

Full-time: 12 semester hours per semester/trimester
12 quarter hours per quarter
3/4-time: 9 semester hours per semester/trimester
9 quarter hours per quarter
1/2-time: 6 semester hours per semester/trimester
6 quarter hours per quarter
Less-than-1/2-time: less than half of the workload of the minimum full-time requirement.

If the student is enrolled full-time, then the annual award is the Scheduled Award, which is based on the full-time payment schedule. If the student is attending part-time, you must use the 3/4- time, 1/2-time, or less than 1/2-time disbursement schedules, depending on the number of credit hours in which the student enrolls. If the student is enrolled less-than-half-time, it will also affect the cost components that are used in the student's Budget (see Chapter 2). *Schools do not have the discretion to refuse to pay an eligible part-time student, including during a summer term or intersession.*

On the appropriate full-time or part-time Payment or Disbursement schedules, use the student's Cost of Attendance and EFC to look up the Pell annual award for the year at that enrollment status. Most student aid software programs, such as EDExpress, will do this for you automatically, but you can also refer to the Pell schedules online at the IFAP website.

Pell Grant payments by term

Pell Grants must be paid in installments over the course of a program of study to help meet the student's cost in each payment period. The payment period affects when Pell funds are disbursed and the exact amount to be disbursed. For credit-hour term programs, the payment period is the term. If the student doesn't enroll in one of the terms, he or she won't receive a portion of the award for that payment period. If the student's enrollment status changes in the next term, his or her annual award will be different for that term. (See discussion of terms and payment methods.)

Academic calendar & enrollment status changes

Because the academic calendar for a program determines which Pell formula you use, you need to review the conditions for the use of each formula if the calendar for the program changes. This is particularly true if you are using Formulas 1 and 2, since they have the most restrictive conditions.

If a student's enrollment status changes during the year, your school may have to recalculate the student's Pell Grant payment based on the new enrollment status. At the end of this chapter we'll discuss when a school is required to recalculate due to a change in enrollment status.

34 CFR 690.63
34 CFR 690.80(b)

Enrollment status under consortium agreement

The enrollment status of a student attending more than one school under a consortium agreement is based on all the courses taken that apply to the degree or certificate at the home institution. The disbursing school may have to make some adjustments if the coursework at the other school is measured in different units.

Enrollment status for cooperative education

In a cooperative education program, your school assesses the work to be performed by the student and determines the equivalent academic course load. The student's enrollment status is based on the equivalent academic course load.

Consortium Different Units Example

Chris is taking 6 semester hours at Dalaran University, the home institution, and 9 quarter hours at Sarven Technical Institute. To determine his enrollment status, Dalaran needs to convert the hours at Sarven into semester hours. Because a quarter-hour is about two-thirds of a semester hour, Dalaran multiplies the number of quarter-hours by two-thirds:
9 quarter hours X 2/3 = 6 semester hours.

Then the hours taken at both schools can be added together:

6 semester hrs. at Dalaran
+ 6 semester hrs. at Sarven
12 semester hours

Linda is also taking 6 semester hours at Dalaran University and 9 quarter hours at Sarven Technical Institute, but her home institution is Sarven Technical Institute. Because Sarven is paying her, it needs to convert the semester hours taken at Dalaran into quarter hours:
6 semester hours X 3/2 = 9 quarter-hours.

Then, the hours taken at both schools can be added together:

9 quarter hours at Sarven
+9 quarter hours at Dalaran
18 quarter hours

Variations in enrollment status standards

If any program uses standard terms, the enrollment status standards in the program don't have to be proportional—for instance, a program could have a 15-hour standard for full-time enrollment, but set a 9-hour minimum for 3/4-time status and a 6-hour minimum for 1/2-time status.

In addition, your school's academic standard may differ from the enrollment standard used by the financial aid office for FSA purposes. For example, your school may define full-time as six hours during the summer; however, the financial aid office uses 12 hours as full-time for all terms, including the summer term. Your school must apply its FSA full-time enrollment standards consistently to all students enrolled in the same program of study for all FSA purposes. For more on enrollment status, see Volume 1, Chapter 1.

Enrollment status for students taking regular and correspondence courses

If a student is enrolled in a non-correspondence study program, but correspondence coursework is combined with regular coursework, the correspondence courses must meet the following criteria to be included in the student's enrollment status:

- The courses must apply toward the student's degree or certificate or must be remedial work to help the student in his or her course of study.
- The courses must be completed during the period required for the student's regular coursework, e.g., a term.
- The amount of correspondence work counted can't be more than the number of credit hours of regular coursework in which the student is enrolled.

If the student is taking at least a half-time load of correspondence courses, the student would be paid as at least a half-time student, regardless of the credit hours of regular coursework. A student will be paid as a less-than-half-time student for any combination of regular and correspondence work that is less than 6 credit hours or the appropriate equivalent of half-time.

Enrollment Status for Enrollment in Correspondence and Regular Coursework

Regular Work	*Correspondence Work*	*Adjusted Total Coursework*	*Enrollment Status*
3	3	6	Half-time
3	6	6	Half-time
3	9	6	Half-time
6	3	9	Three-quarter time
6	6	12	Full-time
2	6	4	Less-Than-Half-time

This chart assumes that the school defines full-time enrollment as 12 credit-hours per term, and half-time enrollment as 6 credit hours per term. As you can see in the second and third examples, the number of correspondence hours counted in the total course load was adjusted so that the correspondence hours never exceeded the regular hours taken. Note that in the last example, the student is eligible for payment based on half-time enrollment in correspondence courses, because not all of the correspondence work can be counted towards enrollment status.

FORMULA 1: CREDIT-HOUR TERM-BASED PROGRAMS

To use Formula 1, the program must meet one of two sets of requirements.

For a program with a traditional academic calendar, the program:

- must have an academic calendar that consists, in the fall through spring, of two semesters or trimesters, or three quarters (note that summer may not be a standard term);
- must have at least 30 weeks of instructional time in fall through spring terms;
- must not have overlapping terms; and
- must define full-time enrollment for each term in the award year as at least 12 credit-hours and must measure progress in credit hours.

Other programs offered in standard terms may use Formula 1 if they start the terms for different cohorts of students on a periodic basis (for example, monthly). These programs:

- must have an academic calendar that consists exclusively of semesters, trimesters, or quarters;
- must have at least 30 weeks of instructional time in any two semesters or trimesters or any three quarters;
- must start the terms for different cohorts of students on a periodic basis (for example, monthly);
- must not allow students to be enrolled in overlapping terms and must stay with the cohort in which they start unless they withdraw from a term (or skip a term) and re-enroll in a subsequent term.
- must define full-time enrollment for each term in the award year as at least 12 credit-hours and must measure progress in credit-hours.

For Formula 1, the term is the payment period, and you divide the student's award by the number of terms in the program's FSA academic year.

Requirements to be able to use Formula 1

34 CFR 690.63(a)(1)

Basic Pell calculations

Pell payment schedules: 34 CFR 690.62

Pell formulas: 34 CFR 690.63

"Crossover" payment periods (e.g., summer sessions): 34 CFR 690.64

Consistent use of formula

You must use the same formula for a program for all payment periods in an award year.

Standard term composed of shorter terms or modules

Remember that you can combine shorter terms or modules into a standard term that meets the requirements for Formula 1. See the discussion of academic calendars in Chapter 1 for examples.

Formula 1: Basic Calculation

In Formula 1, the annual award is simply divided by the number of terms in the fall through spring at a school with a traditional academic calendar.

Take the case of Jeff, who is enrolled full-time in a program that has an academic year of 30 weeks of instructional time and 24 semester hours. The program has fall and spring semesters that provide a total of 30 weeks of instruction and a 12 week summer nonstandard term with 12 semester hours as full-time. Jeff has a Scheduled Award of $3,050, and since he is enrolled full-time, that is also his annual award. Since the fall through spring has standard terms, it doesn't matter that the summer term is nonstandard; you still calculate summer payment based on Formula 1.

$$\frac{\$3{,}050}{2} = \$1{,}525 \text{ disbursement for a semester}$$

The same formula would be used if Jeff enrolled in a program that has fall, winter, and spring quarters that provide at least 30 weeks of instruction and has a summer term with 12 quarter hours as full-time. The only difference is that Jeff's annual award of $3,050 is divided by 3.

$$\frac{\$3{,}050}{3} = \$1{,}016.66 \text{ disbursement for each payment period}$$

Note that Jeff is receiving a full Scheduled Award because he is attending for two semesters or three quarters as a full-time student and has no remaining eligibility for the summer payment period included in the award year.

Formula 1: Basic Calculation Nontraditional Academic Calendar

Majel is enrolled full-time at Roddenberry University in a program that has an academic year of 36 weeks of instructional time and 36 quarter hours and is offered exclusively in quarters. A new cohort of students starts a quarter on the first workday of each month, and a student is not allowed to take courses in overlapping terms outside that student's cohort.

Any three quarters of the program provide at least 36 weeks of instructional time since each quarter is 12 weeks of instructional time in length. To be full-time, a student must be enrolled in at least 12 quarter hours for a quarter. Majel has a Scheduled Award of $3,000, and since she is enrolled full-time, that is also her annual award.

Because any three quarters are at least 30 weeks of instructional time and the academic year encompasses three quarters, Majel's payment for each payment period is calculated by dividing the annual award by 3:

$$\frac{\$3{,}000}{3} = \$1{,}000$$

Note that Majel is receiving a full Scheduled Award because she is attending for three terms as a full-time student and has no remaining eligibility for the next payment period if it is included in the same award year.

Formula 1: Enrollment status change

Micki enrolls full-time in the fall semester. She has a cost of $10,000 and EFC of 100, so her Scheduled Award, taken from the full-time payment schedule, is $5,595. Since she's attending full-time, this is also her annual award. If your school defines its academic year as 30 weeks of instructional time and 24 semester hours, Micki's annual award is divided by 2 to arrive at the disbursement for the fall semester.

$$\frac{\$5{,}595}{2} = \$2{,}797.50 \text{ for Fall}$$

Micki decides that a full-time schedule is too ambitious, so she enrolls in the spring term as a 3/4-time student. Her EFC is the same, and even though her tuition is slightly less, the Pell award is still based on full-time costs. However, her annual award is now based on the 3/4-time disbursement schedule, so her spring payment will be less than her fall payment.

$$\frac{\$4{,}196}{2} = \$2{,}098 \text{ for Spring}$$

Note that Micki's Scheduled Award is still $5,595, and she has only received $4,895.50. This means that she is still eligible for up to $699.50 in Pell funds from her Scheduled Award if she attends a summer term assigned to the same award year.

FORMULA 2: STANDARD-TERM PROGRAMS WITH LESS THAN 30 WEEKS IN THE FALL THROUGH SPRING

Formula 2 may be used for programs that would qualify for Formula 1 except that the program's academic calendar provides less than 30 weeks of instructional time in the fall through spring terms. Like Formula 1, it simplifies the calculation payments by providing for the same calculation for all payment periods in the award year. Only a small number of schools use Formula 2; therefore, it is covered in Appendix A of this chapter.

FORMULA 3: GENERAL FORMULA FOR ANY TERM-BASED PROGRAM

Any term-based program may use this formula for Pell calculations, but you *must* use this formula for a term-based program that does not qualify for Formulas 1 or 2 (for instance, a program that uses only nonstandard terms).

To calculate the payment for the term, you must prorate the annual award that you looked up on the appropriate Pell Grant payment or disbursement schedule. Unlike the term calculation in Formula 1, the annual award can't simply be divided evenly among the terms. Instead, you must multiply the annual award by a fraction that represents the weeks of instructional time in the term divided by the weeks of instructional time in the program's academic year.

$$\frac{\text{weeks* in term}}{\text{weeks* in academic year (at least 30)}}$$

If the resulting amount is more than 50 percent of the annual award, your school generally (see exception in sidebar) must make the payment in at least two disbursements in that payment period regardless of whether the term is a standard term or a nonstandard term. A single disbursement for a payment period can generally not be for more than 50 percent of the annual award. You may disburse more than 50 percent of the annual award once the student has completed half of the weeks of instructional time in the program's academic year definition.

Enrollment status standards for nonstandard terms

If you are using Formula 3 for a program that contains standard terms, the minimum enrollment standards previously discussed would still apply for the standard terms. However, if a program has nonstandard terms, the enrollment standard must be calculated for the nonstandard terms. The full-time enrollment status is determined for a nonstandard term based on the length of the term in relation to the academic year.**

$$\text{Credit hours in academic year} \times \frac{\text{weeks* in nonstandard term}}{\text{weeks* in academic year (at least 30)}}$$

*These fractions use weeks of instructional time as defined in Chapter 1, which are not necessarily the same number as the calendar weeks in an academic year.

** If the resulting number isn't a whole number, it is rounded up to the next whole number. For example, 3.3 is rounded up to 4 if the program's coursework is offered in whole credits. If the program's coursework is offered in fractions, the full-time enrollment status need not be rounded. For example, 3.3 would remain 3.3 as full-time, and a student taking 3.4 credits in the term would be full-time.

Disbursing more than 1/2 the annual award and the 50% Requirement

34 CFR 690.63(f)

If the disbursement for the payment period results in more than 1/2 of the annual award and occurs after half of the weeks of instructional time of the academic year have passed during the payment period, you can make a disbursement of the full payment for the payment period.

For example, your school has a program that must use Formula 3. The program has 3 terms with 17, 14, and 6 weeks of instructional time and defines its academic year as 30 weeks of instructional time and 24 semester hours. Debbie is attending half-time for all three terms. Her payments for each payment period are 17/30, 14/30, and 6/30 of her half-time annual award. For the first term, you may disburse 15/30 of her award at the beginning of the term and the final 2/30 only after the 15th week of instructional time in the term. However, if Debbie establishes eligibility in the 16th week of the term, you can make a disbursement of 17/30 of the annual award at that time. Her award for the 2nd and 3rd terms may be disbursed in a single disbursement.

When to use Formula 3

➔ If a term program uses only nonstandard terms, or if a term program has standard terms but does not qualify for Formulas 1 or 2, you must use Formula 3 for Pell calculations.

➔ Any term program can opt to use Formula 3. However, standard term programs that qualify for Formula 1 or 2 generally prefer to use that Formula because it is simpler.

Regulatory citations

Formula 3 described: 34 CFR 690.63(a)(3)

Enrollment status for nonstandard terms:
34 CFR 668.2

Disbursement cannot exceed 50% of the annual award:
34 CFR 690.63(f)

Fractions

Remember when using fractions, multiply first, and then divide. Dividing the fraction first to produce a decimal can cause an error if you need to round the decimal up or down.

After you determine the number of credit-hours required for full-time enrollment, you can then determine the less-than-full-time status for the nonstandard term using the following formula:

$$\frac{\text{Credit hours student takes in the nonstandard term}}{\text{Credit hours required for full-time enrollment in the nonstandard term}}$$

Formula 3: Payments for standard terms

Hodge College has a semester-based program with a 2-semester academic calendar that comprises 28 weeks of instructional time. The program's academic year is defined as 24 semester hours and 30 weeks of instructional time. If both semesters are 14 weeks in length, the Pell payment for a full-time student with a Scheduled Award of $4,550 would be calculated as follows:

$$\frac{\text{14 weeks* in term}}{\text{30 weeks* in academic year}} \text{ X } \$4{,}550 = \$2{,}123.33$$

Formula 3: Payments for nonstandard terms of equal length

Just a few miles down the road from Hodge, Greenway University has a program that consists of four 8-week terms. Greenway University defines the academic year as 40 quarter hours and 32 weeks of instructional time. Because this program does not use standard terms (semesters, trimesters, or quarters), Greenway University must use Formula 3 to calculate Pell disbursements for students in the program. Let's use the example of a student who attends all four terms for 10 quarter-hours each term in the 2013-2014 award year, and has a Scheduled Award of $3,750.

Because the program has nonstandard terms, Greenway University must determine the number of credit hours required for full-time enrollment in each term, as follows:

$$\frac{\text{8 weeks* in term}}{\text{32 weeks* in academic year}} \text{ X } \text{40 quarter hours} = \text{10 quarter hours}$$

A student enrolled for 7 hours could be paid as a half-time student (7/10 = .7, which is less than 3/4 [.75] but greater than 1/2 [.5]) Since the student in our example will be enrolled for 10 hours each term, she is a full-time student and her annual award is the same as her Scheduled Award. This is a term-based, credit-hour program, so the payment period is the term.

To determine the student's payment for each payment period, multiply her annual award by the length of the nonstandard term compared to the length of the academic year:

$$\frac{\text{8 weeks* in term}}{\text{32 weeks* in academic year}} \text{ X } \$3{,}750 = \$937.50$$

*These fractions use weeks of instructional time as defined in Chapter 1, which will not necessarily be the same number as the calendar weeks in an academic year.

Formula 3: Payments for nonstandard terms of unequal length

Bob is enrolled in a semester-hour program at Dalaran University that has a 10-week nonstandard term between two 12-week nonstandard terms. The terms do not overlap. The academic year for the program is defined as 34 weeks of instructional time and 24 semester hours. Courses are offered in whole credits. Dalaran must use Formula 3 to calculate Pell Grant payments for students in this program. He enrolls for 6 semester hours in each of the three terms. Because the program has nonstandard terms, Dalaran must determine the number of credit hours required for full-time enrollment in each term, as follows.

For the first and third term:

$$\frac{\text{12 weeks* in term}}{\text{34 weeks* in academic year}} \times \text{24 semester hours} = \text{8.47 (round up to 9)}$$

For the second term:

$$\frac{\text{10 weeks* in term}}{\text{34 weeks* in academic year}} \times \text{24 semester hours} = \text{7.06 (round up to 8)}$$

A student must enroll in 9 semester hours (rounded up from 8.47) in the first and third terms, and 8 semester hours (rounded up from 7.06) in the second term, to be full-time. Bob is enrolled half-time in the first and third terms (6 semester hours/9 semester hours = .67). He is enrolled three-quarter time in the second term (6 semester hours/8 semester hours =.75). The cost of attendance does not need to be prorated because the fall through spring terms provide the same number of weeks of instructional time as in the academic year definition. Further, the school has determined the costs for a full-time student for a full academic year.

The half-time disbursement schedule shows that Bob is eligible for an annual award of $2,075. Because this is a term-based credit-hour program, the payment period is the term. To calculate Bob's payment for the first and third terms, the school uses the fraction 12/34:

$$\frac{\text{12 weeks* in term}}{\text{34 weeks* in academic year}} \times \$2{,}075 = \$732.35$$

Bob's payment for each of the first and third terms will be $723.53.

Since Bob's enrollment status for the middle term is three-quarter time, the payment for that term is based on a three-quarter-time annual award of $3,075. To calculate the payment for the middle term, the school uses the fraction 10/34:

$$\frac{\text{10 weeks* in term}}{\text{34 weeks* in academic year}} \times \$3{,}113 = \$915.58$$

Bob's payment for the middle term (the second payment period) is $915.58.

*These fractions use weeks of instructional time as defined in Chapter 1, which will not necessarily be the same number as the calendar weeks in an academic year.

Formula 4 requirements

34 CFR 690.63(a) and (e). All clock-hour and nonterm credit-hour programs must use Formula 4.

Enrollment status standards for clock-hour and other nonterm programs

For nonterm programs, the enrollment minimums are:

Full-time in credit hours: 24 semester hours, 24 trimester hours, or 36 quarter hours per academic year.
Less than 1/2-time status is defined as less than half of the workload of the minimum full-time requirement.

Full-time in clock hours: at least 24 clock hours per calendar week.

Coursework completion requirement & withdrawal/re-entry

Students in nonterm programs must successfully complete a payment period to receive subsequent payments. We'll discuss the effect of withdrawal and re-entry into a program in Volume 5.

Receiving less than the Scheduled Award due to crossover

A student may also receive less than a Scheduled Award in an award year, if the program crosses award years and the student's Pell Grant award in one of the award years is for a portion of the program that is less than a full academic year.

FORMULA 4: CLOCK-HOUR AND NONTERM CREDIT-HOUR PROGRAMS

Checking 1/2-time enrollment status

For clock-hour programs and for nonterm credit-hour programs, enrollment status only makes a difference if the student is attending less-than-half-time. If that's the case, only certain components of the cost of attendance are used. (See discussion in Chapter 2.)

The annual award for a student in a clock-hour or nonterm credit-hour program is taken from the full-time payment schedule, even if the student is attending less than full-time.

Calculating payment amounts

Pell Grants must be paid in installments over the course of the academic year or program of study to help meet the student's cost in each payment period. The payment period determines when Pell funds are disbursed and the exact amount to be disbursed. You must use the rules discussed in Chapter 1 to determine the payment periods for clock-hour and nonterm credit-hour programs.

In nonterm programs, the student's Pell award is not reduced for part-time enrollment unless the student is enrolled less than half-time in which case the student's cost of attendance must be adjusted. However, if the program is less than an academic year (in either clock/credit hours or weeks of instructional time), students enrolled in that program won't receive a full Scheduled Award.

As in the case of the other formulas, you must perform comparable prorations of the award for each payment period in the student's program. The calculation for the payment period prorates a student's Scheduled Award based on the number of credit or clock hours in the payment period as they compare to the credit or clock hours in the defined academic year or the number of weeks of instructional time in the payment period as they compare to the weeks of instructional time in the academic year. To determine the payment for a payment period, multiply the student's Scheduled Award by the lesser of:

$$\frac{\text{Number of credit/clock hours in the payment period}}{\text{Number of credit/clock hours in the program's academic year}}$$

or

$$\frac{\text{Weeks* in the payment period}}{\text{Weeks* in the program's academic year (at least 30 for credit-hour, at least 26 for clock-hour)}}$$

*These fractions use weeks of instructional time as defined in Chapter 1, which are not necessarily the same number as the calendar weeks in an academic year.

Payments for credit-hour nonterm program (Formula 4)

Chance is enrolled at Tinkers Technical Institute (TTI) and has a Scheduled Award of $4,250. His program is 24 quarter hours and 20 weeks of instructional time in length. The academic year for the program is defined as 36 quarter hours and 30 weeks of instructional time. TTI has established two payment periods of 12 quarter hours and 10 weeks* each for Chance's program. To determine the disbursement for the payment period, TTI must multiply the Scheduled Award by the lesser of the fraction comparing the hours in the payment period to the hours in the academic year, or the fraction comparing the weeks in the payment period to the weeks in the academic year. The two possible calculations would be as follows:

1) $\frac{\text{12 quarter-hours in payment period}}{\text{36 quarter-hours in academic year}}$ X $4,250 = $1,416.66; or

2) $\frac{\text{10 weeks* in payment period}}{\text{30 weeks* in program's academic year}}$ X $4,250 = $1,416.66

Since the two resulting fractions (12/36 and 10/30) are the same, there technically is no "lesser" fraction and you can use either to get $1,416.66. Thus, Chance's payment for the first payment period will be $1,416.66. Chance can receive this payment when he begins the program. TTI can make the payments of $1,416.66 for the second payment period after TTI has determined that Chance has successfully completed 12 quarter hours and 10 weeks of instructional time of the program.

Payments for clock-hour program (Formula 4)

Chance is enrolled in a program 900 clock-hours and 22 weeks of instructional time in length at Evers Technical Institute (ETI) and is eligible for a Scheduled Award of $2,650. ETI defines the academic year for the program based on the regulatory minimums: 900 clock hours and 26 weeks of instructional time. To calculate Chance's payment, ETI calculates the payment for each payment period as follows: It multiplies the Scheduled Award ($2,650) by the lesser of the fraction comparing the hours in the payment period to the hours in the academic year, or the fraction comparing the weeks in the payment period to the weeks in the academic year. The two possible calculations would be as follows:

1) $\frac{\text{450 clock-hours in the payment period}}{\text{900 clock-hours in the academic year}}$ X $2,650 = $ 1,325; or

2) $\frac{\text{11 weeks* in the payment period}}{\text{26 weeks* in the program's academic year}}$ X $2,650 = $ 1,121.15

Chance's payment for the first payment period will be $1,121.15. He can get this payment when he begins the program. He can receive his second payment of $1,121.15 after he successfully completes the 450 clock-hours in the first payment period.

*The fractions in these examples use weeks of instructional time as defined in Chapter 1, which will not necessarily be same number as the calendar weeks in an academic year.

Formula 5: Correspondence Study

Formulas 5A & 5B are formulas that must be used for correspondence students. Because there are only a small number of Pell Grants made to correspondence students, the formulas for correspondence study programs are covered in Appendix B of this chapter.

Alternate calculation that includes summer term

If you're working with a standard-term program that meets the rules for Formula 1 or Formula 2, you may divide the annual award by the number of all the terms (including the summer term) in the award year. This approach is discussed in the examples accompanying Formula 1.

Crossover Pell and Withdrawal

For details on how to perform Return of Title IV Funds calculations in a crossover Pell situation, see Volume 5, Chapter 2 of the FSA Handbook.

Crossover payment periods

34 CFR 690.64

You are free to assign crossover payment periods to the award year that best meets the needs of your students and maximizes a student's eligibility over the two award years in which the crossover payment period occurs (you must source Pell funds from the award year to which the payment period is assigned), provided that you never make a payment that will result in the student receiving more than his or her Scheduled Award for an award year.

SUMMER TERMS & OTHER "CROSSOVER PAYMENT PERIODS"

Payment periods don't always fall neatly into one award year or another. When a payment period falls into two award years—that is, it begins before July 1 and ends on July 1 or later—it's called a "crossover payment period."

The formula for calculating the payment for a crossover payment period is the same as that for any other payment period in the award year.

Crossover payment from the proper award year

For Pell purposes, you must consider a crossover payment period to occur within one award year and calculate the student's Pell award and disburse Pell funds from the award year selected (if you only have a valid SAR/ISIR from one award year, you must rely on that record and the award year to which the valid SAR/ISIR pertains).

You may assign the Pell award to a different award year than the rest of the student's Title IV aid. You can make a payment for a crossover payment period out of either award year, if the student has a valid SAR/ISIR for the award year selected. You may assign two consecutive payment periods to the same award year. For example, you could treat summer 2013 and summer 2014 as both being in the 2013-2014 award year. You may not make a payment which will result in the student receiving more than his or her Scheduled Award for an award year.

Besides these considerations, the decision about which award year to use is usually based on the student's remaining eligibility in the earlier award year.

Term schools: using the formula for summer session

If your school offers a summer term in addition to fall through spring terms that qualify for Formula 1 or 2, you will calculate the student's payment for the summer term using the same Formula that you used to calculate payments for the other terms in the award year to which the summer term is assigned. If you use formula 3 for Pell Grant calculations in any of the terms in an award year, then you must use Formula 3 for *all* terms in that program that occur in that award year, including the fall through spring terms. (Note that if your program is a standard-term program in the fall through spring and does not define full-time enrollment in the summer as at least 12 credit hours, you must use Formula 3 for Pell calculations for all terms in the award year.) With regard to enrollment status, your school must apply its definition of full-time status for the summer term consistently for *all* FSA program purposes.

The cost of attendance for summer terms

Costs for summer terms are figured in the same way as for any other payment period; that is, the costs are based on a full-time student for a full academic year. If your school has fall and spring semesters that comprise an academic year, you can't add the costs for the summer term to the costs for the fall and spring semesters. The award for the summer term is still based on the costs for one academic year. However, if the academic year definition includes the summer term, then the costs for the summer term *must* be included in the cost for a full academic year.

If the student was previously enrolled in the award year, you may be able to use the same cost of attendance for the summer term that you used for the immediately preceding term that the student attended. However, this isn't possible if the costs are different from the fall through spring such as a different tuition charge per credit hour or you are required to recalculate the cost of attendance. (See the end of this chapter for information on when recalculations are required.) If it's necessary to base the student's cost of attendance on the summer term, you must prorate the summer costs to the length of an academic year to establish the cost for a full academic year. (See Chapter 2 on prorating costs in the Pell Grant program.)

If the summer session is the first term in the award year for that student (for example, your school is paying a student for the summer 2013 term from the 2013-14 award year), you must establish the student's full-year cost based on the costs for the *summer* term. If the student enrolls in another term in that award year, you may have to recalculate the student's costs for the later term.

Minisession enrollment status example

Bob is enrolled in a summer session with three-week minisessions that his school, Falcon University, has combined into 1 term. Falcon U. is using Formula 1 to calculate Bob's combined term, and knows it must define full-time enrollment as at least 12 credit hours, even though the individual component minisessions may have originally considered full-time to be something less than 12 credit hours. Bob is enrolled for 6 credits during the combined summer minisession term. Bob's enrollment status is equal to the proportion of his credits to the school's definition of full-time for the combined term. Therefore, Bob should be credited with half- time enrollment status for the combined summer term.

Formula 3 minisessions and other nonstandard terms

If you use Formula 3 for any of the summer minisessions, or any other nonstandard term (e.g., a winter intersession), remember that you must also use it for all other terms in the award year, including fall through spring.

Summer minisessions

If a term-based school offers a series of minisessions that overlap two award years (by "crossing over" the June 30 end date for one award year), these minisessions may be combined and treated as one term. However, schools are not required to combine these minisessions unless they overlap each other.

When you combine minisessions into a single term (i.e., payment period), the weeks of instructional time in the combined term are the weeks of instructional time from the beginning of the first minisession to the date the last minisession ends. The student's enrollment status for the entire payment period must be calculated based on the total number of credits the student is projected to take for all sessions. You must project the enrollment status for a student on the basis of the credits the student has:

- pre-registered or registered to take for all sessions;
- committed to take for all sessions in an academic plan or enrollment contract; or
- committed to take for all sessions in some other document.

When you combine the minisessions into a single term, a student cannot be paid more than the amount for one payment period for completing any combination of the minisessions. If the minisessions are not combined into a single payment period, you must treat each minisession as a separate nonstandard term and generally must use Formula 3 to calculate Pell Grant payments. If, for each minisession, you define full-time as at least 12 credit hours, you may be able to use Formula 1 or 2 if the program otherwise qualifies for one of these formulas.

If a combined minisession term crosses over the June 30-July 1 date, the combined term must be treated as a crossover payment period, regardless of what classes students attend. If your program has 2 summer sessions and only 1 of the sessions crosses over the award year date boundary and you do not combine the sessions into a larger term, then only the term that actually spans the award year boundary is considered a crossover payment period.

If the minisessions are combined in a single term and a student does not begin attendance in all of the minisessions that he or she was expected to attend, recalculation of prior disbursements is required based on the resulting changed enrollment status as discussed later in this chapter.

Combined minisessions into one term

Gary enrolls part time at Jackson University, which defines its academic year as 24 semester hours and 30 weeks of instructional time. In addition to fall and spring semesters, Jackson offers three summer minisessions. Each minisession provides 4 weeks of instructional time. Jackson can either combine the minisessions into a single nonstandard term, or treat each session as a separate nonstandard term. The school chooses to combine the sessions into a single payment period providing 12 weeks of instructional time with full-time enrollment in this period defined as 12 semester hours. If Jackson meets the conditions for use of Formula 1 in its fall and spring semesters, it can use Formula 1 to calculate Pell payments for this summer session.

Summer Term
(12 weeks*, 12 hours full-time)

Gary enrolls for 3 semester hours in each of the minisessions, so he's enrolled three-quarter time (9 hours total in the combined term). His applicable Scheduled Award is $3,550 and his annual award (from the 3/4-time disbursement schedule) is $2,663. To calculate Gary's payment, Jackson simply divides the annual award by 2, the number of terms in the fall through spring: $2,663 /2 = $1,331.50.

Minisessions treated as nonstandard terms

Suppose Jackson didn't combine these minisessions. If it defined full-time enrollment for each 4-week minisession as less than 12 semester hours, it would have to calculate all Pell payments for the program using Formula 3. Because these are nonstandard terms, Jackson would have to determine Gary's enrollment status for each minisession by prorating the standard for full-time enrollment in a full academic year (24 semester hours):

$$24 \text{ semester hours } X \frac{\text{4 weeks* in term}}{\text{30 weeks* in academic year}} = \text{3.2 semester hours (round up to 4**)}$$

For each of the 4-week terms, a full-time student must enroll in 4 semester hours, and based on that standard, the 3 semester hours that Gary is attending in each minisession count as 3/4 time enrollment status. Note that Jackson would use the Pell cost of attendance for a full-time student attending a full academic year. Jackson would determine his payment for each minisession (assuming his Scheduled Award remains unchanged across both award years:

$$\frac{\text{4 weeks* in term}}{\text{30 weeks* in academic year}} \quad X \quad \$2{,}663 = \$355.06$$

Gary would receive $355.06 for each of the minisessions, for a total of $1,065.18 for the summer. Again, these payments for one or more minisessions that are in the prior award year may need to be reduced if Gary had previously received payments for the fall and spring semesters in the same award year. Also, Jackson must use Formula 3 for the fall through spring terms.

*These fractions use weeks of instructional time as defined in Chapter 1, which are not necessarily the same number as the calendar weeks in an academic year.

** since Jackson only offers courses in whole credits

TRANSFER STUDENTS

The Pell payment for a transfer student is calculated in the same way as for any new student. That is, you must calculate payments for each payment period following the rules given in this chapter. However, a transfer student's remaining Pell eligibility at your school is reduced if the student received Pell funds for the same award year at any prior schools. You can identify the student's prior Pell disbursements when you review his or her Financial Aid History in NSLDS (see sidebar).

Calculating remaining eligibility

Once you've identified the Pell amounts that a transfer student has already received for the ongoing award year, you must calculate the percentage of the Scheduled Award that has been used. This percentage is calculated by dividing the amount disbursed at the previous school by the student's Scheduled Award at that school (COD calculates this and you can refer to COD to see what the percentage of remaining eligibility will be for a student).

$$\frac{\text{Pell disbursed at prior school}}{\text{Scheduled Award at prior school}} = \text{\% of Scheduled Award used}$$

Then subtract this percentage from 100 percent. The result is the maximum percentage of the Scheduled Award that the student may receive at your school. Note that a transfer student receives the same payments as any other student until the limit (100 percent of a Scheduled Award) is reached. You give the student the full amount for each payment period, rather than trying to ration the remaining amount by splitting it evenly across the remaining terms. Remember that there is no longer any provision for awarding a second Pell Grant Scheduled Award during a single award year.

A transfer student must repay any amount received in an award year that exceeds his or her Scheduled Award, unless the school that disbursed the award was at fault by failure to follow the administrative requirements in 34 CFR 668.

Payment period for a transfer student at a nonterm school

When a student transfers into a nonterm credit-hour or clock-hour program at a new school, that student is starting a new payment period. For nonterm programs, you must use the payment period rules described in Chapter 1 to determine the payment periods for the remainder of the student's program.

However, for a transfer student, the length of the program is the number of clock or credit-hours and the number of weeks of instructional time that the student will be required to complete in the new program. If the remaining clock or credit-hours *or weeks of instructional time* are half an academic year or less, then the remaining hours and weeks of instructional time constitute one payment period.

Transfer student

34 CFR 690.65

Mid-year transfer: "Dear Colleague" Letter GEN-00-12

Percent of remaining eligibility: 34 CFR 690.65(d)

NSLDS financial aid history and transfer monitoring

Before disbursing FSA funds to a transfer student, you must obtain a financial aid history for the student and you must inform NSLDS about the transfer student so that you can receive updates through the Transfer Student Monitoring Process. The financial aid history will not only identify Pell Grant disbursements that the student received at other schools, but also tell you if the student is ineligible for any FSA aid due to default or overpayment, or if the student has reached or exceeded the annual or aggregate loan limits. There are several ways for you to get a student's financial aid history from NSLDS. You can:

- use the NSLDS Financial Aid History section of the ISIR;
- log on to the NSLDS Professional Access website and access the data online for a student;
- for multiple students, use the FAT 001 Web report, which you submit from the Reports tab on the NSLDS site (you retrieve the results through SAIG); or
- send a batch TSM/FAH Inform file to request aid history data for several students, which will be returned in either extract or report format through SAIG. The TSM/FAH processes and batch file layouts are posted on the IFAP website at the NSLDS reference materials link under Processing Resources.

Why percentages are used

The reason for using percentages when calculating remaining eligibility is that a student may have different Scheduled Awards at different schools/programs. For example, the costs of attendance at the two schools may be different. The percentages are also used to compare the portions of a student's total eligibility that have been used at both schools. (If the student's Scheduled Award is the same at both schools, the financial aid administrator can find the amount of the student's remaining eligibility simply by subtracting the amount received at the first school from the Scheduled Award.)

Transfers and remaining eligibility

34 CFR 690.65

Note: Following the appropriate procedures relative to the figure reported in ***% Sch. Used*** will ensure that a transfer student does not receive more than 100 percent of the student's Scheduled Award. Therefore, school B may ignore the actual grant and overpayment amounts from school A in school B's calculations.

AWARDING REMAINING PELL ELIGIBILITY

Consider a student who is eligible for Federal Pell Grant funds and who transfers from one school (school A) to another school (school B) within the same award year. Before paying any Pell funds to the student, school B must determine the percentage of eligibility remaining for the student. After transferring, a student's remaining Pell Grant eligibility for a Pell Scheduled Award during an award year is equal to the percentage of the student's Scheduled Award that remains unused, multiplied by the student's Scheduled Award at the new school.

School B may pay the student a Pell Grant only for that portion of an academic year in which the student is enrolled and in attendance at school B. The grant must be adjusted, as necessary, to ensure that the funds received by the student for the award year do not exceed the student's Scheduled Award for that award year.

The award for each payment period is calculated using the (full) Scheduled Award. The student receives a full award until the student has received 100 percent of the student's remaining eligibility for a Scheduled Award. This avoids a school having to ration the remaining amount by splitting it evenly across the remaining terms. Remember that there is no longer any provision for awarding a second Pell Grant Scheduled Award during a single award year.

To calculate a transfer student's remaining eligibility for a Scheduled Award, school B must first determine what percentage of the Scheduled Award the student used at school A. On the student's current ISIR, on the Financial Aid History Page, in a section headed *Pell Payment Data,* school B will find an entry for *% Sch. Used.* School B subtracts the percentage listed under *% Sch. Used* from 100%.

The remainder is the unused percentage of the student's Scheduled Award—the percentage the student may receive at school B. (Use percentages rather than dollars because a transfer student may have different Scheduled Awards at the two schools; using percentages rather than dollars adjusts for this possible difference.) School B then multiplies the percent of eligibility remaining times the Scheduled Award at the new school. The result is the maximum amount of Federal Pell Grant funds the student may receive for his/her first Scheduled Award (see sidebar) at school B during the balance of the award year.

Avoiding Pell Grant overawards

34 CFR 690.79

A Pell Grant overaward can be caused by a school making an error in reading the (correct) Pell Payment Schedule, for example, using the wrong EFC or COA. A Pell Grant overaward can also be caused by a school using the wrong payment schedule, as when it uses the full-time schedule to determine the award for a student who is not registered as a full-time student, or who reduced his/her enrollment schedule to less than full time before beginning attendance in all classes.

A Pell Grant overaward can also result if an applicant enters incorrect data on a FAFSA and the EFC derived from the incorrect data is smaller than it should be (for more detail about the FAFSA and EFC data, see the *Application and Verification Guide)*. A Pell overaward also exists if the student scheduled to receive it fails to begin class or is otherwise determined to be ineligible for FSA assistance (for example, having exceeded the lifetime eligibility used [LEU]º) in COD.

Finally, an overaward exists whenever a student is scheduled to or is receiving a Pell Grant for attendance at two or more schools at the same time. All of these Pell Grant overawards must be corrected (for more detail on the requirements and methods of resolving overawards, see Volume 5, Chapter 1).

Besides avoiding these mistakes, schools should also be sure to submit timely Pell actual disbursement records to COD, according to the Annual Deadline Date Notice Rules as published on IFAP.

Pell & Iraq & Afghanistan Service Grants & LEU NEW

Consolidated Appropriations Act of 2012
HEA Section 401(c)
DCL GEN-12-01, DCL GEN-13-14
E-Announcements August 13, 2012
2013-14 ISIR Guide (published October, 2012).
Due to the passage of the Consolidated Appropriations Act of 2012 (CAA), a student may receive a total of 6 Pell or Iraq & Afghanistan Service Grant Grant Scheduled Awards, measured by percentage of Scheduled award(s) disbursed (Lifetime Eligibility Used, or "LEU" field in COD up to 600 percent). This limitation is not limited to students who received their first grant on or after July 1, 2008, as was the previous limit of 9 Scheduled awards.

Pell & Iraq & Afghanistan Service Grant Lifetime Eligibility Used (LEU) NEW

Per the Consolidation Appropriations Act of 2012 (CAA), a student's maximum duration of Pell eligibility is 6 Scheduled Awards, as measured by the percentage of "Lifetime Eligibility Used" (LEU) field in COD (one Scheduled Award equals 100% LEU). A separate maximum of 600% LEU also applies to Iraq & Afghanistan Service Grant awards, however, since there are so few of these awards, they are not maintained via COD at this time. A student is ineligible to receive further Pell or Iraq & Afghanistan Service Grant funds if they have reached or exceeded the 600% limit for the program (i.e. Pell or Iraq & Afghanistan Service Grant) for which the limit has been reached or exceeded. For Pell, this limitation is not limited to students who received their first Pell Grant on or after July 1, 2008, as was the previous limit of 9 Scheduled awards, but is tracked to the beginning of the program (1973-74).

The LEU levels for Pell and Iraq & Afghanistan Service Grant are separate and are tracked independently. For example, a student might have 400% Pell LEU and 300% Iraq & Afghanistan Service Grant LEU and still be potentially eligible for either program, or 600% Pell LEU and 400% Iraq & Afghanistan Service Grant LEU and be potentially eligible for only an Iraq & Afghanistan Service Grant award. Rounding rules do not apply if the amount disbursed would place the student's LEU over 600%.

Declining and/or returning Pell funds NEW

DCL GEN-12-18
A student may decline or return all or part of a disbursement of Pell Grant funds that they are otherwise eligible to receive or have received (returns may only be made in the same award year as the funds were received). This should be a rare action on the part of students and need not be advertised as a possibility by your school. For more detail on the requirements of declining or returning Pell funds, see DCL GEN-12-18.

The Department provides weekly Pell LEU reports through the SAIG Mailbox under Message Class PGLE14OP for your Pell-eligible applicants (and students who listed your school code on their FAFSA) who have a Pell LEU greater than or equal to 450%. The COD website will show the current Pell LEU level for all aid recipients (updated as transactions are processed). COD also provides the LEU for the Pell Multiple Reporting Record (MRR), Pell Reconciliation Report, and Pell Year to Date file.

Students will fall into one of the following categories, which will have various effects:

- (Code "N" on the student's ISIR under Lifetime Limit Flag): Student not on report–Students in this category have LEU of less than 400%. These students' Pell-awards will be awarded as normal, since even if they receive a full Scheduled Award for 2013-14, they will not go over the 600% LEU maximum.

- (Code "H" on the student's ISIR under Lifetime Limit Flag): LEU greater than 400% but less than or equal to 500%–Students in this category will likely have Scheduled Award eligibility for 2013-14. However, a student's 2013-14 Pell eligibility may be reduced if, for example, another Pell disbursement is reported after a report has been created, putting the student's 2013-14 baseline LEU over 500%.

- (Code "C" on the student's ISIR under Lifetime Limit Flag): LEU greater than 500% but less than 600%–These students will not have full Pell eligibility for 2013-14, since their baseline LEU has less than 100% remaining.

- (Code "E" on the student's ISIR under Lifetime Limit Flag): LEU 600% or higher–These students will have no Pell eligibility for the 2013-14 award year, as they have already exceeded the maximum lifetime eligibility used amount as defined in the CAA.

To aid in identifying students who are approaching their LEU limits, COD has been updated to return warning code 177 or 178 when a student's Pell LEU is near or exceeds 600%. Also, you will be able to see this data in the Common Record Response, and the Central Processing System (CPS) reports Pell Grant LEU limit flags and percentages on SARs and ISIRs. Students' Pell LEU status is also visible in the NSLDS system. COD calculates a student's LEU to 3 decimal places, and you may round awards as described earlier under "Ground rules for Pell," however, you may not round up if that would cause the student to exceed either their Scheduled Award or 600% LEU.

Currently, Iraq & Afghanistan Service Grant LEU levels are tracked manually by the Department and are not automatically populated in COD or on the students' ISIR. Beginning on July 1, 2013, COD will implement a hard reject (Edit 201) for Pell actual disbursements submitted for the 2012-13 award year and forward for Pell recipients with a Pell LEU equal to or greater than 600%. Awarding students funds in excess of 600% of their LEU may result in your school being liable for an overpayment if you had information at the time of the disbursement that indicated that the student would exceed 600% LEU. If a student is awarded aid in excess of 600% of their LEU, you should contact the student and enter into satisfactory repayment arrangements.

To calculate an award for a student whose LEU level will reduce their eligibility (i.e. an LEU greater than 500% but less than 600%, either code H or C on the Lifetime Limit Flag on the ISIR), first subtract their LEU % from 600%, then multiply the student's scheduled award by the resulting percentage. For example, Jack has 534% LEU on his SAR. His school subtracts 534% from 600%, leaving him with 66% of a Scheduled Award remaining. His Scheduled Award for 2013-14 is $5,645, so his school multiplies $5,645 by .66, which equals $3,725. Jack's school then divides this Scheduled Award among the payment periods of Jack's attendance for the award year, based on the rules for payment periods and Pell formulas described in chapter 1 and 3 of this volume.

For students whose eligibility is less than a full Scheduled Award, you award the student Pell or Iraq & Afghanistan Service Grant as you would for a transfer student who received Pell at another school during the same award year; that is, you determine the student's remaining Pell eligibility, as a % of LEU, and then award each payment until that eligibility is used (see the earlier section in this chapter entitled "transfer students").

Pell Recalculations

34 CFR 690.80

Initial Calculation

An initial calculation is the first calculation that is made on or after the date the school has received an ED-produced EFC* such as the student's initial SAR or ISIR with an official EFC and uses the enrollment status at the time of the initial calculation. If you've estimated the student's eligibility prior to receiving a SAR or ISIR for the student, you must confirm prior estimated eligibility or determine the student's eligibility at the time the SAR or ISIR is received.

You should document the date that you initially calculate a student's Pell Grant. The earliest date is the date of receipt of an ED-produced EFC*, such as on a SAR or ISIR (assuming the school has a documented or projected enrollment status for the student). If you fail to document the date of the initial calculation, you must use the later of (a) the date that the SAR or ISIR is first received and the student's enrollment status as of that date or (b) the date the student enrolls.

Your school is considered to have received the ISIR on the date it was processed. This date is labeled "Processed Date" on the ISIR. In the case of a SAR, your school is considered to have received it on the date processed unless you document a later date. The processing date on a SAR is the date above the EFC and, on a SAR Acknowledgment, the "Transaction Processed Date."

*Note: An ED-produced EFC may be an EFC from a SAR/ISIR, from FAA Access, or from FAFSA on the Web.

Changes to the EFC

There are three ways that a student's EFC can change:

1. Corrections. The student may have to correct a mistake that was reported on the original FAFSA or SAR/ISIR. This frequently occurs as a result of verification, but it may also be a result of the student's own review of the SAR/ISIR.
2. Updating. In some cases, a student is required to update changes to dependency status, household size, and the number in college (see *Volume I, Student Eligibility* for details).
3. Professional Judgment. You may, on a case-by-case basis, adjust one or more of the data elements used to calculate the EFC. In some cases, you might make an adjustment during the award year to reflect a student's changed circumstances. For example, if a wage-earning parent dies after the student's first semester, you could adjust the adjusted gross income in the EFC formula to reflect the loss of income. You may also determine that a dependent student should be considered independent.

If the student has already been paid based on the original EFC, the award will have to be recalculated.

PELL RECALCULATIONS

In certain cases, you may have to recalculate the student's Pell Grant after the initial calculation or disbursement, to account for changes to the student's costs, EFC, or enrollment status.

Change in the EFC (recalculation required)

If the student's EFC changes due to corrections, updating, or an adjustment, and the EFC change would change the amount of the Pell award, you must recalculate the Pell award for the entire award year. If, as a result of the recalculation, the student has received more than his or her award amount, then the student has received an overpayment. In some cases, you may be able to adjust an award by reducing or canceling later payments to the student in the same award year.

A student selected for verification can be paid based on the corrected output document that you receive during the "verification extension" (120 days after the student's last day of enrollment, not to extend beyond the deadline date established by a Federal Register notice). For example, if you receive a reprocessed ISIR reflecting the results of the student's verification during the extension period and the ISIR has a lower EFC than the previous ISIR (increasing the student's eligibility), you calculate the student's Pell Grant based on the valid ISIR.

Student doesn't begin attendance in all classes within a term (recalculation required)

If the student doesn't begin attendance in *all* of his or her classes, resulting in a change in the student's enrollment status, you must recalculate the student's award based on the lower enrollment status. A student is considered to have begun attendance in all of his or her classes if the student attends at least one day of class for each course in which that student's enrollment status was determined for Federal Pell Grant eligibility. Your school must have a procedure in place to know whether a student has begun attendance in all classes for purposes of the Federal Pell Grant Program. The Department does not dictate the method a school uses to document that a student has begun attendance. However, a student is considered not to have begun attendance in any class in which the school is unable to document that attendance.

Change in enrollment status for clock-hour programs and programs without terms (recalculation not required)

Pell Grant payments to students in clock-hour programs and programs without terms are always based on the full-time payment schedule; therefore, no recalculation of Pell eligibility is required for changes in the hours taken by students in clock-hour programs and non-term programs.

Change in enrollment status between terms (recalculation required)

In a term program that uses credit-hours, you must calculate a student's payment for each term based on the enrollment status for that term. If a student attended full-time for the first term and then enrolled half-time in the second term, you must use the half-time enrollment status to calculate the student's payment for the second term.

Change in enrollment status within a term (optional recalculations)

The regulations don't require any recalculation for changes in enrollment status after the student has begun attendance in all of his or her classes. However, your school can have a policy of recalculating an award if a student's enrollment status changes within a term. If such a policy is established, it must be applied consistently to all students in a program. For example, if the school chooses to recalculate for a student whose enrollment status increases from half-time to full-time, it must also recalculate for a student whose enrollment status decreases. If the school establishes a policy allowing optional recalculations for an educational program, this policy must be in writing.

Your school's policy may set a date after which Pell Grants will not be recalculated for enrollment status changes. For example, a school can establish a policy that it will recalculate Pell awards only for enrollment changes that occur up to the "add/drop" date of a term. This policy is true regardless of whether there is compressed coursework. The initial calculation of a student's Pell Grant may occur subsequent to the "add/drop" date of the term, including terms with compressed coursework.

If that is the case, you must use the student's effective enrollment status on the date of the initial calculation, and there would be no recalculations of the student's Pell Grant for the term due to a subsequent change in enrollment status, assuming the student began attendance in each class. If the student's payment for the term is being disbursed in a subsequent payment period, you may pay the student only for the coursework completed in the term.

In the case of programs offered with compressed coursework or modules within the terms, the school may adopt a policy of setting the date based on the add/drop date of the last class in which the student enrolls, or is expected to enroll, for the term. In this circumstance, the school must take into account all adjustments to the enrollment status, both increases and decreases, up to the add/drop date of the student's last class.

If a school doesn't establish a policy for recalculation within a term, a student who begins attendance in all classes would be paid based on the initial calculation, even if his or her enrollment status changes before the disbursement is made. If the student withdraws from all of his or her classes (or doesn't begin attending any classes), you must follow the procedures discussed in Volume 5.

Change in cost of attendance (recalculation required for an enrollment status change; otherwise optional)

You're not required to recalculate Pell awards for cost changes during the award year. For instance, if the student gets accepted into on-campus housing after the fall term and your student budget for on-campus housing is lower, you're not required to recalculate the student's Pell award. If you choose to recalculate for changes in costs, you have to consistently apply that recalculation policy.

Tuition and fee charges and recalculation

If the school recalculates a student's Pell Grant due to a change in enrollment status, continuing to charge tuition and fees for credit hours no longer included in the student's enrollment status for Pell Grant purposes does not affect the requirement to recalculate the student's Pell Grant.

For example, Jackie enrolls as a full-time student with 12 credits but never starts attendance in a 3-credit class that starts after the college's "add/drop" date. Jackie's award must be recalculated as three-quarter time even though the college charges tuition for any classes dropped after the "add/drop" date and continues to charge Jackie for 12 credits.

Enrollment change: required recalculation example

Ryne registers for a full-time course load (15 credit hours), and Norrath War College makes a first-term disbursement on that basis 10 days before the term starts. When the term starts, Ryne only begins attendance in three classes (9 credit hours). Norrath must recalculate Ryne's Pell award based on the lower enrollment status. Any difference between the amount Ryne received and his new recalculated award is an overpayment.

See Volume 5 for a discussion of overpayments.

SAR/ISIR with different EFC

If you receive a SAR or ISIR with an EFC different from the one you used for the payment calculation, you must first decide which document is valid. If the new information is the correct information, the new SAR or ISIR is the valid record. In most cases, you must recalculate the student's Pell award for the entire award year based on the new EFC. For more information on SARs, ISIRs, and EFC, see the *Application and Verification Guide.*

Enrollment change within payment period

Juan registers for a full-time course load at Coulton College, and Coulton initially calculates a full-time award for him. He begins attending all of his classes but subsequently drops to half-time. Depending on Coulton's recalculation policy, Juan may still be paid based on full-time enrollment as long as he's otherwise eligible for payment. On the other hand, if Coulton did not receive Juan's first processed valid SAR or ISIR with an official EFC until after he dropped to half-time enrollment, the Pell initial calculation would be based on his enrollment status at the time the output document was received (half-time).

If you recalculate a Pell award because the student's enrollment status has changed, you must also take into account any changes in the student's costs at that time. For example, if a student enrolls full-time for the first semester and then drops to less than 1/2-time during that semester, the student's costs will change, because only certain cost components are allowed for less than 1/2-time students. If your school's policy is to recalculate for the enrollment change, you must use the cost for a less-than-half-time student *for a full year* to calculate the student's less-than-half-time award. You must not combine the two costs or average them.

COA changes between payment periods

A school may have a policy of recalculating awards when the cost of attendance changes from one payment period to the next—for example, because of changes to the student's tuition and fee costs, or because a student's living situation changes (such as when a student moves off campus). Schools also have the option to establish a policy to recalculate financial aid awards when a student's costs change *within* an award year, as long as the recalculation policy is carried out for all students whose costs change.

COA changes within a payment period

You may establish a policy of recalculating for cost changes from one payment period to the next, and at the same time, have a policy not to recalculate for cost changes *within* a payment period. You also have the option to establish a policy to recalculate financial aid awards when a student's costs change within a payment period. For instance, if a student with no dependents moves from a dormitory to off-campus housing at midterm, the school may wish to recalculate the student's award for that payment period.

For Pell purposes, such a policy is acceptable if it's carried out for all students whose costs change within the payment period.

You may not recalculate the payment for a payment period that took place *before* the cost change. For instance, in the example, if the student lives in the dormitory during the first quarter and then moves off campus for the second and third quarters, the recalculation would only affect the payments for the second and third quarters.

Chapter 3 Appendices:

APPENDIX A: FORMULA 2: CALCULATIONS FOR STANDARD-TERM PROGRAMS WITH LESS THAN 30 WEEKS IN FALL THROUGH SPRING

APPENDIX B: FORMULA 5: CALCULATIONS FOR CORRESPONDENCE STUDY PROGRAMS

APPENDIX C: PELL FORMULA SUMMARIES

APPENDIX A

FORMULA 2: CALCULATIONS FOR STANDARD-TERM PROGRAMS WITH LESS THAN 30 WEEKS IN FALL THROUGH SPRING

The regulations provide an option for standard-term programs whose fall through spring terms provide less than 30 weeks of instructional time. Formula 2 may be advantageous for your summer term calculations. You may use Formula 2 if the program:

- has an academic calendar that consists of two semesters or trimesters (in the fall through the following spring) or three quarters (in the fall, winter, and spring);
- does not have overlapping terms; and
- measures progress in credit-hours and defines full-time enrollment for each term in the award year as at least 12 credit-hours.

Using Formula 2

34 CFR 690.63(a)(2), 690.63(c)

Formula 2 Alternative Calculation

Under Formula 2, you can perform the same alternate calculation as performed under Formula 1 if the weeks of instructional time in the defined academic year are the same as the total number of weeks of instructional time in all the terms in the award year. See the example for alternate calculation under the discussion of Formula 1 earlier in this chapter.

Formula 2: calculation for standard terms with Fall through Spring terms less than 30 weeks

The regulations offer an alternative formula for standard-term programs with fall through spring standard terms that provide less than 30 weeks of instructional time. The significant effect of this formula is to allow you to pay the same Pell amount for the summer term as you would for one of your traditional fall through spring terms. To use this formula, the program must have two semesters or trimesters (in the fall through the following spring) or three quarters (in the fall, winter, and spring), with no overlapping terms, and define full-time enrollment for each term in the award year as at least 12 credit hours.

Let's take the example of Juan, who is attending Coulton College, which has fall and spring semesters of 14 and 15 weeks, and a summer term of 10 weeks. Coulton defines the academic year of Juan's program as 24 semester hours and 30 weeks.* His Scheduled Award is $3,390, and he is attending as a full-time student. Because the fall and spring terms provide less than the minimum 30 weeks of instructional time for an academic year, Juan's full-time award is prorated as follows:

$$\frac{\text{29 weeks* in term**}}{\text{30 weeks* in academic year}} \times \$3{,}450 = \$3{,}335$$

This prorated amount is then divided by the number of terms: $\frac{\$3{,}335}{2} = \$1{,}667.50$

Juan will receive $3,335 for his attendance in both semesters. Note that this is less than his Scheduled Award; he may be able to receive the remaining amount if he enrolls in a summer term.

The difference between Formula 2 and Formula 3 lies in whether you must make a separate calculation for each term. Under Formula 2, you do not have to perform a separate calculation based on the length of each term. Juan's Pell eligibility as a full-time student would be $1,667.50 under Formula 2. If Coulton used Formula 3, the annual award would be prorated based on the length of each term: 14 weeks (14/30), 15 weeks (15/30), and 10 weeks (10/30), and Juan's payments for the payment periods would be $1,556.33, $1,667.50, and $1,111.66, respectively.

Juan has remaining Pell eligibility for the summer term under both formulas. His summer payment would only be different for each formula if Coulton chose to pay the summer term out of the subsequent award year. (Note that Juan's Scheduled Award and his summer payment would then be based on the EFC for the following award year.)

*These fractions use weeks of instructional time as defined in Chapter 1, which are not necessarily the same number as the calendar weeks in an academic year.

**Fall through spring.

Correspondence program highlights

- → Pell cost of attendance limited to tuition and fees (and in some cases, books and supplies)
- → The enrollment status for correspondence students can never be more than 1/2-time
- → The enrollment status for a student who is taking both correspondence and regular coursework may be greater than 1/2-time
- → Timing of payments within payment periods is different for correspondence students
- → Formula 5A or 5B used to calculate awards for correspondence students

APPENDIX B

FORMULA 5: CALCULATIONS FOR CORRESPONDENCE STUDY PROGRAMS

Students enrolled in correspondence courses are eligible for aid under FSA programs only if the courses are part of a program leading to an associate's, a bachelor's, or a graduate degree. Also, to be eligible, a correspondence program must meet the criteria for an eligible program (see the Volume 2 of the *FSA Handbook: Institutional Eligibility and Participation*).

Enrollment status cites for correspondence

Term classes — 34 CFR 690.66(c)(2)

Combined with regular study — 34 CFR 690.8

PELL COST OF ATTENDANCE (CORRESPONDENCE)

The cost of attendance for correspondence programs is limited to tuition and fees, and in certain cases, books and supplies. Traditionally, books and supplies have been included as part of the correspondence program's tuition. If books and supplies are not included in the program's tuition, they may be counted as costs, for either a residential or nonresidential period of enrollment. As always, the cost of attendance must be based on the costs for a full-time student for a full academic year for the relevant component (for correspondence COA, there would be no room and board, etc.). If the student's program or period of enrollment, as measured in credit-hours, is longer or shorter than an academic year as measured in credit-hours, the tuition and fees for the program or enrollment period must be prorated. Because the correspondence study cost of attendance for the nonresidential component only includes costs associated with credit-hours, your school always uses the credit-hour-related fraction to prorate the cost of attendance as follows (because there are no costs associated with weeks of instructional time in the correspondence cost of attendance, your school has to prorate the cost only if the number of hours in the program is shorter or longer than in an academic year):

$$\frac{\text{Credit-hours in program's definition of an academic year}}{\text{Credit-hours to which the costs apply}}$$

Academic coursework

The term academic coursework does not necessarily refer to credits. If a student does not earn any credits until the end of the program, it may refer to the lessons or other measures of learning within a course or a program. For instance, if a course or program is made up of 40 equal lessons, the student reaches the halfway point as follows:

- If the student successfully completes the first 20 lessons before the calendar midpoint of the academic year, the second payment period does not begin until the calendar midpoint.
- If the student completes the first half of the academic year before successfully completing the first 20 lessons, the second payment period does not begin until the student successfully completes the first 20 lessons.

The resulting amount is the full-time, full-academic-year cost used for calculating Pell Grant eligibility. When there is a residential portion in a correspondence student's program, Formula 3 or 4 (whichever applies) is used to calculate the student's payment for a payment period for a residential portion. Refer to Formula 3 or 4 guidelines, including cost of attendance determinations, for this circumstance.

Annual award

The annual award for a student in a nonterm correspondence program is always taken from the half-time Disbursement Schedule because a correspondence student can't receive more than half of a Scheduled Award. For a student in a term correspondence program, the annual award is determined from the half-time Disbursement Schedule or the less-than-half-time Disbursement Schedule, as appropriate.

34 CFR 690.66(a)(1) and (2)

PELL ENROLLMENT STATUS (CORRESPONDENCE)

Correspondence payment periods

Nonterm — 34 CFR 690.66(b)

Term — 34 CFR 690.66(c)(3),(c)(4)

Students enrolled in programs of correspondence study are considered to be no more than half-time students, even if they're enrolled in enough coursework to be full-time. However, if the correspondence study is combined with regular coursework, the student's enrollment status might be more than half-time.

A student enrolled only in a nonterm correspondence program always has his or her award calculated based on the half-time Disbursement Schedule. For a student enrolled in a term-based correspondence program, your school must determine whether the student is enrolled half-time (6 or more credit hours in a term) or less-than-half-time (less than 6 credit-hours in a term). Special rules are used to determine the student's enrollment status when the student is enrolled in a combination of regular and correspondence coursework.

PELL CORRESPONDENCE PAYMENT PERIODS & TIMING OF PAYMENTS

Correspondence multiple Formulas exception

If a correspondence student has one or more payment periods in an award year that contain only correspondence study and one or more payment periods in the same award year that contain a residential portion, your school would use two different formulas for determining a student's payment for each payment period. This instance is the only one in which a school would use two different Pell formulas within the same award year for students in the same program.

For a *nonterm* correspondence program, there must be two equal payment periods in each academic year. Each payment period is the lesser of half the academic year or half the program (measured in credit hours). In addition, you can't disburse a Pell payment for the first payment period until the student has completed 25 percent of the work in the academic year or the program, whichever is shorter. You can't make the second payment until the student has completed 75 percent of the work in the academic year or program.

For a *term*-based correspondence program, as for other term-based programs, the payment period is the term. However, you can't disburse the Pell for a payment period until the student has completed 50 percent of the lessons or completes 50 percent of the work for the term, whichever is later.

If the correspondence program has a required period of *residential training,* you must treat the residential training as an additional payment period and determine the payment for that payment period using either Formula 3 or Formula 4. Note that the correspondence portion of the program is still treated as a separate portion of the program that's divided into two equal payment periods.

PELL CALCULATIONS IN CORRESPONDENCE PROGRAMS

Formula 5 is used for students enrolled only in correspondence courses (not including residential components of correspondence programs). There are two versions of Formula 5: Formula 5A (which is similar to Formula 4) is used for nonterm programs, and Formula 5B (which is similar to Formula 3) is used for term-based programs. For a residential component of a correspondence program, your school must use either Formula 3 or Formula 4. If the residential component is a term, your school uses Formula 3; otherwise, it uses Formula 4.

For nonterm correspondence programs, this step of the calculation is similar to the step under Formula 4. For term correspondence programs, this step is the same as under Formula 3.

For the Pell calculation, you are required to determine the number of weeks of instructional time in the program by preparing a written schedule for the lessons that the student will submit. A nonterm correspondence program must require at least 12 hours of preparation per week. A term-based correspondence program must require at least 30 hours of preparation per semester hour or at least 20 hours of preparation per quarter-hour during the term.

Nonterm correspondence program—Formula 5A

You first multiply the annual award (taken from the half-time disbursement schedule) by the lesser of:

$$\frac{\text{Number of credit-hours in the payment period}}{\text{Credit-hours in program's academic year definition}}$$

or

$$\frac{\text{Weeks* in the payment period}}{\text{Weeks* in program's academic year definition}}$$

Term correspondence program—Formula 5B

You multiply the annual award (taken from the half-time or less-than-half-time Disbursement Schedule) by the weeks of instructional time in the term divided by the weeks in the academic year:

$$\frac{\text{Weeks* in term}}{\text{Weeks in program's academic year definition}}$$

A single disbursement for a payment period can never be more than 50 percent of the annual award. If the resulting amount is more than 50 percent of the annual award, your school must make the payment in at least two disbursements in that payment period. You may not disburse an amount that exceeds 50 percent of the annual award until the student has completed the period of time in the payment period that equals 50 percent of the weeks of instructional time in the program's academic year definition.

*Note: The fractions on this page use weeks of instructional time as defined in Chapter 1, which are not necessarily the same number as the calendar weeks in an academic year.

APPENDIX C FORMULA SUMMARIES

Formula 1 Summary

Standard-term, credit-hour programs, with 30 weeks of instructional time (or waiver applies). For a program with a traditional academic calendar, the program:

- must have an academic calendar that consists, in the fall through spring, of two semesters or trimesters, or three quarters (note that summer may not be a standard term);
- must have at least 30 weeks of instructional time in fall through spring terms;
- must not have overlapping terms; and
- must define full-time enrollment for each term in the award year as at least 12 credit hours and must measure progress in credit hours.

Other programs offered in standard terms may use Formula 1 if they start the terms for different cohorts of students on a periodic basis (for example, monthly). These programs:

- must have an academic calendar that consists exclusively of semesters, trimesters, or quarters;
- must have at least 30 weeks of instructional time in any two semesters or trimesters or any three quarters;
- must start the terms for different cohorts of students on a periodic basis (for example, monthly);
- must not allow students to be enrolled in overlapping terms and the students must stay with the cohort in which they start unless they withdraw from a term (or skip a term) and re-enroll in a subsequent term.
- must define full-time enrollment for each term in the award year as at least 12 credit hours and must measure progress in credit hours.

Step 1: Determine Enrollment Status

Full-time, three-quarter-time, half-time, or less-than-half-time

Step 2: Calculate Pell COA

Full-time, full academic year costs.

Step 3: Determine Annual Award

If the student's enrollment status is full-time, the annual award is taken from the full-time payment schedule (Scheduled Award). If the student's enrollment status is 3/4-time, 1/2-time, or less-than-1/2 time, the annual award is taken from the appropriate part-time Disbursement Schedule.

Step 4: Determine Payment Periods

Payment period is the academic term.

Step 5: Calculate Payment for a Payment Period

$$\frac{\text{Annual Award}}{\text{2 for programs with semesters or trimesters; 3 for programs with quarters}}$$

OR

For alternate calculation:

$$\frac{\text{Annual Award}}{\text{Number of terms in the award year}}$$

Formula 2 Summary

Standard-term, credit-hour programs, with fewer than 30 weeks of instructional time, and waiver does not apply

- Enrollment for at least 12 credit-hours each term required for full-time status
- Program terms don't overlap
- Academic calendar includes 2 semesters/trimesters (fall and spring) or 3 quarters (fall, winter, and spring)
- Fall through spring terms are less than 30 weeks of instructional time

Step 1: Determine Enrollment Status

Full-time, three-quarter-time, half-time, or less-than-half-time

Step 2: Calculate Pell COA

Full-time, full academic year costs.

Cost for fall through spring terms prorated. If fall through spring terms provide the same number of credit hours as are in the academic year definition, prorated COA is the same as non prorated COA.

Step 3: Determine Annual Award

If the student's enrollment status is full-time, the annual award is taken from the full-time payment schedule (Scheduled Award). If the student's enrollment status is 3/4-time, 1/2-time, or less-than-1/2 time, the annual award is taken from the appropriate part-time Disbursement Schedule.

Step 4: Determine Payment Periods

Payment period is the academic term.

Step 5: Calculate Payment for a Payment Period

$$\text{Annual award} \times \frac{\text{Weeks of instructional time in fall through spring terms}}{\text{Weeks of instructional time in program's academic year definition}} \div \begin{array}{c}\text{2 (if semesters or trimesters)}\\ \textbf{OR}\\ \text{3 (if quarters)}\end{array}$$

OR

For alternate calculation:

$$\frac{\text{Annual Award}}{\text{Number of terms in the award year}}$$

Formula 3 Summary

Any term-based, credit-hour programs; may include those qualifying for Formulas 1 and 2.

Step 1: Determine Enrollment Status

Full-time, three-quarter time, half-time, or less-than-half-time.

Step 2: Calculate Pell COA

Full-time, full academic year costs.

Cost for program or period not equal to academic year prorated. Two fractions are compared:

$$\frac{\text{Hours in program's definition of academic year}}{\text{Hours to which the costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of i.t. in the enrollment period to which the costs apply}}$$

The entire cost is multiplied by the lesser of the two fractions to determine Pell COA.

Step 3: Determine Annual Award

If the student's enrollment status is full-time, the annual award is taken from the full-time payment schedule (Scheduled Award). If the student's enrollment status is 3/4-time, 1/2-time, or less-than-1/2-time, the annual award is taken from the appropriate part-time Disbursement Schedule.

Step 4: Determine Payment Periods

Payment period is the academic term.

Step 5: Calculate Payment for a Payment Period

$$\frac{\text{Weeks of instructional time in the term}}{\text{Weeks of instructional time in the program's academic year definition}}$$

A single disbursement can't exceed 50% of the annual award.

Formula 4 Summary

Clock-hour programs and credit-hour programs without terms, residential portion of nonterm correspondence programs.

Step 1: Determine Enrollment Status

At least half-time or less-than-half-time.

Step 2: Calculate Pell COA

Full-time, full academic year costs.

Cost for program or period not equal to academic year prorated. Two fractions compared:

$$\frac{\text{Hours in program's definition of academic year}}{\text{Hours to which the costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{bWeeks of i.t. in the enrollment period to which the costs apply}}$$

The entire cost is multiplied by the lesser of the two fractions to determine Pell COA.

Step 3: Determine Annual Award

Always taken from full-time payment schedule (equal to Scheduled Award). Does not mean students are always considered full-time.

Step 4: Determine Payment Periods

Length of payment period measured in credit or clock hours. Minimum of 2 equal payment periods required for programs shorter than an academic year, or 2 equal payment periods in each full academic year (or final portion longer than half an academic year) for programs longer than or equal to an academic year.

Step 5: Calculate Payment for a Payment Period

Annual award multiplied by the lesser of:

$$\frac{\text{The number of credit or clock-hours in the payment period}}{\text{The number of credit or clock-hours in the program's academic year}}$$

OR

$$\frac{\text{The number of weeks of instructional time in the payment period}}{\text{The number of weeks of instructional time in the program's academic year}}$$

Note: A single disbursement can't exceed 50% of the annual award.

Formula 5A Summary

Correspondence programs nonterm correspondence component. For residential portion, use Formula 4 to calculate payment periods and amounts. The schedule for the submission of lessons must reflect a workload of at least 12 hours of preparation per week of instructional time.

Step 1: Determine Enrollment Status

Enrollment status is never more than half-time.

Step 2: Calculate Pell COA

Full-time, full academic year costs (for applicable components).

Cost for program or enrollment period not equal to academic year prorated according to the following formula:

For tuition and fees:

$$\text{Costs} \times \frac{\text{Credit-hours in program's definition of academic year}}{\text{Credit-hours to which costs apply}}$$

Step 3: Determine Annual Award

Annual award taken from half-time Disbursement Schedule

Step 4: Determine Payment Periods

Length of payment period measured in credit hours.

The first payment period is the period of time in which the student completes the lesser of the first half of the academic year or the first half of the program. (First payment can be made only after the student has completed 25% of the lessons or otherwise completed 25% of the work scheduled, whichever comes last.)

The second payment period is the period of time in which the student completes the lesser of the second half of the academic year or the second half of the program. (Second payment may be made only after the student has submitted 75% of the lessons or otherwise completed 75% of the work scheduled, whichever comes last.)

Step 5: Calculate Payment for a Payment Period

Annual award is multiplied by the lesser of:

$$\frac{\text{Number of credit hours in the payment period}}{\text{Number of credit hours in the program's academic year}}$$

OR

$$\frac{\text{Weeks of instructional time in the payment period}}{\text{Weeks of instructional time in the program's academic year}}$$

Note: A single disbursement can't exceed 50% of the annual award.

Formula 5B Summary

Programs of study by correspondence, term correspondence component. During each term, the written schedule for the submission of lessons must reflect a workload of at least 30 hours of preparation per semester hour or at least 20 hours of preparation per quarter-hour.

Step 1: Determine Enrollment Status

Enrollment status is never more than half-time.

Step 2: Calculate Pell COA

Full-time, full academic year costs (for applicable components).

Cost for program or enrollment period not equal to academic year prorated according to the following formula:

For tuition and fees:

$$\text{Costs} \times \frac{\text{Credit-hours in program's definition of academic year}}{\text{Credit-hours to which costs apply}}$$

Step 3: Determine Annual Award

Annual award taken from half-time or less-than-half-time Disbursement Schedule.

Step 4: Determine Payment Periods

Length of payment period is the academic term.

Step 5: Calculate Payment for a Payment Period

Annual award multiplied by:

$$\frac{\text{Weeks of instructional time in the term}}{\text{Weeks of instructional time in program's academic year definition}}$$

When there is a residential portion in a term-based correspondence program, Formula 3 is used to calculate the student's payment for a payment period for the residential portion.

A single disbursement cannot exceed 50% of the annual award.