

Cost of Attendance (Budget)

CHAPTER 2

Awards for each of the Federal Student Aid (FSA) programs are based on some form of financial need, beginning with cost of attendance. This chapter picks up at the point where you have established the student's Expected Family Contribution (EFC); see the Application and Verification Guide for more info on EFCs, and Volume 1 for more info on the student's basic eligibility requirements. Most schools establish average costs for different categories of students and set these cost categories in EDEExpress or other software that they use to determine awards and package aid. The typical costs that you establish for your students will be used to calculate their FSA award amounts and package their aid.

Unlike scholarship programs that may award funds based on academic merit or the student's field of study, "need-based" grants, loans, and work-study are based on the family's demonstrated financial need for assistance. The cost of attendance (COA) is the cornerstone of establishing a student's financial need, as it sets a limit on the total aid that a student may receive for purposes of the TEACH Grant, Campus-Based Programs, and Direct/ Direct PLUS Loans, and is one of the basic components of the Pell Grant calculation.

ALLOWABLE COSTS

The cost of attendance for a student is an estimate of that student's educational expenses for the period of enrollment. As you'll see, you can use average expenses (for students with the same enrollment status) at your school, rather than actual expenses. For example, for the tuition and fees component, you can use the same average amount for all full-time students instead of figuring the actual tuition and fees for each individual student. You can have different standard costs for different categories of students, such as a cost of attendance for out-of-state students (who have higher tuition) and a lower cost of attendance for in-state students. However, you cannot combine the COA figures for each separate enrollment status and award aid to a student on the basis of the average COA. Students must be awarded on the basis of a COA comprised of allowable costs assessed all students carrying the same academic workload.

If a student is enrolled in a program that has extra fees or costs, such as lab fees, you can add those fees to the student's cost or use a standard cost that you've established for all students in that program. If you establish standard cost categories, you must apply the cost allowances uniformly to all students in those categories.

There are a variety of methods to arrive at average costs for your students: periodic surveys of your student population, assessing local housing costs or other pertinent data, or other reasonable methods you may devise which generate accurate average costs for various student cohorts.

CHAPTER 2 HIGHLIGHTS

Allowable Costs

Determined by school, taking into account:

- Tuition and fees
- Books, supplies, transportation, personal, miscellaneous
- Room and board
- Dependent care
- Study-abroad expenses
- Disability expenses
- Employment expenses for co-op study
- Loan fees

Exceptions

- Less-than-half-time enrollment
- Correspondence study
- Incarcerated students
- Professional judgment

Costs met from other sources

- Tuition and fees not paid by student
- Free room and board
- Other cost specified by source

Costs for period of enrollment

- Campus-Based, TEACH Grants, and Direct/Direct PLUS Loans are based on costs for the period of enrollment; for instance, costs for a student attending a single semester in the school year would be limited to the costs for that time period.
- Pell is always based on the cost of full-time attendance for a full academic year.

Cost of attendance components

The cost of attendance (COA) is determined by law (Higher Education Act, Sec. 472) and is not subject to regulation by the Department. The law specifies the types of costs that are included in the cost of attendance, but **you** must determine the appropriate and reasonable amounts to include for each eligible COA category for students at your school, based on the criteria described in this chapter.

Less than half-time COA components

For students who are less than half-time, COA can include only:

- Tuition and fees;
- An allowance for books and supplies;
- Transportation (but not miscellaneous & personal expenses);
- An allowance for dependent-care expenses; and
- Room and board for a limited duration (see less-than-half-time room and board component later in the allowable costs section).

Books and supplies timing

34 CFR 668.164(m)

For all eligible students who could receive Title IV funds 10 days before the beginning of a payment period, you must, by the seventh day of the payment period, provide a way for eligible students to obtain or purchase the books and supplies applicable to the payment period.

For more on the timing of disbursements, see *Volume 4*.

Books and supplies in tuition & fees

34 CFR 668.164(c)(2)

Books & supplies may be counted as a COA component as part of tuition and fees for a program under the conditions described in the body text.

Documentation of exceptional expenses

The law doesn't specify what documentation you must collect for expenses such as dependent care or disability-related expenses. You can document these expenses in any reasonable way, such as documenting an interview with the student or obtaining a written statement from the student or other appropriate sources.

Allowable costs in general

The types of costs that may be included are the same for all FSA programs. The cost of attendance, based on the student's enrollment status, for the Campus-Based, TEACH Grant, and Direct/Direct PLUS Loan programs is a student's cost for the period for which the aid is intended. The cost of attendance used for Pell Grants and Iraq & Afghanistan Service Grants is always the full-year costs for a full-time student, so you may have to prorate actual or average costs up for students who are attending less than an academic year (or who are part-time in a term program) or prorate down for students who are attending for periods longer than an academic year. We'll discuss this at the end of this chapter.

A student's cost of attendance is the sum of the following. If a cost is not mentioned in these categories (which are derived from the only source on COA components, Section 472 of the HEA), it is not to be included as COA:

- **The tuition and fees normally assessed for a student carrying the same academic workload.** This includes graduation fees, if incurred while the student is still enrolled and when required by the program and paid by all students, and costs of rental or purchase of equipment (including equipment for instruction by telecommunications), materials, or supplies required of all students in the same course of study.
- An allowance for books and supplies may be included in tuition and fees for a program if you:
 - Have an arrangement with a book publisher or other entity which allows you to make the books and/or supplies available to the students below competitive market rates; **and**
 - You provide a way for students to obtain the books & supplies by the seventh day of the payment period. You **must** also have a policy under which students may opt out of this way of providing books and supplies.

OR

You document that:

- The books or supplies, including digital or electronic course materials are not currently available elsewhere or accessible by students enrolled in that program from sources other than those provided or authorized by your school; or
- There is a compelling health or safety reason for books and supplies to be included in the tuition and fees COA component.
- **An allowance for books, supplies, transportation, and miscellaneous personal expenses.** This can include a reasonable amount, as determined by your school, for the documented rental or purchase of a personal computer that the student will use for study for the enrollment period. For example, a computer purchased in the

summer for use in the fall term may be included. This allowance may also include costs for operating and maintaining a vehicle that is used to transport the student to and from school, but not for the purchase of a vehicle.

- **An allowance for room and board.** For all students, schools must include in their “cost of attendance” an allowance for room and board. For students residing in institutionally owned or operated housing, the allowance should be based on the amount normally assessed most of the school’s institutionally-housed residents for room and board. For all other students, the allowance should be based on the expenses reasonably incurred by each type of students for room and board.
- **For a student with dependents, an allowance for costs expected to be incurred for dependent care.** This covers care during periods that include but are not limited to class time, study time, field work, internships, and commuting time for the student. The amount of the allowance should be based on the number and age of such dependents and should not exceed reasonable cost in the community for the type of care provided.
- **An allowance for the one-time direct costs of obtaining a first professional license or certificate for students who are enrolled in a program that requires such professional licensure or certification.** This allowance may only be provided one time per student per eligible academic program. Examples of allowable costs include fees charged to take a licensing exam, costs of applying for and obtaining the license or certification, and, at the discretion of the school, costs incurred in traveling to a residency interview for a medical student. Under this provision, the costs must be incurred during (not after) a period of enrollment, even if the exam is after the end of the period. You may include costs of attending a required conference, but only if these costs are included in the standard cost of the program for which the conference is required. Including these costs does not require exercising professional judgment, as they will be included as a cost of the program for all students in the program.
- **For study-abroad programs approved for credit by the student’s home institution, reasonable costs associated with such study.** For example, U.S. citizens may count VISA/passport costs when studying at a foreign school.
- **For a student with a disability, an allowance for expenses related to the student’s disability.** These expenses include special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided by other agencies.
- **For students engaged in a work experience through a cooperative education program, an allowance for reasonable costs associated with such employment.**
- **For students receiving loans, the fees required to receive them (for example, the loan fee for a Direct Loan).** You may also include the fees required for non-federal student loans (i.e., non-federal loans that must be considered Estimated Financial Assistance [EFA] for the student when packaging aid). In all cases, you can either use the

Checking foreign diplomas

If you hire a transcription/diploma evaluation service to aid in the process of determining student eligibility, the cost of evaluating a foreign credential must be incurred as a charge of admission prior to enrollment in an eligible program and thus cannot be included in COA. For more detail on checking foreign diplomas, see *Volume 1, Chapter 1*.

Free room and board/tuition waivers

Dawson University saves some of its Resident Assistant jobs for students with exceptional financial need. All Resident Assistants receive a waiver of room and board charges. If the student quits the job, the waiver is removed, and the student has to pay the room and board charges. All the students have the room and board charges in their cost of attendance. For students who are Resident Assistants because of their financial need, Dawson must count the room and board waiver as estimated financial assistance. The waiver would not be counted as untaxed income, but if included in the AGI, such a waiver would be reported as “grant and scholarship aid reported to the IRS” and would be excluded from total income in the EFC formula.

Student with a disability

A student is considered to have a disability if he or she has a physical or mental impairment that substantially limits a major life activity, such as if the student is deaf, has a mental disability, is hard of hearing, has a speech or language impairment, is visually disabled, is seriously emotionally disturbed, orthopedically impaired, autistic, has a traumatic brain injury, is otherwise health-impaired, or has specific learning disabilities that require special education and related services.

Treatment of Estimated Financial Assistance component of COA

HEA Sec. 480(j)

DCL GEN 06-05

If the source of assistance is a state and is designated by the state to offset a specific component of the student's COA, the amount of that assistance may be excluded from both COA and EFA. You may exclude such assistance on a student-by-student basis, but if it is excluded, it must be excluded for both COA and EFA. If the amount excluded is less than the allowance provided in the student's COA, you must exclude the lesser amount.

Changes in Pell Grant COA

For more on when changes in Pell COA

necessitate a recalculation of a Pell award, see *Volume 3, Chapter 3*.

COA for intersessions and modules

Whether or not you merge an intersession or module with a standard term, you must not include costs in a student's COA for an intersession or module period of enrollment for which the student is not expected to be enrolled.

Limitations to tuition and fees COA component

HEA Sec 472 COA includes tuition and fees normally assessed a student carrying the same academic workload as determined by the institution.

34 CFR 668.14(b)(3) Prohibits requesting or charging any student a fee for processing or handling any application, form, or data required to determine eligibility for, and amount of, Title IV HEA program assistance.

34 CFR 668.14(b)(21) Prohibits imposing a penalty on any student because of a student's inability to meet his or her financial obligations to the school as a result of the delayed disbursement of the proceeds of a Title IV loan due to compliance with Title IV requirements.

exact loan fees charged to the student or an average of fees charged to borrowers of the same type of loan at your school. To be included in the COA, any loan fees for private loans must be charged to the borrower during the period of enrollment for which the loan is intended.

- **For less-than-half-time students, room and board for a limited duration.** Schools have the option to include in the COA for a less-than-half-time student an allowance for room and board for up to three semesters (or equivalent), with no more than two of the semesters being consecutive at any one school. You are not required to monitor COA components from other schools attended by the student.
- **For students living in housing located on a military base or housing for which they receive a military housing allowance (Basic Allowance for Housing, or "BAH"), the room and board COA component shall include an allowance for board only. This applies to:**
 - Independent students who receive, or whose spouses receive, a military housing allowance (BAH) or who live on a military base; and
 - Dependent students who are living with parents who are receiving a military housing allowance (BAH) or who live on a military base.

Exceptions to the normal cost allowances

The following are the exceptions to the normal cost of attendance allowances:

- For students who are enrolled **less than half-time**, only the costs for tuition and fees and allowances for books and supplies, transportation, room and board for a limited duration, and dependent care expenses may be included as part of the cost of attendance (miscellaneous expenses and personal expenses may not be included).
- Generally, the cost of attendance for **correspondence study** is restricted to tuition and fees, which often include books and supplies. If the costs of books and supplies are separate, then they may also be counted in the cost of attendance. If the student is fulfilling a required period of residential training, the cost of attendance can also include required books and supplies, an allowance for travel, and room-and-board costs specifically incurred for the period of residential training (as mentioned in *Chapter 1* of *Volume 1*, a student isn't eligible to receive FSA aid for correspondence courses unless the student is enrolled in an associate, bachelor's, or graduate-degree program).
- The cost of attendance for **incarcerated students** is limited to tuition and fees and required books and supplies. Remember that an incarcerated student is ineligible for Title IV loans, and if the student is in a federal or state penal institution, the student is ineligible for Pell Grants as well.
- When a student does not take any classes for a period of time in the

middle of a term, for example, by skipping a module in a multi-module term, you may not include in the student's COA costs (if any) for such a period, even if they are studying for tests or coursework related to an eligible program. Note that the costs of such a test itself may be an allowable COA component—see “**An allowance for the one-time direct costs of obtaining a first professional license or certificate...**” section above. The weeks that comprise the non-coursework period may not count toward the weeks of instructional time for the term or program, and any separate credits earned (if any) during such a period do not count towards a student's enrollment status. For more detail on Title IV leaves of absence, see *Chapter 1 of Volume 5 of the FSA Handbook*.

- You have the authority to use **professional judgment** to adjust the cost of attendance on a case-by-case basis to allow for special circumstances. Such adjustments must be documented in the student's file. (See “Professional Judgment” in the *Application and Verification Guide*.)

Limitations to tuition and fees component

Tuition discounting: In establishing the tuition and fees component of Title IV applicants, you must use an amount that is required for all students in the same course of study. Therefore, a recipient of Title IV aid cannot be assessed charges that are higher than what is charged to a student not receiving aid under the Title IV programs.

Offering a discount to students who pay early is not permitted because Title IV recipients may not be able to, and should not be required to, meet that requirement and would, therefore, in effect be assessed higher amounts than other students. Of course, it would be permissible for you to provide the discount to all Title IV eligible students without regard to when their charges are paid. However, doing so would require an adjustment to such students' cost of attendance.

Overtime charges: A school may not use Title IV funds to pay overtime charges for a student who fails to complete his or her academic program within the normal time frame. Section 472 of the HEA defines cost of attendance as the tuition and fees normally assessed a student carrying the same academic workload required of all students in the same course of study. Overtime charges are in addition to normal tuition and fees, and since they are not charges normally assessed, they may not be included in a student's cost of attendance for Title IV purposes, and therefore Title IV funds may not be used to pay charges, even if a school obtains a student's (or parent's) authorization to do so.

This restriction applies to both clock-hour and credit-hour programs. For example, some clock-hour programs assess “overtime charges” for students who don't complete the program within an established timeframe. Some credit-hour programs also charge additional tuition or fees for each course a student takes if the student fails to complete his/her program(s) within an established time-frame. In both cases, such charges may not be counted in the Title IV COA, and Title IV funds may not be used to pay for the additional charges.

Cost of attendance for a distance education student

The law prohibits you from making a distinction based on the mode of instruction when determining the cost of attendance for a student receiving all or part of the student's instruction through distance education. However, you have the authority to use professional judgment to adjust the cost of attendance on a case-by-case basis to allow for special circumstances. For example, you may exclude transportation costs if you determine that such costs will not be incurred by a student. Such adjustments must be documented in the student's file. (See “Professional Judgment” in the *Application and Verification Guide*.)

Costs for programs that become eligible in the middle of a year

When awarding aid, you may not count toward the student's Cost of Attendance (COA) any costs incurred in any payment period before the program gained Title IV eligibility, nor any costs incurred in periods that the student has already completed.

For more details on how programs gain Title IV eligibility, see *Volume 2, Chapter 5 of the FSA Handbook*.

NCAA Considerations and recent changes

The “Power Five” conferences* of the National Collegiate Athletic Association (NCAA) have voted to expand their athletic scholarships to cover the full cost of attendance for athletes. Previously, only the components listed under “Allowable costs in general” in this chapter were included in COA. This change only applies to the colleges in the Power Five, but may also be adopted by other Division I participating schools, at their discretion.

One exception to the full cost COA is the practice of a school's paying the costs of an athlete's insurance against injury to protect against loss of future income. This expense may not be included in COA (because it is not related to a student's educational program), but it **is** included as Estimated Financial Assistance (EFA) for the student in the aid packaging process. For packaging guidance, see *Chapter 7 of this volume*.

*The ACC, Big Ten, Big 12, Pac 12, and SEC

Effects of waivers on COA

If your school treats a waiver as a payment of tuition and fees that have actually been charged to a student, then the waiver is considered Estimated Financial Assistance (EFA) and the full amount of the tuition and fees are included in a student's cost of attendance. For more details, see *Chapter 7* of this volume.

On the other hand, if the student is never assessed the full charges, the waiver is not considered to be financial aid, and only the charges actually assessed the student would be included in the student's cost of attendance.

Payment plans

Large Midwestern University (LMU) charges full-time students \$10,000 per semester in tuition, payable either at registration, or, in a new alternative payment plan, over the course of the semester, in four payments of \$2,600 each, for a total of \$10,400. LMU may establish the alternate payment plan, but can't use Title IV funds to pay for any amount in excess of what it charges those students not paying via the alternate plan (in this case, \$400).

Finance charges: You may not use Title IV funds to pay finance charges or fees that are incurred because a student utilizes a financing method provided by the school to pay for educational expenses over time. Because students or families choose to incur these additional expenses rather than paying the balance due at registration, the additional charges are not considered educational expenses, and may not be included in a student's cost of attendance.

Test prep class costs: You may not include in a student's COA the costs for a test prep class which is not part of the student's eligible program.

Costs waived or paid by other sources

When a specific component of a student's cost of attendance is waived or explicitly paid by another source, special treatment may be necessary. In some situations, the student is assessed the normal tuition and fees charge with an offsetting credit issued. In other situations, the student is never charged tuition and fees at all. Although this section discusses this concept in terms of tuition and fee charges, it applies to any of the components of a student's cost of attendance.

In some cases, such as under Workforce Innovation and Opportunity Act (WIOA) programs, a student's tuition and fees are paid by another organization or are waived. The student's costs are based on what the school is actually charging the student, based on the agreement between the school and the student.

Pell Grant awards & COA with mixed enrollment status

Ryne plans to attend Maddon University for a fall and spring semester. In the fall term, Ryne attends full-time, and has a COA of 5300 and an EFC of 0. Ryne's Scheduled Award is taken from the full-time Pell Grant Payment Schedule for the fall semester, with the calculated amount being \$5,350. Maddon disburses the fall semester Pell award of \$2,675.

In the spring semester, Ryne suffers from a variety of physical ailments, and finds that he can only attend a fraction of the classes he had hoped to, and so his enrollment status drops to less-than-half time. Ryne's COA is also reduced, as less-than-half-time enrollment means that not all of his previously included COA elements may be included in his Spring COA used for Pell calculation. Ryne's EFC remains at 0. Maddon may not include in Ryne's spring COA for Pell calculation miscellaneous personal expenses or room and board if Ryne has exhausted his less-than-half-time room and board allowance (3 semesters or equivalent in total, no more than two of which may be consecutive at any one school).

Maddon now consults the less-than-half-time Pell payment and disbursement schedule and finds the amount for an EFC of 0 and the reduced COA, 5000. The result is \$1,263, which Maddon divides in half for the spring semester disbursement, resulting in a spring payment to Ryne of \$631.50. These awards are also subject to the Pell Lifetime Eligibility Used limits (LEU). See *Volume 3, Chapter 3* for information about Pell Grant recalculations and LEU limits.

Pell Grant cost of attendance for a consortium program

A student receiving a Pell Grant for attendance at two schools through a consortium agreement may have costs from both schools at the same time. The student's cost of attendance is calculated in the same way as for a student taking classes at only one school. The student's charges for tuition and fees and books and supplies at the consortium schools have to be combined into a single charge for a full academic year for purposes of the Pell calculation.

The school paying the student may choose to use actual charges for the student, which would simply be the sum of the actual charges at both schools. Of course, if the student isn't attending full-time, your school will have to prorate these tuition & fees and books & supplies charges so that they are the correct amounts for a full-time, full-year student.

If the disbursing school uses average charges, then the average full-time charges at each of the schools must be prorated and combined. If the student is taking a full-time load at each school, the full-time tuition and fees charges for an academic year at each school can be averaged to determine the tuition and fee cost. However, if the student is taking an unequal course load, the disbursing school must prorate the charges based on the number of hours the student is taking at each school.

Pell Grant cost of attendance for a co-op program

If a student has a co-op job for the first term, the tuition and fees for that period can be prorated over the full academic year for the program (which must include at least 24 semester/trimester hours, 36 quarter credit-hours, or 900 clock-hours, as well as 30 weeks of instructional time, or, for clock-hour programs, 26 weeks). This prorated amount is then added to the other cost of attendance components to arrive at the total cost for a full-time student for a full academic year.

For the rest of the year, your school can either use the cost of attendance with the projected amount or can recalculate the student's tuition and fees at the end of the first term to determine a new cost of attendance for the remaining payment periods. This decision must be consistent with your school's overall policy on recalculating for changes in a student's costs. (See the discussion of Pell Grant recalculations in *Chapter 3* of this volume for more information.) Note that the cost of attendance can also include employment-related expenses.

Pell Grant Cost Example 1: Prorating total costs by lesser of two fractions

You may take the student's entire cost of attendance (tuition and fees, room and board, etc.) and multiply it by the lesser of the two fractions that represent the length of the academic year. If the lesser fraction is one, then you don't prorate the cost of attendance. One fraction is based on credit or clock-hours and the other is based on weeks of instructional time, as shown in this example.

Let's use the example of a program that charges \$10,500, awards 18 semester credits, and is completed by most full-time students within 20 weeks of instructional time.

$$\frac{\text{Credit/clock-hours in academic year definition} = 24}{\text{Credit/clock-hours awarded} = 18}$$

$$\frac{\text{Weeks in academic year definition} = 30}{\text{Weeks provided} = 20}$$

Since the fraction using credit-hours is the lesser fraction, the program cost of \$10,500 is multiplied by 24/18 to find the full-year Pell cost.

$$\$10,500 \times 24/18 = \$14,000$$

The full-time cost is \$14,000. Note: If one of the fractions is equal to one, for instance, if the program awards 24 credit-hours, then the prorated cost is the same as the original cost of attendance.

Pell Grant Cost Example 2: Prorating academic costs & living expenses separately

As an alternative, you can separately prorate the costs associated with credit or clock-hours (tuition and fees, books and supplies, loan fees) and the costs associated with weeks of instructional time (room and board, miscellaneous expenses, disability expenses, transportation, dependent care, study abroad, reasonable costs associated with employment as part of a cooperative education program). Using our earlier example of a program lasting 20 weeks and awarding 18 credit-hours, and specifying that the student's tuition, books, supplies, etc., come to \$4,500 and living expenses amount to \$6,000, the calculation would look like this:

$$\frac{24 \text{ credit-hours}}{18 \text{ credit-hours}} \times \$4,500 = \$6,000$$

$$\frac{30 \text{ weeks}}{20 \text{ weeks}} \times \$6,000 = \$9,000$$

In this example, the student's Pell budget is the sum of the two prorated costs, or \$15,000.

Pell Grant Cost Example 3: Prorating costs for a non-term program longer than an academic year

Costs must also be prorated if they are charged for a period longer than an academic year. You may use either of the proration methods shown in Examples 1 and 2. We'll use the example of a program awarding 1,000 clock-hours and providing 40 weeks of instructional time. Let's assume that the school uses the regulatory minimums in defining the academic year as 900 clock-hours and 26 weeks. The total costs over the 40 weeks, including tuition and living expenses, are \$5,900. If we use the method in Example 1, this amount must be prorated by the lesser of the following two fractions:

$$\frac{\text{Credit/clock- hours in academic year definition} = 900}{\text{Credit/clock-hours awarded} = 1,000}$$

OR

$$\frac{\text{Weeks in academic year definition} = 26}{\text{Weeks provided} = 40}$$

The lesser of the two fractions is the one based on weeks (26/40). Multiply the total program cost by this fraction to determine the Pell costs for a full academic year: $\$5,900 \times 26/40 = \$3,835$.

If the student is charged for the tuition and fees, even if the charge is eventually paid by someone other than the student (e.g., a scholarship agency or other source of aid), then that tuition and fee amount is included in the cost of attendance in most circumstances (see sidebar on “Alternate example of waived or paid COA component”). The tuition and fees payment would then be counted as estimated financial assistance. The charge is documented in the same way as for any non-WIOA student—for instance, in your school’s contract with the student or in the agreement with the WIOA agency. (If your school charges the student for tuition and fees, your school would have to expect the student to pay the charge if the WIOA agency or other source of assistance doesn’t pay on the student’s behalf.)

If the student is never charged for tuition and fees, then the cost of attendance wouldn’t include the tuition and fees component. Some WIOA agreements with schools provide that the school can’t charge the tuition and fees to the student, even if WIOA doesn’t cover the costs. If your school is prohibited under such an agreement from charging tuition and fees to the student, then the tuition and fees aren’t included in the student’s cost of attendance, and, therefore, that amount would not be included as estimated financial assistance.

Even if there’s no tuition and fees component, the student’s budget still includes the other costs listed previously, such as an allowance for living expenses. The option to either include the cost and aid in both COA and EFA versus excluding both from COA and EFA only applies to non-federal sources of assistance, and only when that assistance is designated to offset specific components of COA (i.e., tuition, room, and board).

COSTS FOR PERIODS OTHER THAN NINE MONTHS

The cost of attendance used to package Campus-Based aid and Direct/ Direct PLUS loans and TEACH covers the student’s actual period of enrollment. Therefore, if the student will be attending for more than 9 months, you must use a higher cost of attendance that includes living expenses, such as room and board, for the longer period of time. If the student will be attending for less than 9 months, you must use a lower cost of attendance. You can choose to prorate the allowances you use for 9 months, or you can calculate the cost in any other **reasonable** way.

When calculating for periods other than nine months, be sure to use the rules for the corresponding EFC type. There are three types of EFC for periods other than 9 months, each with their own treatment: EFC for dependent students; EFC for independent students without dependents other than a spouse; and EFC for independent students with dependents other than a spouse. For the full discussion of the treatment for these various EFC types, see *Chapter 3 of the Application and Verification Guide (AVG)*.

Alternate example of waived or paid COA component

The state in which Montero University was founded charges all full-time students the same tuition charge. However, in-state students receive a voucher to cover the difference between what most states consider in-state versus out-of-state tuition. Montero has two options. The first option would allow Montero to include the same tuition charge in the full-time COA for all students and include the amount of the voucher as estimated financial assistance (EFA) in the respective students’ financial aid packages. Alternatively, Montero could exclude the amount of the voucher from both COA and EFA because the voucher must be used to explicitly pay a specific component of the COA. Regardless of the option Montero chooses, it must apply the option consistently.

WIOA reimbursement contracts

Some WIOA contracts operate on a reimbursement basis; that is, the student must fulfill the terms of the contract before WIOA will reimburse the school for tuition and fee costs. If the student doesn’t fulfill the terms of the contract, the school is left with an unpaid tuition and fees charge. The school isn’t permitted to hold the student liable for the unpaid tuition and fees. Contracts are established this way to offer schools an incentive to properly train and place students enrolled in the training programs. However, if a tuition and fees charge is included in an FSA aid recipient’s budget, the student would be liable for any outstanding charges that are not reimbursed by WIOA. Therefore, schools that enter into reimbursement contracts must remove the tuition and fees component from the FSA budget because, under these contracts, schools are prohibited from holding the student liable for outstanding charges.

Costs for non 9 months example

For Direct Loans, Campus-Based aid, and TEACH, the COA used for packaging must reflect the student's cost for that period that the student is actually enrolled.

For instance, if a student is completing her program of study by taking a 1/2-time course load for the fall semester at your school, and that's the only term that she'll be attending in the award year, you could use the actual tuition and fee charges for the student's costs. If you use average costs for living expenses for a 9-month academic year for students in that program, you may divide your average costs by the number of terms in the academic year to find the cost for this enrollment period (assuming the terms are substantially equal in length).

For Pell Grants, the full nine-month EFC must always be used regardless of the actual period of attendance of the student (see GEN-15-02). You could either use an average tuition cost for a full-time, full-year student in the program or prorate the student's actual tuition for the fall term to arrive at a full-year, full-time cost. Costs for living expenses may also be average costs for a full academic year—if a full-year average cost is used, it doesn't have to be prorated for Pell Grant awards.

Costs for full program charged at start

A school may charge the total tuition cost for a program at the beginning of the first period of enrollment. If the program is longer than an academic year, for Direct/Direct PLUS Loans and Campus-Based aid, the tuition costs apply only to the first period of enrollment. For Pell, you must prorate these charges to reflect the academic year in accordance with the procedures outlined in Chapter 3.

Adjusting costs for Pell Grants

The types of costs included in the Pell Grant budget are the same as those for the other FSA programs; however, Pell Grant costs are always based on the costs for a *full-time student for a full academic year*.

For Pell, costs for programs or enrollment periods longer or shorter than an academic year must be prorated so that they are the costs for one full academic year. This is true for both parts of the academic year definition: if either the number of weeks or the number of clock/credit-hours differs from the academic year standard, the costs must be prorated to determine the full-time, full-year Pell budget. The need to prorate Pell costs is most likely to occur in these situations:

- A term-based program that provides fewer weeks of instructional time than the minimum number of weeks of instructional time in an academic year;
- A non-term program that provides less than 24 semester hours, 36 quarter hours, or 900 clock hours and/or provides fewer weeks of instructional time than the minimum number of weeks of instructional time in an academic year; or
- A program that is longer than an academic year, where the costs for the entire program are charged at the beginning of the program.

There are two ways to prorate Pell costs, as shown in the previous examples. Both of these examples are based on a program that is shorter than an academic year. The third example shows how costs are prorated when they are charged for a program that is longer than an academic year. Note that prorating the cost of attendance usually does not affect the amount of Pell Grant the student receives. However, you're required to report the full-time, full-year Pell budget when reporting disbursements to COD.*

*If the student is in a category where costs are limited, such as less-than-half-time enrollment, those costs that are allowable must be based on costs for a full-time student for a full academic year. For instance, the tuition component of the Pell cost of attendance for a less-than-half-time student must be based on the tuition costs that would be incurred by a full-time student attending a full academic year.