
Calculating the Federal Pell Grant

In this chapter, we'll review the steps in calculating a Pell Grant award. These steps take into account the student's cost of attendance (COA) for the academic year, the student's enrollment status, the ability of the student and family to contribute to his or her education (EFC), the amount of the student's coursework taken in the award year, and the length of the student's enrollment during the academic year.

CHOOSING A FORMULA

The regulations specify five different formulas for calculating Pell Grants; the formula the school uses depends on the type of program. However, each formula has the same basic steps, which we'll discuss in this chapter. Once the school chooses a formula, the school must use the same formula for all students in the same program of study for the entire award year.

Choosing a Formula Cite
34 CFR 690.63

Credit-Hour Term-Based Programs

A school can use **Formula 3** to calculate Pell Grants for any credit-hour, term-based program, except for correspondence programs (see "Correspondence Programs" in this chapter). However, if the program meets certain requirements, Formula 1 or 2 can be used instead. If the program meets the requirements for more than one formula, the school can choose which formula to use.

Criteria for Formula 1 or 2

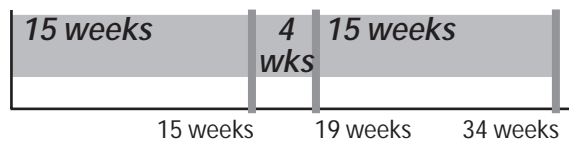
To qualify for Formula 1 or 2, the program must:

- measure progress in credit hours;
- be offered in semesters, trimesters, or quarters (standard terms);
- use an academic calendar that includes two semesters or trimesters (in the fall through the following spring) or three quarters (in the fall, winter, and spring);
- not have overlapping terms;
- define full-time enrollment for each term in the award year as at least 12 credit hours; and
- for Formula 1, provide at least 30 weeks of instructional time in the fall through spring terms. If it doesn't provide this minimum amount of instructional time, Formula 2 would apply.

Note that in both cases the school may decide to use Formula 3.

Combining Terms Example

In addition to programs using standard semesters, Hart University offers a separate degree program in education with a short 4-week term between two 15-week terms. The terms don't overlap.



Hart has defined the academic year for this program as 24 semester hours and 34 weeks of instructional time. Hart could combine the short term with one of the standard terms and calculate Pell Grants using Formula 1 (assuming that full-time enrollment is at least 12 semester hours per term):



Hart can also choose not to combine the terms. In this case, the program would have a nonstandard term (the 4-week term) and therefore wouldn't qualify for Formula 1. Hart would then be required to use Formula 3 to calculate Pell Grants for students in this program.

Combining terms

A school can combine terms to allow a program to qualify for Formula 1 or 2. For example, a school with several summer terms for which full-time enrollment is less than 12 credit hours can combine these terms into a single term for which full-time enrollment is 12 credit hours so that Pell Grants for students in the program can be calculated under Formula 1. A school can also combine a short term with a semester in order to have two semesters as required for Formulas 1 and 2.

Calendar changes

Because the academic calendar for a program must fall within specific limits for the school to be able to use Formula 1 or 2, if the calendar for the program changes, the school needs to check again to see if it can still use Formula 1 or 2 for the program.

Clock-Hour or Nonterm Programs (formula 4)

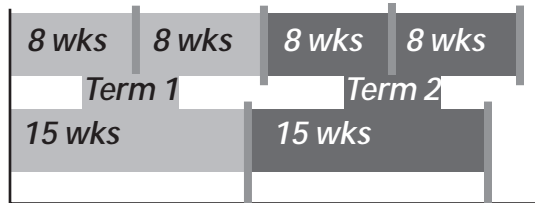
All clock-hour programs and nonterm credit-hour programs must use Formula 4, unless they're correspondence programs.

Correspondence Programs (formula 5)

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: Version A (which is

Calendar Change Example

Hart University decides to expand one of the programs it offers in standard semesters by also offering the coursework in four terms, each consisting of eight weeks of instructional time. Previously, Hart could calculate Pell Grants for students in the program using Formula 1. Suppose Hart combines two terms of eight weeks of instructional time with each semester, so the program still has two terms. The school now must use Formula 3, because the terms overlap:



The school must use Formula 3 even for students enrolled only in the semesters, because the program as a whole no longer qualifies for Formula 1. The school may instead consider the program offered in 8-week terms to be a separate program, in which case it can still calculate Pells for students enrolled in the semester program using Formula 1. Hart would then calculate Pells for students enrolled in the four-term program using Formula 3. However, if Hart allows a student to enroll in both types of terms, it must have some way of determining which program the student is actually enrolled in.

similar to Formula 4) is used for nonterm programs, and version B (which is similar to Formula 3) is used for term-based programs. For a residential component of a correspondence program, the school must use either Formula 3 or Formula 4. If the residential component is a term, the school uses Formula 3; otherwise, it uses Formula 4.

Determining Enrollment Status

The student's enrollment status is based on the number of credit or clock hours for which the student enrolls. It determines which cost components are used to calculate the student's Pell COA and, for some programs, establishes which Payment or Disbursement Schedule is used to determine the student's annual award.

For credit-hour programs with terms, the school must determine whether the student is enrolled full time, three-quarter time, half time, or less than half time. This allows the school to determine which Payment or Disbursement Schedule it needs to use, and to calculate the correct COA. For clock-hour programs and for credit-hour programs without terms, the school only needs to determine if the student is enrolled at least half time or less than half time, so that it can calculate the COA correctly.

Enrollment Status Standards

A school defines full-time enrollment, but the school's definition must meet the minimum regulatory requirements (see the *SFA Handbook: Student Eligibility [Volume 1]* for a general discussion of enrollment status). Note that the school's academic standard may differ from the enrollment standard used by the financial aid office for SFA purposes. For example, the 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. The school

Definition of Full-Time Enrollment
Cite
34 CFR 668.2

Enrollment Status Minimum Requirements

Standard Term, Credit-Hour Programs¹

Full time	12 credit hours per term ²
Three-quarter time	9 credit hours per term ²
Half time	6 credit hours per term ²
Less than half time	Less than half the workload of the minimum full-time requirement

Clock-Hour Programs or Nonstandard-Term or Nonterm Credit-Hour Programs

Full time	24 semester hours, 24 trimester hours, or 36 quarter hours per academic year, or prorated equivalent for program of less than an academic year or 24 clock hours per week
Less than half time	Less than half the workload of the minimum full-time requirement

¹ For standard term-based programs, if a school's financial aid office establishes full-time status as greater than 12 credit hours, the financial aid office may still define a three-quarter-time enrollment status as 9 credit hours and a half-time enrollment status as 6 credit hours.

² The school must use appropriate credit hours for the term, for example, semester hours for semesters, quarter hours for quarters.

Enrollment Status for Nonstandard Terms Cite *34 CFR 690.63(d)(1)(ii)*

must apply its standards consistently to all students enrolled in the same program of study, for all SFA purposes.

Fractions

When using fractions, be careful to multiply first, and then divide to avoid an incorrect result. For example, to calculate the following:

$$2,130 \times \frac{300}{900}$$

you should use this method:

Step 1: 2,130 X 300 = 639,000

Step 2: 639,000 ÷ 900 = 710

In this case, if you divide the fraction to get a decimal (300/900 = .333333...) and then round the decimal either down (.33) or up (.34), your calculation will result in a number that's too low (703) or too high (724).

Enrollment status for nonstandard terms

If a school's academic calendar contains nonstandard terms, the school must determine the student's enrollment status for each nonstandard term according to the formula in the regulations. To determine enrollment status for a nonstandard term, the school must first determine the number of credit hours required for full-time enrollment status using the following formula:

$$\text{Credit hours in academic year} \times \frac{\text{weeks of instructional time in nonstandard term}}{\text{weeks of instructional time in program's definition of academic year}}$$

If the resulting number isn't a whole number, it is rounded up to the next whole number. After the school has determined the number of credit hours required for full-time enrollment, the school can then determine the less-than-full-time status for the nonstandard term using the following formula:

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

The resulting fraction is then matched with the appropriate less-than-full-time status classification. The fraction must equal or exceed the enrollment status classification. For example, two-thirds would correspond to a half-time enrollment status.

Combined Terms

Nonstandard Term Examples

Anner enrolls in a two year program at Bylsma Conservatory. Bylsma Conservatory's academic calendar consists of four terms, each of which provides 8 weeks of instructional time. The school has defined the academic year for Anner's program as 40 quarter hours and 32 weeks of instructional time. Anner enrolls for 6 quarter hours in the first term and 10 quarter hours in the remaining three terms.

Bylsma determines the number of credit hours required for full-time enrollment in the term as follows:

$$40 \text{ quarter hours} \times \frac{8 \text{ weeks instructional time in term}}{32 \text{ weeks instructional time in academic year}} = 10 \text{ quarter hours}$$

Therefore, a student must complete 10 quarter hours each term to be a full-time student. For the first term, Bylsma must determine Anner's enrollment status as follows:

$$6 \text{ quarter hours} \div 10 \text{ quarter hours} = .6$$

Because .6 is less than three-quarters (.75) but more than one-half (.5), Anner's enrollment status in the first term is half time. Anner is enrolled full time (10 hours) in the remaining terms.

Owen enrolls in the education program at Hart University that has a short 4-week term between two 15-week terms. Hart doesn't combine the 4-week term with one of the longer terms for purposes of the Pell calculation. The academic year for the program is 34 weeks of instructional time and 24 semester hours. Owen enrolls for 6 hours in the first and third terms and 3 hours in the second term.

Hart must determine the number of credit hours required for full-time enrollment in the first and third term as follows:

$$24 \text{ semester hours} \times \frac{15 \text{ weeks instructional time in term}}{34 \text{ weeks instructional time in academic year}} = 10.58$$

A student must enroll in 11 semester hours (rounded up from 10.58) in the first and third terms to be full time. The requirement for full-time enrollment for the second term is determined as follows:

$$24 \text{ semester hours} \times \frac{4 \text{ weeks instructional time in term}}{34 \text{ weeks instructional time in academic year}} = 2.82$$

A student must enroll in 3 semester hours (rounded up from 2.82) in the second term to be full time.

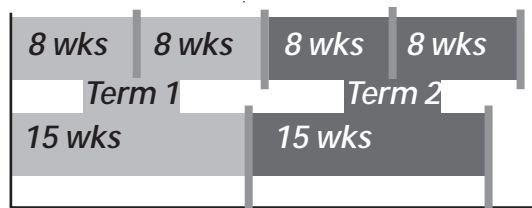
Note that Owen is enrolled full-time in the second term. To determine Owen's enrollment status for the other two terms, the school must compare the number of hours he's enrolled with the number required for full-time enrollment:

$$6 \text{ semester hours} \div 11 \text{ semester hours} = .54$$

Because .54 is less than three-quarters (.75) and greater than one-half (.5), Owen is enrolled half time in the first and third terms.

Combined Term Example

Eddy enrolls in a program that Hart University offers in both 15-week semesters and 8-week terms. Hart combined two 8-week terms to make each semester; each of the combined terms provides 16 weeks of instructional time:



Hart continues to define the academic year for Eddy's program as 24 semester hours and 30 weeks of instructional time, as it did before adding the 8-week terms. In addition, because the combined terms can still be considered semesters, the requirement for full-time enrollment in each term is 12 semester hours.

In the first term, Eddy enrolls for 4 semester hours in the 15-week component of the term and 3 semester hours in each of the 8-week components. Therefore, he's enrolled for a total of 10 semester hours in the first term, and his enrollment status is three-quarter time. In the second term, he enrolls for 12 semester hours in the 15-week component, and no hours in either of the 8-week components. Because he's enrolled for 12 semester hours total in this second term, his enrollment status for the second term is full time.

If the school combines two or more terms into a single term for purposes of the Pell calculation, the student's enrollment status is based on the combined number of hours the student is enrolled in for all the component terms of the combined term. Note that if the student later doesn't begin attendance in one of the parts of the combined term, the school must recalculate the student's award (see Chapter 5 for more on recalculations).

Special Programs

There are additional considerations in determining enrollment status for some special programs, such as correspondence programs.

Correspondence study

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 is always enrolled half time. For a student enrolled in a term correspondence program, the 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.

Half-time Enrollment Limit Cite
34 CFR 690.2

Enrollment Status for Term
Correspondence Cite
34 CFR 690.66(c)(2)

Enrollment Status for Enrollment in Correspondence and Regular Coursework

Regular Work	Correspondence Work	Adjusted Total Course Load	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	6	Half time

This chart assumes that the school defines full-time enrollment as 12 credit hours per term, making half-time enrollment 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, despite the fact that the student only took 2 credit hours of regular coursework.

Correspondence study combined with regular study

If 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.

When combining the number of credit hours of correspondence work with the number of credit hours of regular coursework to determine the student's enrollment status for a Pell Grant, 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. However, 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.

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 different schools is measured in different units (See sidebar example).

Enrollment status for cooperative education

In a cooperative education program, the 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.

Correspondence Study Combined With Regular Study Cite *34 CFR 690.8(b)*

Consortium Different Units Example

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

$$9 \text{ quarter hours} \times 2/3 = 6 \text{ semester hours}$$

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

$$\begin{aligned} &6 \text{ semester hrs. at Hart} \\ &+ 6 \text{ semester hrs. at Sarven} \\ &12 \text{ semester hours} \end{aligned}$$

Linda is also taking 6 semester hours at Hart 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 Hart into quarter hours:

$$6 \text{ semester hours} \times 3/2 = 9 \text{ quarter hours}$$

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

$$\begin{aligned} &9 \text{ quarter hrs. at Sarven} \\ &+ 9 \text{ quarter hrs. at Hart} \\ &18 \text{ quarter hours} \end{aligned}$$

Step 1: Determine Enrollment Status

Formula 1, 2, and 3

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

Formula 4

At least half time or less than half time

Formula 5A

Enrollment status is never more than half time

Formula 5B

Enrollment status can only be half time or less than half time

Remedial coursework

A noncredit remedial course is one for which the school allows no credit toward a degree or certificate. A reduced-credit course is one for which the school gives some credit toward the degree or certificate, but not as much as would normally be given based on the workload required by the course. When figuring enrollment status, the school must include any reduced-credit or noncredit remedial coursework designed to increase the student's ability to pursue his or her program of study. The *SFA Handbook: Student Eligibility (Volume 1)* explains how to include these courses in enrollment status, as well as the limits on the amount of remedial coursework that can be included.

Enrollment Status Change During Year

If a student's enrollment status changes during the year, the school may have to recalculate the student's Pell Grant payment based on the new enrollment status. Chapter 5 of this volume explains when a school is required to recalculate due to a change in enrollment status.

COA Proration Required Examples

Woodhouse College provides 28 weeks of instructional time in its two semesters. The COA it uses for most SFA programs is based on the costs for those 28 weeks.

However, the academic year definition is 30 weeks of instructional time. Because the costs are for less than an academic year, Woodhouse needs to prorate the amount up to get the Pell COA.

Sarven Technical Institute has a 1000 clock hour program, but the academic year definition for the program is only 900 clock hours. The COA it uses for most SFA programs is based on the costs for the entire 1000 clock hours. Because the costs are for more than an academic year, Sarven needs to prorate the amount down to get the Pell COA.

CALCULATING THE COST OF ATTENDANCE

The components used to calculate a student's Pell COA are the same as those used to calculate the COA for the other SFA Programs. (See the *SFA Handbook: Student Eligibility [Volume 1]* for a list of these components.) However, unlike the other programs, the Pell COA is always based on 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 for one full academic year.⁵ This is true for both parts of the academic year definition, the number of weeks and the number of clock/credit hours: If the program or period of enrollment differs from the defined academic year in either part, the costs must be prorated to determine the Pell COA.

Less than Half Time

If the student is enrolled less than half time, the school can only include in the Pell COA those **cost components** allowable for less-than-half-time enrollment. (See the *SFA Handbook: Student Eligibility [Volume 1]* for more information, and for other restrictions on COA components.) However, the **amount** included in each of the allowable

5. Note that in many cases prorating the COA won't affect the amount of Pell Grant the student receives. However, the school must enter accurate amounts when reporting disbursements (see Chapter 3 of this volume).

cost components is based on the amount for a full-time student for a full year.

Actual or Average Costs

While schools can choose to determine actual costs for individual students, most schools prefer to determine the COA by using an average cost for a group of similar students. (For example, a school may have different charges for different academic programs or different charges for in-state vs. out-of-state students.) Chapter 10 of the *SFA Handbook: Student Eligibility (Volume 1)* has a brief discussion about using average costs.

A school using actual charges has to be careful that the COA is still for a **full-time** student. If costs for a part-time student are different from those for a full-time student, the school can prorate the part-time student's actual costs to determine the full-time, full-year COA.

Consortium COA

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 COA is calculated in the same way as for a student taking classes at only one school. The student's tuition and fees and books and supplies charges 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 can 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, the school will have to prorate these tuition and fees and books and supplies charges so that they are the correct amounts for a full-time student.

Prorating average charges at each school

If the disbursing school is using average charges, then the average full-time charges at each of the schools must be prorated and combined. If the student is taking an equal course 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.

Costs for a Cooperative Education Program

If a student has a co-op job for the first term, the tuition and fees for that period can be projected over a full academic year (of at least 30 weeks of instructional time). This projected amount is then added to the other COA components to arrive at the total cost for a full-time student for a full year.

For the rest of the year, the school can either use the COA with the projected amount or can recalculate the student's tuition and fees at the end of the first term to determine a new COA for the remaining payment periods. This decision must be consistent with the school's overall policy on recalculating for changes in a student's costs. (See

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 expenses); and*
- *an allowance for dependent care expenses.*

Proration of Average Tuition and Fees Example

Isabella is enrolled for 3 semester hours at Hart University and for 9 semester hours at Woodhouse College. The full-time tuition and fees charge for an academic year at Hart is \$4,000, while the full-time charge at Woodhouse is \$6,600. To figure Isabella's tuition and fees charge, Woodhouse multiplies each of these average charges by the number of credits she is taking at each school, divided by the total number of credits she's taking:

$$\$4,000 \times \frac{3}{12} = \$1,000 \text{ Prorated charge at Hart}$$

$$\$6,600 \times \frac{9}{12} = \$4,950 \text{ Prorated charge at Woodhouse}$$

Woodhouse then adds the two prorated charges to determine the tuition and fees charge to include in Isabella's COA:

$$\$1,000 + \$4,950 = \$5,950$$

Co-op COA Example

Kerr has a co-op job for the first quarter of the academic year and pays a \$50 fee and no tuition. The \$50 fee can be projected for each of the three quarters in the academic year for a total tuition and fees amount of \$150.

Chapter 5 of this volume for more information.) Note that the COA can also include employment-related expenses (see the *SFA Handbook: Volume 1: Student Eligibility*).

Tuition and Fees Charges for WIA Programs

Students in some WIA programs (formerly JTPA programs) aren't charged for tuition and fees. A school can include a tuition and fees charge in the COA for a Pell Grant recipient only if that charge is actually made to the student and is paid either by the student or by some type of student financial assistance (such as WIA). The existence of such a tuition and fees charge must be documented in the same way as for any non-WIA student—for instance, in the school's contract with the student or in the agreement with the WIA agency. (If the school charges the student for tuition and fees, the school would have to expect the student to pay the charge if the WIA agency or other source of assistance doesn't pay on the student's behalf.)

If the school doesn't actually charge the student for tuition and fees (either because it's prohibited from doing so under the WIA contract, or for other reasons), then no tuition and fees component would exist for the Pell COA. Even if there's no tuition and fees component, the student's COA still includes the other components described in the *SFA Handbook: Student Eligibility (Volume 1)*. Note that a school that doesn't include tuition and fees in the COA may need to use the Alternate Schedule in determining the student's annual award (see "Tuition Sensitivity and the Alternate Schedule," in this chapter).

WIA reimbursement contracts

Some WIA contracts operate on a reimbursement basis; that is, the student must fulfill the terms of the contract before WIA 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, as noted above, if a tuition and fees charge is included in a Pell Grant recipient's COA, the student would be liable for any outstanding charges that are not reimbursed by WIA. Therefore, schools that enter into reimbursement contracts **must remove the tuition and fees component** from the Pell COA because, under these contracts, schools are prohibited from holding the student liable for outstanding charges.

Prorating the COA

Schools can choose between two proration methods. A school can either prorate the entire cost using one fraction, or split the COA into credit/clock hour costs and week costs, and prorate the two types of costs separately. A school can use whichever method it prefers.

Single fraction method

To prorate the COA by one fraction, the school must compare two fractions and multiply the COA by the lesser of the two. There's one fraction for each component of the academic year definition. One

COA Proration Examples

Woodhouse College has fall and spring semesters, each of which provides 14 weeks of instructional time. Thus, the two semesters provide 28 weeks of instructional time. Woodhouse has defined the academic year as 24 semester hours and 30 weeks of instructional time. The average cost for a full-time student attending both semesters is \$13,210.

Because the two semesters don't provide a full 30 weeks of instructional time, the cost for a full-time student to attend both semesters must be prorated to determine a full academic year COA.

Woodhouse compares the two fractions:

$\frac{24 \text{ semester hours in academic year definition}}{24 \text{ semester hours in fall through spring terms}}$

$\frac{30 \text{ weeks instructional time in academic year definition}}{28 \text{ weeks instructional time in fall through spring terms}}$

Because the credit hour fraction (24/24) is the lesser of the two, it would be used to prorate the cost; because it's equal to 1, the Pell COA for the program is the same as the non-prorated COA: \$13,210.

Sarven Technical Institute has a program that is 40 weeks of instructional time, during which the student completes 1000 clock hours. Sarven has defined the academic year for the program as 900 clock hours and 30 weeks of instructional time. The average cost for the entire program is \$5,900.

Because this cost is for more than an academic year, Sarven must determine the cost for an academic year by prorating the full cost. The school compares the two fractions:

$\frac{900 \text{ clock hours in academic year definition}}{1000 \text{ clock hours in program}}$

$\frac{30 \text{ weeks instructional time in academic year definition}}{40 \text{ weeks instructional time in program}}$

Of the two fractions, the smaller is the weeks fraction (30/40). Sarven multiplies the full cost by this fraction:

$$\$5,900 \times \frac{30 \text{ weeks instructional time in academic year definition}}{40 \text{ weeks instructional time in program}} = \$4,425.$$

Therefore, the Pell COA for this program is \$4,425.

fraction is calculated by dividing the number of credit or clock hours in the program's academic year by the hours to which the costs apply; the other, by dividing the number of weeks in the program's academic year by the weeks for which the costs apply:

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

$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time to which costs apply}}$

The COA is multiplied by the lesser of these two fractions to determine the student's Pell COA. This Pell COA must be used when

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.

Less-Than-Half-Time Student COA Proration Example

Martha is enrolled at Sarven Technical Institute as a less-than-half-time student in a 650 clock hour program that is 28 weeks of instructional time. Sarven defines the academic year for the program as 900 clock hours and 30 weeks of instructional time. The average costs for the entire program are as follows:

<i>Tuition and Fees</i>	<i>\$1,800</i>
<i>Room and Board</i>	<i>2,500</i>
<i>Books and Supplies</i>	<i>100</i>
<i>Transportation</i>	<i>100</i>
<i>Miscellaneous Expenses</i>	<i>200</i>
<i>TOTAL</i>	<i>\$4,700</i>

Because the program is shorter than an academic year in length, the costs for the program must be prorated to determine the costs for a full academic year. Also, because Martha is attending less than half time, the COA can't include all components. The cost using only the components allowed for a less-than-half-time student (tuition and fees, books and supplies, and transportation) is \$2,000. Sarven compares the two fractions:

$$\frac{900 \text{ clock hours in academic year definition}}{650 \text{ clock hours in program}}$$

$$\frac{30 \text{ weeks instructional time in academic year definition}}{28 \text{ weeks instructional time in program}}$$

Of the two fractions, the smaller is 30/28.

Sarven multiplies the full cost (using only the components allowed for a less-than-half-time student) by this fraction:

$$\$2,000 \times \frac{30 \text{ weeks instructional time in academic year}}{28 \text{ weeks instructional time in program}} = \$2,143$$

Therefore, Martha's Pell COA is \$2,143.

determining the amount of the student's annual award. In some cases the prorated COA calculated by this method will be the same as the original, non-prorated COA: If for one of the components of the academic year the program or period of enrollment for which costs apply is the same as the academic year, one of the fractions will be equal to one.

Split proration method

As mentioned earlier, the school can split the COA into two parts and prorate the two parts separately, if it chooses. The school multiplies costs associated with credit or clock hours (tuition and fees, books and supplies, loan fees) by the credit or clock hour fraction (hours in the academic year definition divided by hours to which costs apply), and multiplies 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) by the week fraction (weeks in the academic year definition divided by weeks to which costs apply). The student's Pell COA is the sum of the two types of prorated costs.

Step 2: Calculate Pell COA

Formula 1

Full time, full academic year costs

Formula 2

Full time, full academic year costs

Costs 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 nonprorated COA.

Formulas 3 and 4

Full time, full academic year costs

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

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

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time in the enrollment period to which the costs apply}}$$

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

Formulas 5A and 5B

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

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

For tuition and fees:

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

Hours and Weeks of Instructional Time to Which the Costs Apply

To determine COA in formulas 3, 4 and 5, the COA is multiplied by the lesser of two fractions: the hours in the program's definition of an academic year divided by "hours to which the costs apply" and weeks of instructional time in the program's definition of an academic year divided by "weeks of instructional time in the enrollment period to which the costs apply." The "to which the costs apply" parts of these fractions are adjustments necessary for programs longer or shorter than an academic year in length. The costs for such a program may be incurred at a single point in time, but schools must prorate these costs for the academic year COA by using these fractions.

Correspondence Programs

The COA 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 an COA element, for either a residential or non-residential period of enrollment. As always, the COA must be based on the costs for a full-time student for a full academic year. 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 COA for the non residential component only includes costs associated with credit hours, the school always uses the credit hour-related fraction to prorate the COA as follows (because there are no costs associated with weeks of instructional time in the correspondence COA, the school has to prorate the cost only if the number of hours in the program is shorter or longer than in an academic year):

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

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 COA determinations, for this circumstance. 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, the school would use two different formulas for determining a student's payment for each payment

Step 3: Determine Annual Award

Formula 1, 2, and 3

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.

Formula 4

Always taken from full-time Payment Schedule (equal to Scheduled Award)

Formula 5A

Always taken from half-time Disbursement Schedule

Formula 5B

The annual award is taken from the appropriate part-time Disbursement Schedule (half time or less than half time)

Tuition Sensitivity Cite

Sec. 401(b)(3), "Dear Colleague" Letter P-99-9

Students who Require Alternate Schedule

- *EFC is 500 or less;*
- *COA is \$3,200 or higher; and*
- *tuition plus dependent care or disability expenses is less than \$525*

Alternate Schedule Example

Kerr's tuition charge for the year is \$150, and he has no dependent care or disability expenses. His EFC is 0, and his COA is \$4,000. Therefore, Sarven Technical Institute needs to use the Alternate Schedule to determine Kerr's annual award. He's enrolled full time; the Alternate Schedule for full-time students shows that his annual award is \$3,357.

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.

DETERMINING THE ANNUAL AWARD

Once the school has figured the student's COA, it can use the Payment Schedule or appropriate part-time Disbursement Schedule to look up the student's annual award. The annual award is the maximum amount a student would receive during a full academic year for a given enrollment status, EFC, and COA. For students in credit-hour, term-based programs, the school looks up the annual award on the full-time Payment Schedule, or the three-quarter-time, half-time, or less-than-half-time Disbursement Schedule, depending on the student's enrollment status. For students enrolled in clock-hour or nonterm credit-hour programs, the annual award is always determined from the full-time Payment Schedule, even if the student is attending less than half time. **Schools don't have the discretion to refuse to pay an eligible part-time student.**

Tuition Sensitivity and the Alternate Schedule

The law provides for a part of the student's Pell award to be tuition sensitive. The Higher Education Amendments of 1998 modified this provision as of the 1999-2000 award year, to only apply to the amount of the award above \$2,700. These amendments also added dependent

Alternate Federal Pell Grant Schedules for Students with Low Assessed Tuition for the 2001-2002 Award Year

The following alternate schedules must be used to calculate Federal Pell Grant amounts in very specific situations involving students with low tuition charges. Use the appropriate schedule below, based on the student's enrollment status, only if ALL the following are true; otherwise use the regular payment and disbursement schedules:

- The student's tuition plus any dependent care or disability related expenses is less than \$525; AND
- The student's Expected Family Contribution (EFC) is \$900 or less; AND
- The student's total cost of attendance is \$3,200 or higher.

Important: When calculating the amount of tuition, schools that only charged fees in lieu of tuition as of October 1, 1998 may consider such fees as tuition for purposes of these tables.

Cost of Attendance	Tuition plus Dependent Care and/or Disability Expense, if any	Full Time EFC											
		0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	Pell Grant is:					
3200 - 3299	0	3225	3200	3100	3000	2900	2800	1613	1600	1550	1500	1450	1400
	1 - 262	3250	3200	3100	3000	2900	2800	1625	1600	1550	1500	1450	1400
	263 - 524	3250	3200	3100	3000	2900	2800	1625	1600	1550	1500	1450	1400
3300 - 3399	0	3225	3225	3200	3100	3000	2900	1613	1613	1600	1550	1500	1450
	1 - 262	3350	3300	3200	3100	3000	2900	1675	1650	1600	1550	1500	1450
	263 - 524	3350	3300	3200	3100	3000	2900	1675	1650	1600	1550	1500	1450
3400 - 3499	0	3457	3457	3400	3300	3200	3100	1613	1613	1613	1600	1550	1500
	1 - 262	3450	3400	3300	3200	3100	3000	1725	1700	1650	1600	1550	1500
	263 - 524	3450	3400	3300	3200	3100	3000	1725	1700	1650	1600	1550	1500
3500 - 3599	0	3225	3225	3225	3200	3100	3000	1613	1613	1613	1613	1600	1550
	1 - 262	3357	3357	3357	3300	3200	3100	1679	1679	1679	1679	1650	1550
	263 - 524	3550	3500	3400	3300	3200	3100	1775	1750	1700	1650	1600	1550
3600 - 3699	0	3225	3225	3225	3225	3225	3200	1613	1613	1613	1613	1613	1600
	1 - 262	3357	3357	3357	3357	3300	3200	1679	1679	1679	1679	1650	1600
	263 - 524	3619	3600	3500	3400	3300	3200	1810	1800	1750	1700	1650	1600
3700 - 3749	0	3225	3225	3225	3225	3225	3225	1613	1613	1613	1613	1613	1613
	1 - 262	3357	3357	3357	3357	3357	3275	1679	1679	1679	1679	1679	1638
	263 - 524	3619	3619	3619	3475	3375	3275	1810	1810	1788	1738	1688	1638
3750 or more	0	3225	3225	3225	3225	3225	3225	1613	1613	1613	1613	1613	1613
	1 - 262	3357	3357	3357	3357	3357	3300	1679	1679	1679	1679	1679	1638
	263 - 524	3619	3619	3600	3500	3400	3300	1810	1810	1800	1750	1700	1650

Cost of Attendance	Tuition plus Dependent Care and/or Disability Expense, if any	Three-Quarter Time EFC											
		0 To 0	1 To 100	101 To 200	201 To 300	301 To 400	401 To 500	Pell Grant is:					
3200 - 3299	0	2419	2400	2325	2250	2175	2100	806	800	775	750	725	700
	1 - 262	2438	2400	2325	2250	2175	2100	813	800	775	750	725	700
	263 - 524	2438	2400	2325	2250	2175	2100	813	800	775	750	725	700
3300 - 3399	0	2419	2419	2400	2325	2250	2175	806	806	800	775	750	725
	1 - 262	2513	2475	2400	2325	2250	2175	838	825	800	775	750	725
	263 - 524	2513	2475	2400	2325	2250	2175	838	825	800	775	750	725
3400 - 3499	0	2419	2419	2419	2400	2325	2250	806	806	806	800	775	750
	1 - 262	2513	2475	2400	2325	2250	2175	838	825	800	775	750	725
	263 - 524	2513	2475	2400	2325	2250	2175	838	825	800	775	750	725

Correspondence Annual Award

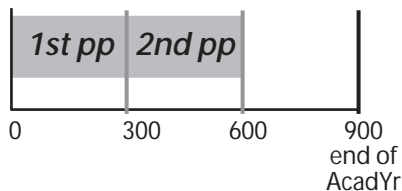
Cite
 34 CFR 690.66(a)(1), (c)(2)

Nonterm or Clock-Hour Payment Period Cite

34 CFR 668.4(b)

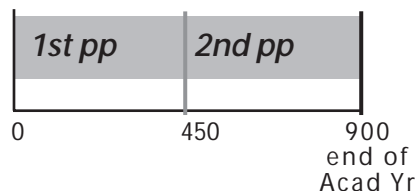
Program Less Than Acad Yr Example

Laurel is enrolled in a 600-clock-hour program. The school defines the program's academic year as 900 clock hours and 30 weeks of instructional time. Because Laurel's program is shorter than an academic year, the two payment periods would be based on the length of her program (in clock hours). Each payment period is one-half the program, or 300 clock hours.



Program Equal to AcadYr Example

Eric is enrolled in a 900-clock-hour program. The school defines the program's academic year as 900 clock hours and 30 weeks of instructional time. Because Eric's program is equal to an academic year, the two payment periods are based on the length of the academic year (in clock hours). Each payment period is half an academic year, or 450 clock hours.



care or disability-related expenses to tuition to be used in determining the tuition sensitive portion of the award. In addition, the law now specifically provides that schools that charged only fees in lieu of tuition as of October 1, 1998, can count those fees as tuition for this calculation.

For the 2001-2002 award year, the tuition sensitivity rule affects a small number of students. The Payment and Disbursement Schedules show which groups of students are affected and include an Alternate Schedule for schools to use for these students.

Correspondence Programs

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 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.

DETERMINING THE PAYMENT PERIODS

The program's academic year (AY) must be divided into payment periods. Pell Grants must be paid in installments over the academic year 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.

Credit-Hour Term Programs

For credit-hour term programs, the payment period is the term. The payment period for a **clock-hour** term program isn't a term. Instead, clock-hour term programs are treated exactly like nonterm programs.

Nonterm or Clock-Hour Programs

For credit-hour nonterm programs and all clock-hour programs, the school must define, in writing, the payment periods as measured in clock or credit hours for each program. The regulations require at least two equal payment periods for programs that are shorter than or equal to an academic year or at least two equal payment periods in each full academic year for programs longer than an academic year.

Less than an academic year

If the program of study is shorter than an academic year, each payment period is half the credit or clock hours in the program.

Equal to an academic year

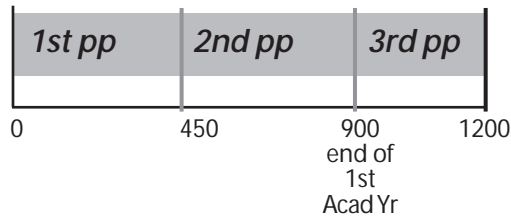
If the program of study is equal to an academic year, each payment period is half the credit or clock hours in the academic year.

Longer than an academic year

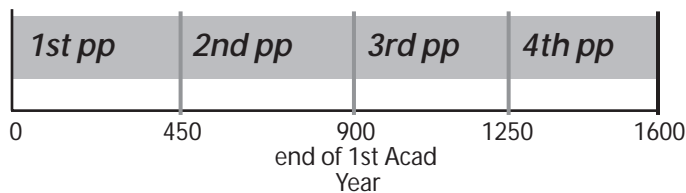
If the program of study is longer than an academic year, each payment period in each full academic year is half the credit or clock

Program Longer than AY Examples

Marta is enrolled in a 1,200-clock-hour program. The school defines the program's academic year as 900 clock hours and 30 weeks of instructional time. Because Marta's program of study is longer than one academic year, the payment periods in the first year are based on the length of the academic year (in clock hours). Each of these payment periods is 450 clock hours (half the academic year). After the first year, only 300 clock hours remain. Because 300 hours is less than half the academic year, the remaining 300 clock hours constitute the third and final payment period.



Fred is enrolled in a 1,600-clock-hour program. The school defines the program's academic year as 900 clock hours and 30 weeks of instructional time. Because Fred's program of study is longer than one academic year, the payment periods in the first year are half the academic year in clock hours, 450 clock hours. After the first year, only 700 clock hours remain. Because 700 hours is more than half the academic year, Fred has two payment periods in the final year. Each of the payment periods consists of one-half of the remaining hours in the program, or 350 hours each.



Rounding

*Previously, schools were required to round to the nearest dollar when making disbursements. However, RFMS will now accept cents in payment amounts. **Schools are no longer required to round disbursements, but can if they choose.** See Chapter 3 of this volume for more on the RFMS reporting requirements. Note that RFMS has very specific format requirements for payment amounts.*

When rounding disbursements, round up if the decimal is .50 or higher; round down if it's less than .50. For instance, if a calculation results in a payment of \$516.66, round up to \$517. If the calculation result is \$516.33, round down to \$516.

For a student who is expected to be enrolled for more than one payment period in the award year, a school rounding disbursements would have to alternate rounding up and rounding down to ensure that the student receives the correct amount for the year. For example, if a student had a Scheduled Award of \$1,025 to be paid in two payment periods, the first payment would be \$513 (rounded up from \$512.50), and the second payment would be \$512 (rounded down to ensure that the student isn't overpaid for the year).

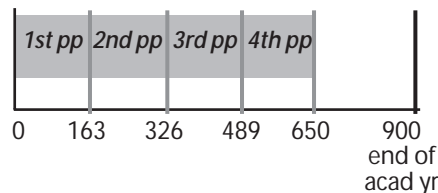
The same principle applies when there are three or more payment periods in the award year. For instance, if the student has a Scheduled Award of \$1,100 and enrolls at a school using quarter terms, the payment for each term would come to \$366.66. If the school is rounding disbursements, the first two payments would be rounded up to \$367, and the last payment would be rounded down to \$366 to reach the total of \$1,100.

More Frequent Payment Periods Example

Sarven Technical Institute decides to have four payment periods for the 650-clock-hour program in which Martha is enrolled. Sarven can determine the number of clock hours in the payment periods by dividing the number of hours in the program by the number of payment periods:

$$650 \div 4 = 162.5$$

The first three payment periods will each be 163 clock hours. The last payment period will have only 161 clock hours (the hours remaining in the program after the first three payment periods).



Because Martha is enrolled for only 10 clock hours a week, her second payment period won't begin until after she's in the 17th week (it will take her that long to complete 163 hours).

More Frequent Payment Periods Cite

34 CFR 668.4(b)(4)

hours in the academic year. If the number of hours remaining in the final year is **less** than half an academic year, the final payment period is the period of time in which the student completes the remaining hours. If the number of hours remaining in the final year is **more** than half an academic year, each payment period in the final year is the period in which the student completes half the remaining hours in the **program**.

Credits not Awarded until End of Program Cite

34 CFR 668.4(b)(3)

More frequent payment periods

A school can establish more frequent payment periods for its programs of study. For example, a school may choose to use monthly payment periods. The payment periods must be equal in number of credit or clock hours, except that a final payment period for a program can be shorter than the other payment periods.

End of payment period

For clock-hour programs and nonterm credit-hour programs, the payment period ends when the student has completed all the credit or clock hours in the payment period. Because the length of a payment period is based on credit or clock hours, part-time students will take more calendar time than full-time students to complete each payment period. However, as we'll discuss in "Calculating the Payment for a Payment Period," the number of weeks of instructional time that is used in the formula to calculate the payment for the payment period is the same for full-time and part-time students.

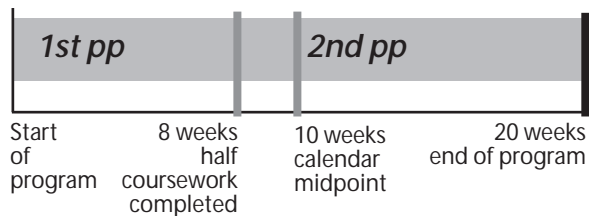
Credits not awarded until later in program

Because the end of a payment period is based on when the student completes the hours in the payment period, there can be a

Credits at End of Program Example

Sarven Technical Institute doesn't award credit to a student in the nonterm 24-quarter-hour program in which Allen is enrolled until the student completes the entire program. Because the program is shorter than an academic year, it must have at least two equal payment periods. Each payment period will be 12 quarter hours.

Because Allen won't be awarded 12 quarter hours before he finishes the program, Sarven adjusts the beginning of the second payment period. The program is 20 calendar weeks in length; the calendar midpoint between the first and last day of enrollment is at the beginning of the 11th calendar week. Sarven considers that Allen has completed half the academic coursework (although he hasn't been awarded any credit hours) by the end of the 8th calendar week.



Sarven may pay Allen for the second payment period at the beginning of the 11th calendar week because this is the later of the two points.

problem if the credits aren't awarded until some time after the student completes the actual coursework. For example, a school may award the student credits only after the student has completed the entire program. In such cases, the school must still determine the payment periods as usual, but can adjust the beginning of the second payment period to account for the student being halfway or more through the year or program without having earned half the credits. The second payment period begins at the later of:

- the calendar midpoint between the first and last day of class or
- the point at which the school considers that the student has completed half of the academic coursework for the year or program.

Excused absences

A school with a clock-hour program can take into consideration “excused absences” in determining whether a student has completed the hours in a payment period. The school must have a written policy permitting excused absences, and the absences must actually be excused—that is, the student won't be required to make up the absences to receive the degree or certificate for the program. The school can't allow the excused absences to exceed 10% of the clock hours in the payment period (or less as required by accrediting agency or state agency policies).

Excused Absences Cite
34 CFR 668.164(b)(3)

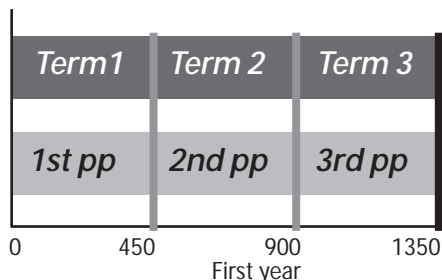
Excused Absences Example

Ivers Community College has a written policy (in accordance with its accrediting agency guidelines) that allows a student to miss up to 50 hours of a 900-clock-hour program. Brendan is enrolled in this program, and misses 20 of his first 450 hours. Because these are excused absences, Ivers can pay Brendan at the same time as it would if he'd completed all the hours when scheduled. Note that although the accrediting agency guidelines in this case allow a student to miss up to 50 hours of the entire program, Ivers couldn't excuse more than 45 hours (10% of the hours) of the payment period.

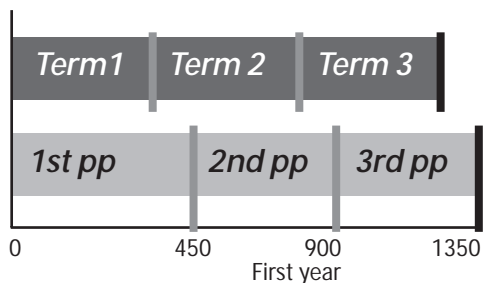
Terms with Clock Hours Example

Eileen enrolls in a 1,350-clock-hour program at Ivers Community College. The program is offered in three terms, each of which is 15 weeks of instructional time. The academic year for this program is 900 clock hours and 30 weeks of instructional time. Each payment period has 450 clock hours.

Eileen enrolls for 450 clock hours in each term in the 2001-2002 award year. Eileen



completes only 400 clock hours in the first term. She won't receive her second payment until she completes the remaining 50 hours from the first term in the second term. The second and third payment periods will still be 450 clock hours, and won't line up with the terms:



**Nonterm Correspondence
Payment Periods Cite**
34 CFR 690.66(b)

Terms with clock hours

The payment periods for clock-hour term programs are determined in the same way as for nonterm clock-hour programs. The student must complete all the clock hours in the payment period before receiving any more Pell funds. If a student doesn't complete all the hours scheduled for a term, each payment period still contains the number of clock hours originally scheduled, even if this means that none of the student's succeeding payment periods coincide with the terms.

Correspondence Programs

Nonterm programs

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, the school can't disburse a Pell payment for the first payment period until the student has completed 25% of the work in the academic year or program, whichever is shorter. It can't make the second payment until the student has completed 75% of the work in the academic year or program.

Term programs

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

**Term Correspondence Payment
Periods Cite**
34 CFR 690.66(c)(4)

Step 4: Determine Payment Periods

Formulas 1, 2, and 3

Payment period is the academic term.

Formula 4

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.

Formula 5A

Length of payment period measured in credit hours

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 may be made only after the student has completed 25% of lessons or otherwise completed 25% of the work scheduled, whichever is later.)

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 lessons or otherwise completed 75% of the work scheduled, whichever is later.)

Formula 5B

Payment period is the academic term

Payment for the payment period may be made only after the student has completed 50% of lessons or otherwise completed 50% of the work scheduled for the term, whichever is later.

Residential training

If the correspondence program has a required period of residential training, the school 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.

CALCULATING THE PAYMENT FOR A PAYMENT PERIOD

Once the school has determined the payment period, it can determine how much of the annual award the student will receive for that payment period. A student can receive a Pell payment only for those terms, or payment periods, in which the student is enrolled. For some students, the total disbursements for all payment periods within the award year will equal the amount of the Scheduled Award. However, students who attend for less than an academic year (in either clock/credit hours or weeks of instructional time) won't receive a full Scheduled Award. This may occur if the student enrolls for only part of the year or attends part time, or if the program is less than an academic year in length. These enrollment variations are taken into account in the calculation of the student's payment for the payment period. The five calculation formulas discussed in this chapter account for these variations differently; therefore, we'll describe the calculation for each formula separately (see "Choosing a Formula," in this chapter for more information on which formula to use).

Formula 1 Calculation Cite

34 CFR 690.63(b)(3), (4)

Formula 1 Example

Helen enrolls full time in Hart University in a degree program offered in semesters. Hart University can use Formula 1 to calculate Pell Grants for students in this program. Helen enrolls in both semesters in the 2001-2002 award year, and her EFC is 752. The Pell COA is \$8,170.

Based on a COA of \$8,170 and an EFC of 752, the full-time Payment Schedule shows that Helen is eligible for an annual award of \$3,000.

To calculate Helen's payment for the semester, Hart divides the annual award by the number of terms:

$$\$3,000 \div 2 = \$1,500$$

Therefore, Helen's payment for each semester is \$1,500; she'll receive the full annual award of \$3,000 if she actually attends full time both semesters.

Formula 2 Calculation Cite
 34 CFR 690.63(c)(3), (4)

Formula 2 Example

Emma enrolls full time in Woodhouse College, which has two semesters, each comprised of 14 weeks of instructional time. Woodhouse College defines the academic year for Emma’s program as 24 semester hours and 30 weeks of instructional time, and uses Formula 2 to calculate Pell Grants for students in this program. Emma’s EFC is 745, and the Pell COA for the program is \$13,210. The full-time Payment Schedule shows that Emma is eligible for an annual award of \$3,000.

Because the two terms provide less than 30 weeks of instructional time, the annual award must be prorated:

$$\begin{aligned}
 & \$3,000 \times \frac{28 \text{ weeks instructional time in fall} \\
 & \quad \text{through spring terms}}{30 \text{ weeks instructional time in} \\
 & \quad \text{academic year of definition}} \\
 & = \$2,800
 \end{aligned}$$

This prorated amount is then divided by the number of terms:

$$\$2,800 \div 2 = \$1,400$$

Therefore, Emma’s payment for the each semester is \$1,400. Emma will receive \$2,800 for her attendance in both semesters. Note that this is less than her Scheduled Award; she may be able to receive the remaining \$200 if she enrolls in a summer term.

Formula 3 Calculation Cite
 34 CFR 690.63

Disbursement not more than 50% of Annual Award Cite
 34 CFR 690.63(f)

Formula 1

For a program using Formula 1, a student will attend less than an academic year only if he or she enrolls part time or doesn’t enroll in all terms in the academic year. The adjustment for part-time enrollment is made in determining the annual award (by using the appropriate part-time Disbursement Schedules). The adjustment for a student not enrolling in all terms is made by dividing the annual award evenly between the terms. If the student doesn’t enroll in a term, he or she won’t receive that part of the award. Therefore, to determine the payment for a payment period, divide the annual award by the number of payment periods in the program’s definition of the academic year (two for semesters or trimesters, three for quarters). If the school has a summer term, it may wish to use an alternate calculation that spreads the award over the summer term as well (see “Summer Terms” in this chapter for more information).

Formula 2

For a program using Formula 2, a student will attend less than an academic year in credit hours only if he or she enrolls part time or doesn’t enroll in all terms (fall through spring) in the academic year. As for Formula 1, the adjustment for part-time enrollment is made in determining the annual award (by looking up the award on the appropriate schedule). Because the fall through spring terms provide fewer than 30 weeks of instructional time, the school must always adjust for less than an academic year in weeks by prorating the annual award:

$$\text{Annual award} \times \frac{\text{weeks of instructional time in fall through spring terms}}{\text{weeks of instructional time in program’s academic year definition}}$$

Then, to adjust for students not attending all terms, the award is divided evenly between terms. To determine the payment for one payment period, divide the **prorated** annual award by the number of terms in the year (two for semesters or trimesters, three for quarters). If the school has a summer term, it can use the alternate calculation to distribute the award over all terms (see “Summer Terms” in this chapter).

Formula 3

Under Formula 3, the school also adjusts for less than an academic year by using enrollment status in determining the annual award and by distributing the award over terms. Because the program may use uneven nonstandard terms, the award can’t simply be divided evenly among the terms. Instead, the school must multiply the annual award by a fraction representing the proportion of an academic year the payment period contains. This procedure adjusts for the period of enrollment that’s less than an academic year either because the student misses a term or because the terms provide less than an academic year of instruction. To calculate a student’s payment for a payment period, the school uses the following formula:

$$\text{Annual award} \times \frac{\text{weeks of instructional time in the term}}{\text{weeks of instructional time in program’s academic year definition}}$$

Formula 3 Examples

Example 1 (nonstandard, short terms)

Aanar is enrolled in a two-year program at Bylsma Conservatory. Bylsma's academic calendar consists of four terms, each providing 8 weeks of instructional time. The school defines the academic year for Aanar's program as 40 quarter hours and 32 weeks of instructional time. Because this program does not use standard terms (semesters, trimesters, or quarters), the school must use Formula 3 to calculate Pell Grant payments for students in this program. Aanar attends all four terms for 10 quarter hours each term in the 2001-2002 award year. His EFC is \$323 and his Pell COA for the academic year is \$11,140.

Determining Enrollment Status and Cost of Attendance

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

$$40 \text{ Quarter Hours } \times \frac{8 \text{ weeks instructional time in the term}}{32 \text{ weeks instructional time in the academic year definition}} = 10 \text{ quarter hours}$$

Aanar is enrolled for 10 hours each term, therefore his enrollment status is full-time for each term. Because Bylsma charges students in this program by the academic year, there is no proration of costs necessary.

Determining Annual Award and Payment Period

Based on a COA of \$11,140 and an EFC of \$323, the full-time payment schedule shows that Aanar's annual award for 2001-2002 is \$3,400. Because this is a term-based, credit-hour program, the payment period is the term.

Calculating the Payment for a Payment Period

To determine Aanar's payment for each payment period, the school uses the following calculation:

$$\$3,400 \times \frac{8 \text{ weeks instructional time in the term}}{32 \text{ weeks instructional time in the academic year definition}} = \$850$$

Aanar's payment for each payment period will be \$850.

Example 2 (short term between two standard terms)

Owen is enrolled in a program at Hart University that has a short 4-week term between two 15-week terms. The terms do not overlap. The academic year for the program is defined as 34 weeks of instructional time and 24 semester hours. Hart could combine the short term with one of the standard terms and calculate Pell Grant payments using Formula 1 (assuming that full-time was defined as 12 semester hours per term). However, Hart chooses not to combine the terms and instead must use Formula 3 to calculate Pell Grant payments for students in this program. Owens's EFC is \$1214, and the Pell COA for the academic year is \$8,745. He enrolls for 6 semester hours in the first and third terms and 3 semester hours in the second term.

Determining Enrollment Status and Cost of Attendance

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

For the first and third terms:

$$24 \text{ Semester Hours } X \frac{15 \text{ weeks instructional time in the term}}{34 \text{ weeks instructional time in the academic year definition}} = 10.58$$

For the second term:

$$24 \text{ Semester Hours } X \frac{4 \text{ weeks instructional time in the term}}{34 \text{ weeks instructional time in the academic year definition}} = 2.82$$

A student must enroll in 11 semester hours (rounded up from 10.58) in the first and third terms, and 3 semester hours (rounded up from 2.82) in the second term, to be full-time. Owen is enrolled half-time in the first and third terms (6 semester hours/11 semester hours = .54) and full-time in the second term.

The COA 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.

Determining Annual Award and Payment Periods

Based on a COA of \$8,745 and an EFC of \$1214, the half-time payment schedule shows that Owen is eligible for an annual award of \$1,250. Because this is a term-based credit-hour program, the payment period is the term.

Calculating the Payment for a Payment Period

To determine Owen's payment for the first and third terms, the school uses the following calculation:

$$\$1,250 \quad X \quad \frac{15 \text{ weeks instructional time in the term}}{34 \text{ weeks instructional time in the academic year definition}} = \$551.47$$

Owen's payment for each of the first and third terms will be \$551.47. To determine his payment for the second term, Hart uses the following calculation (his annual award is \$2,500 according to the full-time payment schedule):

$$\$2,500 \quad X \quad \frac{4 \text{ weeks instructional time in the term}}{34 \text{ weeks instructional time in the academic year definition}} = \$294.12$$

Owen's payment for the second payment period will be \$294.12. He'll receive \$1,397.06 for the entire year. This is less than his scheduled award, but more than the annual award based on half-time enrollment.

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.

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

Formula 4

Unlike under the preceding three formulas, no adjustment for enrollment status is made in determining the annual award under Formula 4. Instead, the school has to perform a comparable proration of the award based on hours enrolled in calculating the payment amount. The calculation for the payment period adjusts the annual award both if the student will be enrolled in fewer credit/clock hours than in a full academic year (an adjustment mainly handled by using different Disbursement Schedules in the other formulas) and if a full-time student will be attending fewer weeks than a full academic year. To adjust for fewer weeks, the school must multiply the annual award by the least of:

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

or

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

or

1⁶

Note that the result of this multiplication won't ever be greater than the original annual award. Because the annual award is the amount for a full-time student, the fractions use the weeks of instructional time needed for a **full-time student** to complete the hours in the program or academic year. The school must determine the weeks of instructional time it takes a full-time student to complete the hours based on the time required for the majority of its full-time students to complete the program or academic year, not student by student.

Then, to adjust for fewer clock/credit hours, the school must multiply this adjusted annual award by the following fraction:

$$\frac{\text{Clock/credit hours in payment period}}{\text{Clock/credit hours in program's academic year definition}}$$

The resulting amount is the payment for a payment period. However, if this amount is greater than 50% of the annual award, the school must make the payment in at least two disbursements. A single disbursement can never be more than 50% of the annual award.

Formula 4 Calculation Cite
34 CFR 690.63(e)(2), (3)

Schedule Requirement Cite
34 CFR 690.66(a)(2), (c)(1)

Nonterm Program Calculation Cite 1
34 CFR 690.66(a)(3)

6. If both fractions are greater than one, the school may need to make adjustments when it reports weeks on the origination record. See Chapter 3.

Formula 4 Examples

Martha is enrolled for 10 clock hours per week in a 650-clock-hour program at Sarven Technical Institute. She begins attending in January 2002. The program provides 27 weeks of instructional time; Sarven defines the academic year for the program as 30 weeks of instructional time and 900 clock hours. Martha's EFC is 0; the Pell COA for less-than-half-time students in the program is \$2,143.

Based on a COA of \$2,143 and an EFC of 0, the full-time Payment Schedule shows that Martha is eligible for an annual award of \$2,150. Note that you always use the full-time payment schedule for formula 4. In this case, you are using a less-than-half-time COA on the full time schedule. Sarven has established four payment periods—the first three are each 163 clock hours, the fourth is 161 clock hours. To calculate Martha's payment, the school uses the following calculations:

$$\$2,150 \quad X \quad \frac{27 \text{ weeks instructional time for program}}{30 \text{ weeks instructional time in the academic year}} = \$1,935$$

$$\$1,935 \quad X \quad \frac{163 \text{ clock hours in the payment period}}{900 \text{ clock hours in the academic year}} = \$350.45$$

Martha's payment for the first payment period will be \$350.45. She can get this payment when she begins the program. She can receive her second payment of \$350.45 after she completes the 163 clock hours in the first payment period. Because she's completing only 10 clock hours a week, the final two payment periods will be in the 2002-2003 award year, and a new calculation will be required based on the 2002-2003 Payment Schedule.

Allen is also enrolled at Sarven Technical Institute; his EFC is 137, and the Pell COA for his program is \$4,650. His program is 24 quarter hours and 20 weeks of instructional time; the academic year for the program is defined as 36 quarter hours and 30 weeks of instructional time. Based on a COA of \$4,650 and an EFC of 137, the full-time Payment Schedule shows that Allen is eligible for an annual award of \$3,600.

Sarven has established two payment periods of 12 quarter hours each for Allen's program. To calculate Allen's payment, the school uses the following calculations:

$$\$3,600 \quad X \quad \frac{20 \text{ weeks instructional time for program}}{30 \text{ weeks instructional time in the academic year}} = \$2,400$$

$$\$2,400 \quad X \quad \frac{12 \text{ quarter hours in the payment period}}{36 \text{ quarter hours in the academic year}} = \$800$$

Allen's payment for the first payment period will be \$800. Allen can receive this payment when he begins the program. Because students don't earn any of the 24 quarter hours in the program until they complete the entire program, Sarven has determined that it can make the payment of \$800 for the second payment period after Allen has completed the tenth calendar week of the program.

Formula 5

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 purposes of the Pell calculation, the school is 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 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

The school first multiplies the annual award (determined from the half-time Disbursement Schedule, in this case) by the least of:

Weeks of instructional time for a student to
complete credit hours in program

Weeks of instructional time in program's academic year definition

or

Weeks of instructional time for a student to
complete credit hours in academic year

Weeks of instructional time in program's academic year definition

or

1

The school then multiplies the result by the following fraction:

Credit hours in a payment period

Credit hours in program's academic year definition

Term correspondence program—Formula 5B

The school multiplies 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:

Annual award	X	$\frac{\text{weeks of instructional time in the term}}{\text{weeks of instructional time in program's academic year definition}}$
--------------	---	---

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

SUMMER TERMS

If a school offers a summer term in addition to fall through spring terms, the school calculates the student's payment for the summer term using the same formula used to calculate the payment for each term within the school's award year. Note that a student may not be

Step 5: Calculate Payment for a Payment Period

Formula 1

$$\frac{\text{Annual award}}{\text{Number of payment periods in the program's academic year definition}}$$

OR

For alternate calculation

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

Formula 2

Proration required unless alternate calculation is used

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

OR

For alternate calculation:

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

Formula 3 and 5B

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

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

Formula 4

Annual award is multiplied by two fractions:

(1) Annual award times the least of

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in **program**}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in **academic year**}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

One(1)

(2) The results of (1) are then multiplied by

$$\frac{\text{Clock/credit hours in payment period}}{\text{Clock/credit hours in program's academic year definition}}$$

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

Formula 5A

Annual award is multiplied by two fractions:

(1) Annual award times the least of

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in **program**}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in **academic year**}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

1 (One)

(2) The results of (1) are then multiplied by

$$\frac{\text{Credit hours in payment period}}{\text{Credit hours in program's academic year definition}}$$

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

able to receive a full award for a summer term as calculated if they have already received funds for fall and spring semesters, and receiving further summer funds would result in exceeding their annual award (see example, p. 48). Or, for a program for which the school calculates awards using Formula 1 or 2, the school can perform an alternate calculation under Formula 1 or 2 that distributes the annual award over all the terms for **all** students enrolled in that program. The alternate calculation is intended for schools where most students attend full time all year long.

Regardless of the method the school chooses to calculate the student's summer payment, the school must apply its definition of full-time status consistently to **all** SFA Programs. In addition, in order to calculate a student's Pell Grant payment under Formula 1 or 2, including the alternate calculation, the school must define full-time enrollment during any summer term as at least 12 credit hours.

Alternate Calculation

To perform the alternate calculation, only provided for under Formulas 1 and 2, the school divides the annual award by the number of terms (including the summer term) in the award year. If the school chooses to use this alternate calculation, the school must:

- use the alternate calculation for **all** students enrolled in the same program of study,
- use the alternate calculation for all payment periods in the award year,
- increase the number of weeks of instructional time in the academic year defined for the student's program to include the number of weeks of instructional time in the summer term, and
- include the costs for the additional term in the Pell COA.

The school may also include the number of credit hours for the additional term in the academic year defined for the student's program.

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.

If the minisessions are combined into a single term (i.e. payment period), the weeks of instructional time in the combined term are the weeks 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.

Nonterm Program Calculation

Cite 2

34 CFR 690.66(a)(4)

Term Program Calculation Cite

34 CFR 690.66(c)(3)

Alternate Calculation Cite

34 CFR 690.63(b)(3)(ii), (c)(4)(ii)

Alternate Calculation Example

Kevin enrolls as a full-time student in a two-year associate degree program at Ivers Community College. The academic calendar for this program uses semesters; there are two semesters in the fall through spring, each providing 14 weeks of instructional time. The program also has a summer semester that provides 14 weeks of instructional time. Ivers can use Formula 2 to calculate Pell Grants for students in the program, and decides to use the alternate calculation to distribute the award over all three terms. The school defines the academic year for Kevin's program as 36 semester hours and 42 weeks of instructional time (both the weeks and the credit hours for the summer term are included in the academic year). Kevin's EFC is 300, and the Pell COA (which includes costs for the summer term) is \$5,200.

Based on a COA of \$5,200 and an EFC of 300, the full-time Payment Schedule shows that Kevin is eligible for an annual award of \$3,500. Ivers uses the alternate calculation to determine Kevin's payment for a payment period. It divides the annual award by the number of terms in the award year:

$$\$3,500 \div 3 = \$1,166.66$$

Kevin will receive \$1,166.67 for two of the three semesters in the year, and \$1,166.66 for one semester in the award year.

Summer Calculation Example

Suppose for the preceding example, Ivers didn't use the alternate calculation, and calculated payments using Formula 2. Because Ivers would no longer be required to include the summer term in the academic year definition, it could define the academic year for the program as 30 weeks of instructional time and 24 semester hours. Ivers would also have to adjust the COA (removing summer costs to reflect the full-time full year costs), although in this case it wouldn't affect Kevin's annual award. Using the same annual award as in the previous example, the school would calculate Kevin's payment as follows:

$$\begin{array}{rcl}
 \$3,500 & \times & \frac{28 \text{ weeks instructional time}}{30 \text{ weeks instructional time in}} \\
 & & \text{in combination of both terms} \\
 & & \text{academic year definition} \\
 & & = \$3,266.67
 \end{array}$$

Ivers would then divide this prorated annual award by 2 (because the program uses semesters) to determine Kevin's payment for the payment period: $\$3,266.67 / 2 = \$1,633.33$.

Kevin would receive \$1,633.33 for full time attendance in each of the fall and spring semesters. He'd receive an additional \$233.34 payment for the summer semester. Note that he cannot receive another payment of 1,633.33 for the summer session, since this would exceed his annual award. Under this calculation, Kevin will receive his full annual award of \$3,500.

The school 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 the minisessions are combined into a single term, a student cannot be paid more than the amount for one payment period for completing any combination of the minisessions. Note that recalculation is required if the student does not begin attending the projected classes, including those in a subsequent minisession. (See "Change in Enrollment Status" in Chapter 5 of this volume.)

If the minisessions are not combined into a single payment period, the school must treat each minisession as a separate nonstandard term. As long as the school defines full-time enrollment in each minisession as at least 12 credit hours, the school must continue to use the same Pell formula as it used during the academic year for the Pell Grant calculations for each of those minisessions. If the school does not define full-time enrollment in each minisession as at least 12 credit hours, Formula 3 must be used for the Pell Grant calculations for each of those minisessions. Further, once a program uses Formula 3 for Pell Grant calculations in any of its terms in an award year, then Formula 3 must be used in the award year for all terms in that program, including the fall through spring terms.

Minisession Example

Example 1 (minisessions combined)

Brian enrolls part time at Hildebrand University. In addition to fall and spring semesters, Hildebrand offers three summer minisessions. Each minisession provides 5 weeks of instructional time. Hildebrand can either combine the minisessions into a single payment period, or treat each session as a separate nonstandard term. The school chooses to combine the sessions into a single payment period providing 15 weeks of instructional time with full-time enrollment in this period defined as 12 semester hours. Hildebrand can use Formula 1 to calculate Pell payments for this summer session.

Brian 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 EFC is \$772 and the Pell COA (for the fall through spring terms) is \$8,170. Based on this information, the three-quarter time payment schedule shows that Brian is eligible for an annual award of \$2,250. To calculate Brian's payment, the school divides the annual award by the number of terms in the academic year: $\$2,250/2 = \$1,125$.

Brian can receive \$1,125 for the combined summer session if it's the first term of the award year, or if he had not used his eligibility for that award year. If he received payments for the fall and spring semesters from the same award year, the school would need to check his remaining eligibility to see how much he could be paid for the summer session (see "checking remaining eligibility").

Example 2 (minisessions treated separately)

*Suppose Hildebrand didn't combine these minisessions. If it defined full-time enrollment, for each 5-week minisession as less than 12 semester hours, it would have to calculate **all** Pell payments for the program using Formula 3. Hildebrand would have to determine Brian's enrollment status for each minisession by multiplying full-time enrollment for the academic year (24 semester hours) by the number of weeks of instructional time in the term (5) over the number of weeks of instructional time in the academic year (30). For each of the 5 week terms, a full-time student must enroll in 4 semester hours ($24 \times 5/30 = 4$) to be full time. Therefore, at 3 semester hours, Brian is still enrolled three-quarter time in each minisession. The Pell COA wouldn't have to be adjusted, and his annual award would remain the same. Hildebrand would determine his payment for each minisession using the following calculation:*

$$\$2,250 \quad X \quad \frac{5 \text{ weeks of instructional time in the term}}{30 \text{ weeks of instructional time in the academic year definition}} = \$375$$

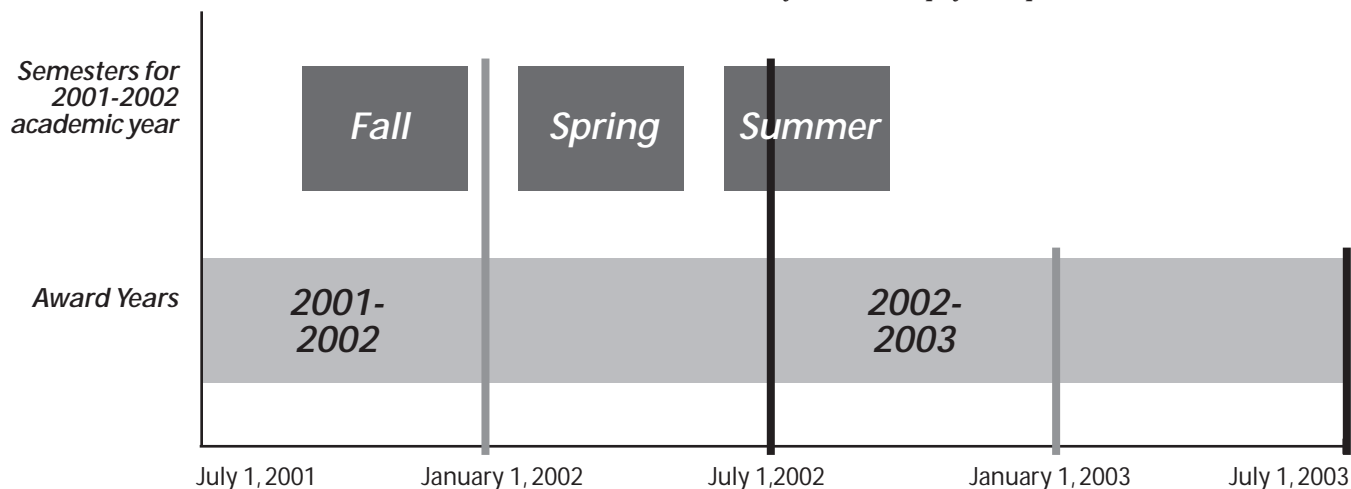
Brian would receive \$375 for each of the minisessions, for a total of \$1,125 for the summer. Again, these payments may need to be reduced if Brian had previously received payments for the fall and spring semesters in the same award year.

COA 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 academic year. For instance, if the school has fall and spring semesters that comprise an academic year, the school 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,

Crossover Payment Period Example

At a school with a traditional term calendar, the summer term is usually a crossover payment period.



Scheduled Award Limitation Cite
34 CFR 690.63(g)

then the costs for the summer term **must** be included in the cost for a full academic year.

Crossover Payment Period Cite
34 CFR 690.64

If the student was previously enrolled in the award year, the school may be able to use the same COA for the summer term that it used for the immediately preceding term that the student attended. However, this isn't possible if the school is required to recalculate the COA. (See Chapter 5 of this volume for information on when recalculations are required.) If it's necessary to base the student's COA on the summer term, the school must prorate the summer costs to establish the cost for an academic year. (See "Calculating the Cost of Attendance" in this chapter for information on prorating costs.)

If the summer session is the first term in the award year for that student (for example, the school is paying a student for the summer 2001 term from the 2001-2002 award year), the school 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, the school may have to recalculate the student's costs for the later term (see Chapter 5).

CHECKING REMAINING ELIGIBILITY

A student can never receive more than a Scheduled Award in one award year.⁷ In most cases, the calculations assure that a student doesn't receive more than a Scheduled Award, but for some students, the school will need to check the student's remaining eligibility before paying the student. In particular, if the student is attending more than an academic year's worth of courses in the same award year, the student could run out of eligibility for Pell. This most commonly happens with summer terms, or crossover payment periods, but can also happen if the academic year is shorter than the normal coursework offered by the school during the year. The school must also check remaining eligibility for transfer students, because the

⁷ As mentioned in the Introduction, the provision allowing students to receive a second Scheduled Award isn't currently funded.

previous school may have used a different calculation or paid the student on a different schedule.

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, it's called a "crossover payment period."

The basic calculation for a crossover payment period is the same as that for any other payment period. However, there are additional provisions for some summer terms. (See "Summer Terms" in this chapter.) In addition, if a student has already received payments for other payment periods in the award year, the school must check his or her remaining eligibility before disbursing funds for the crossover payment period.

Payment from either award year

The school can make a payment for a crossover payment period out of either award year, if the student has a valid output document for the award year selected. However, if more than six months of the payment period are in a given award year, the Pell payment must be made from that award year.

The decision about which award year to use is usually based on the student's remaining eligibility in the earlier award year. For instance, if a student had already been paid for two semesters (each at least 15 weeks) as a full-time student for a full academic year in the 2000-2001 award year, the student would have been paid a full Scheduled Award for that year. However, if the school receives a valid output document for the 2001-2002 award year, the student could be paid for the crossover period from that year's funds. Of course, a student may still be eligible for a summer payment from the earlier award year if the student hasn't attended for a full academic year. For example, a student who enrolls at midyear, in the spring session, might still have eligibility remaining for the summer term. As another example, a student could receive a Pell payment for the summer term, even after receiving payments for the other terms in the award year, if the student attended **part time** in those other terms, or if those terms provided less than 30 weeks of instructional time.

Transfer Students

The school must be careful not to exceed the Scheduled Award when paying a student who has previously received a Pell for the award year at another school. To pay such a student, the school needs the student's application information and EFC from an output document and financial aid history information.

Application information

There are three ways for a school to get the student's application information and official EFC if that school wasn't listed on the FAFSA:

1. If the school participates in EDE, it can have the student provide the Data Release Number (DRN) that is printed on the

Crossover Payment Period Checking Remaining Eligibility Example

Brian is attending part time at Hildebrand University. Using Formula 1, Hildebrand determines that Brian can receive \$1,013 for each term. His Scheduled Award is \$2,813.

Brian enrolls three-quarter time in the fall, spring, and summer terms. For the fall and spring semesters, he'll receive a total of \$2,026. If Hildebrand wants to pay him for summer from the 2001-2002 award year as well, it needs to see how much eligibility he has left. Subtracting the amount already received from the Scheduled Award, Hildebrand discovers that Brian only has \$787 of Pell eligibility left. Therefore, Brian can only receive \$787, instead of \$1,013, for the summer term. Hildebrand could also pay Brian for the summer term from the 2002-2003 term.

Transfer Student Cite 34 CFR 690.65

Midyear Transfer Cite "Dear Colleague" Letter GEN-00-12

Percentage of Remaining Eligibility Cite 34 CFR 690.65(d)

upper right corner of the SAR, so that the school can get the student's data electronically.

2. The school can have the student request a duplicate of his or her original SAR and submit it.
3. The school can have the student correct his or her SAR to add the school's name to the list of schools in items 88 through 98.

Transfer Student Example

Luna attends fall and winter terms at a school using nonstandard terms. She then transfers to Hart University for the spring semester. NSLDS shows that Luna received \$1,003 in Pell payments and had a \$1,700 Scheduled Award. Luna is eligible for a \$2,100 Scheduled Award at Hart. To determine how much Luna can be paid, Hart first figures out what percentage of the Scheduled Award she received at her first school:

$\$1,003 \div \$1,700 = 59\%$ of Scheduled Award used at first school

Subtracting this percentage from 100%, Hart determines that Luna is eligible for 41% of her Scheduled Award at Hart.

$41\% \times \$2,100 = \861

A student with a \$2,100 Scheduled Award would ordinarily receive a \$1,050 payment for one semester (if enrolled full-time). However, Luna can't be paid more than \$861, because she has received 59% of the Scheduled Award at the first school.

Transfer Payments Example

Dmitri transfers to Bylsma Conservatory during the award year and enrolls for two terms. He would ordinarily receive a \$500 payment for each term. However, his remaining eligibility, based on payments at the previous school, is only \$600. Rather than "rationing" this amount by splitting it into two \$300 payments for the two terms, Bylsma must pay Dmitri \$500 for the first term and the remainder (\$100) for the second term. In this way, Dmitri will receive the full payment he's entitled to for the first term, even if he doesn't return for the second term.

Financial aid history

The student's financial aid history is in the National Student Loan Data System (NSLDS) Financial Aid History section of the output document; this section has the information needed to determine a transfer student's remaining Pell eligibility. However, the school will need to make sure it has current information for a midyear transfer student (see "Midyear transfer" below). The school can also get a financial aid history by requesting a financial aid transcript from the other eligible schools the student attended. (See the *SFA Handbook: Student Eligibility [Volume 1]* for more on the financial aid history in general.)

Midyear transfer

To calculate awards for students who transfer during the award year, the school must have up-to-date information on the student's Scheduled Award and the amount disbursed. The output document provides this information for up to three disbursements. However, if the output document was produced early in the year, it won't have the most recent information on the student. The school needs to have NSLDS data from at least 60 days after the end of the student's enrollment at the previous school. This allows time for the previous school to report final changes to RFMS and for those changes to be sent on to NSLDS. A school can either request a duplicate output document, which will have updated NSLDS information if any is available, or can check NSLDS on-line.

The school can also request a Multiple Reporting Record (MRR), which has information on planned and actual disbursements by other schools (see Chapter 3 for information on MRRs). Once again, the school will need to allow some time for any previous schools to have submitted reports. Like the output document and NSLDS, an MRR has all the information needed to check the student's remaining eligibility, but it also has additional information about expected disbursements.

A school can make an initial disbursement to midyear transfer students before receiving the final data as it would to students for whom it had requested but not received a financial aid transcript. Alternatively, the school can request up-to-date transcript data from the previous school. The school can ask the previous school for just the information on the current year and use NSLDS for the remaining financial aid history. (See the *SFA Handbook: Student Eligibility [Volume 1]* for more on NSLDS.)

Calculating the payment

The Pell payment for a transfer student is calculated in the same way as for any new student. That is, the school must divide the annual award (prorated if necessary) into payments for each payment period. However, before paying a transfer student, the school must also make sure the student doesn't receive more than 100% of his or her Scheduled Award during the award year. Thus the school must determine what percentage of the Scheduled Award the student actually received at the previous school. Because the school is determining the relationship between the amount the student received and the Scheduled Award used to determine that amount, the school must use the Scheduled Award reported by the previous school in determining this percentage, and can't correct it on the basis of its own records.

Figuring the percentage of remaining eligibility

To determine the percentage of remaining eligibility, divide the amount disbursed at the previous school by the student's Scheduled Award at that school. Then subtract this percentage from 100%. The result is the maximum percentage of the Scheduled Award that the student may receive at the new school.

The reason for using percentages is that a transfer student may have different Scheduled Awards because, for example, the costs of attendance at the two schools may be different. The percentages are 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.)

Note that a transfer student receives the same payments as any other student until the limit (100% of a Scheduled Award) is reached. The school gives 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.

Formula 1 Summary

Standard-term, credit-hour programs, with 30 weeks of instructional time (or waiver applies)

- *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 equal at least 30 weeks of instructional time, or at least 26 weeks of instructional time if the program was granted a waiver of the minimum 30-week academic year requirement*

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

$$\frac{\text{Annual award}}{\text{Number of payment periods in the program's academic year definition}}$$

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 and the program wasn't granted a waiver of the minimum 30-week academic year requirement

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 nonprorated 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

Proration required unless alternate calculation is used

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

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 compared:

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

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time in the enrollment period to which the costs apply}}$$

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

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

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

Formula 4 Summary

Clock-hour programs and credit-hour programs without terms

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:

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

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time in the enrollment period to which the costs apply}}$$

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)

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 is multiplied by two fractions:

(1) Annual award x the least of:

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

One (1)

(2) the results of (1) are then multiplied by

$$\frac{\text{Clock/credit hours in payment period}}{\text{Clock/credit hours in program's academic year definition}}$$

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

Formula 5A Summary

*Programs of study by correspondence, nonterm correspondence component.
The written 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

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 may be made only after the student has completed 25% of lessons or otherwise completed 25% of the work scheduled, whichever comes last.)

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 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 two fractions:

1) Annual award x the least of

$\frac{\text{Weeks of instructional time for a student to complete credit hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$

OR

$\frac{\text{Weeks of instructional time for a student to complete credit hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$

OR

1 (one)

(2) The results of (1) are then multiplied by

$\frac{\text{Credit hours in a payment period}}{\text{Credit hours in program's academic year definition}}$

Formula 5B Summary

Programs of study by correspondence, nonterm 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:

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

Step 3: Determine Annual Award

Annual award taken from half-time Disbursement Schedule

Step 4: Determine Payment Periods

Payment period is the academic term

Payment for the payment period may be made only after the student has completed 50% of lessons or otherwise completed 50% of the work scheduled for the term, whichever comes later.

Step 5: Calculate Payment for a Payment Period

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

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