

Calculating ACG and National SMART Grants

CHAPTER 4

In this Chapter we will illustrate the amounts a student may receive under the ACG and National SMART Grant programs and show how to determine the correct grant award for each payment period. While these programs share some requirements, they are two separate programs with a number of different requirements. For more detail on ACG and National SMART Grant criteria and eligibility, see Volume 1, Student Eligibility. For more on payment periods, see Chapter 1 of this volume, and for cost of attendance, see Chapter 3 of this volume.

In general, a full-time student may be eligible for two ACG Scheduled Awards: one each for the first and second academic years of the student's enrollment in any ACG-eligible program. A full-time student may be eligible for two National SMART Grant Scheduled Awards: one each for the third and fourth academic years of the student's enrollment in any National SMART Grant-eligible program. A student may never receive more than two ACG or two National SMART Grant Scheduled Awards throughout the student's undergraduate education.

The rules for calculating an ACG or National SMART Grant disbursement for a payment period are identical to the Pell calculations we described in the previous chapter. Like Pell, ACGs and National SMART Grants use a Scheduled Award. However, there are key differences between the Scheduled Award for ACGs and National SMART Grants and the Scheduled Award for Pell. A student's ACG or National SMART Grant Scheduled Award is based only on completing the respective academic year of the student's ACG or National SMART Grant-eligible program.

However, a Pell Scheduled Award is for completing an academic year within an award year. For instance, a student who enrolls in the spring of one year could receive the first half of an ACG Scheduled Award for an academic year in that term and the second half of the ACG Scheduled Award for that academic year in the following fall term, even though the terms take place in two different award years.

The maximum ACG or National SMART Scheduled Award for a particular student depends on the academic year in which the student is enrolled during the student's undergraduate education in eligible programs of study and the availability of funds for all eligible students during the award year. For the ACG Program, the Scheduled Award may be up to the authorized maximum awards of:

- \$750 during the first academic year that an eligible student is enrolled in any ACG eligible program at any school; and

Chapter 4 Highlights

- Academic year definition
- Academic year progression for all eligible programs
- Academic year progression for programs eligible to calculate payments under Formula 1
- Calculating an ACG/National SMART Grant for a payment period
- Summer/Crossover periods
- Transfer Students

Academic Year

Higher Education Act; Section 481(a)
34 CFR 668.3

Annual establishment of ACG/National SMART Grant maximum Scheduled Awards

34 CFR 691.2(d)
34 CFR 691.62

ACG and National SMART Grant Scheduled Awards will be established for each award year based on the available funding. The Department has determined for the 2007-2008 award year, that the Scheduled Awards will not need to be reduced from the authorized maximum awards.

ACG and National SMART Grant Eligible Programs

For ACGs, an eligible program must meet the FSA eligible program requirements and lead to an associate's degree or a bachelor's degree; be a two-academic-year program acceptable for full credit toward a bachelor's degree; or be a graduate degree program that includes at least 3 academic years of undergraduate education. For National SMART Grants, an eligible program must meet the FSA eligible program requirements and lead to a bachelor's degree in an eligible major or be a graduate degree program in an eligible major that includes at least 3 academic years of undergraduate education.

The eligible program differences may affect the award for which a student qualifies. For example, it is possible for a student to complete two academic years in an ACG-eligible program but not immediately qualify as being in the third academic year of a National SMART Grant eligible program. In this case, a student declares a National SMART Grant eligible major at the end of the student's second academic year. The student's school performs a degree audit at that time and determines that only 36 semester hours from the prior two years apply towards the student's National SMART Grant eligible program. As a result, the student is considered to be enrolled in the second year of the National SMART Grant-eligible program and is not yet eligible for a National SMART Grant. We will discuss additional considerations related to this issue later in this chapter.

Academic Year Progression

34 CFR 691.6
DCL GEN-06-18

Case Studies

For detailed case studies on academic year progression see Appendix A to this chapter, posted on the same webpage as Vol. 3 on IFAP.

- \$1,300 during the second academic year that an eligible student is enrolled in any ACG eligible program at any school.

For the National SMART Grant Program, the Scheduled Award may be up to the authorized maximum awards of:

- \$4,000 during the third academic year that an eligible student is enrolled in any National SMART Grant eligible program at any school; and
- \$4,000 during the fourth academic year that an eligible student is enrolled in any National SMART Grant eligible program at any school.

Generally, once a student completes an academic year in an ACG or National SMART Grant eligible program, the student may never receive an ACG or National SMART Grant for that academic year. This requirement is applicable regardless of whether the student received any portion of the award during that academic year. For example, a student completes her second academic year in an ACG eligible program going only part-time. Since a student must be enrolled full-time to be eligible for ACG (or National SMART Grant), she was not eligible for an ACG during her second academic year and never will be eligible for a second-year ACG award. While this principle is generally true, there are considerations that may affect its implementation discussed later in this chapter.

ACADEMIC YEAR PROGRESSION: GENERAL REQUIREMENTS

For purposes of ACGs and National SMART Grants, a student's academic year progression is not based on the student's enrollment in each ACG- or National SMART Grant-eligible program separately, but rather is based on all ACG- and National SMART Grant-eligible programs in which a student has enrolled over the course of the student's undergraduate education.

Academic year

Your school must define the academic year in weeks of instruction and credit or clock hours for each eligible program for which you intend to award ACGs or National SMART Grants. The definition must meet the minimum FSA standards and be the same one used for all other FSA programs. See Chapter 1 of this volume for more on academic year.

To determine the ACG or National SMART Grant Scheduled Award for which a student is eligible, you need to determine how many academic years the student has completed while attending an ACG or National SMART Grant eligible program of study. Generally, to do this, one compares the academic year definition for a student's program of study to the number of credit or clock hours earned by the student and the weeks of instruction attended by the student in ACG-

eligible programs or in National SMART Grant-eligible programs. Remember, for a student to progress from one academic year to the next, a student must complete the minimum number of credit or clock hours AND the minimum number of weeks of instruction in the academic year.

Academic year progression for all eligible programs: exact accounting

In general, a school determines a student's academic year progression during the student's attendance for the first and second academic years in ACG-eligible programs at all schools. Similarly, a school determines a student's academic year progression during the student's attendance for the third and fourth academic years in National SMART Grant-eligible programs at all schools.

Thus, a student's academic year progression is not based on the student's enrollment in each eligible program separately, but rather it is based on all eligible programs in which a student has enrolled over the course of the student's undergraduate education.

A school must determine whether a student's previous enrollment, as measured in both weeks of instruction and credit or clock hours, affects the student's eligibility for an ACG and National SMART Grant in an academic year. For example, a student completes 24 semester hours over three 15-week semesters enrolled in an ACG-eligible program at a school by attending full-time one term and half-time for two terms. Over the three semesters the student has thus completed the 24 semester hours and 30 weeks of instruction of her first academic year. Even though she attended on a full-time basis for only one of the semesters and received only half of the first-year ACG, the student is no longer eligible as a first-year student at any school since the student has completed both the hours and weeks of instruction of the first academic year of enrollment in an ACG-eligible program. Thus, the student would never be eligible to receive the second half of the first-year ACG.

In determining the credit or clock hours of an academic year completed, a school must use the number of credit or clock hours earned by a student at that school or at any other postsecondary schools if those credit or clock hours will be accepted to meet a part of the requirements for the student's ACG- or National SMART Grant-eligible program.

Credit or clock hours earned by a student based on, for example, Advanced Placement (AP) coursework or tests, International Baccalaureate (IB) coursework or tests, testing out, life experiences, or enrollment in an ineligible program or as a nonregular student, must also be included in determining progression in the credit or clock hour component of the academic year if the school uses those credits or clock hours to meet a part of the requirements of the student's eligible program. However, there are no weeks of instruction associated with receiving these credits or clock hours.

Rate of Progression

It is possible for a student to be starting one measure of a new academic year in hours or weeks of instruction while completing the other measure for the prior academic year. For example, Diane attends 18 semester hours per 15-week semester for 4 semesters in a program with an academic year of 24 semester hours and 30 weeks of instruction. At the end of the fourth semester she has accrued the 72 semester hours, thus completing the hours for three academic years. However, while she has completed the hours of three academic years, under an exact accounting, she is considered to be entering the third academic year because she has only attended 60 weeks of instruction. Thus, when she begins her fifth semester, she will begin the hours of a fourth academic year, but the weeks of instruction of her third academic year. In her fifth semester she is considered to be in her third academic year. Remember, when tracking academic year progression for the ACG and National SMART Grant programs, you are tracking progression through the defined academic year in weeks of instruction and hours rather than grade level.

Hours without Weeks

When performing an exact accounting of a student's academic year progression, credits or clock-hours for Advanced Placement (AP) coursework or tests, International Baccalaureate (IB) coursework or tests, testing out, life experiences, enrollment in an ineligible program or as a nonregular student do not have weeks of instruction associated with them. For instance, if a student initially enrolls with more than one academic year of these credits, the student would still be placed in the first academic year because the credits carry no weeks of instruction.

Academic year progression for programs eligible to use Formula 1: assumption method (applicable only to the 2006-2007 and 2007-2008 award years)

Applicable only for the 2006-2007 and 2007-2008 award years, the Secretary provided guidance in Dear Colleague letter GEN-06-18 governing ACG- and National SMART Grant-eligible programs for which a school may calculate payments for payment periods under Formula 1.

Unlike schools with nonterm and nonstandard term programs, schools with programs qualifying for Formula 1 payment calculations have not generally had to monitor their students' completion of the weeks of instruction and credit hours of an FSA academic year. This guidance was intended to relieve these schools' administrative burden during the two initial award years of implementing the ACG and National SMART Grant programs.

Under this guidance, a school is not required to do an exact accounting of a student's academic year progression and may assume that a student has completed the weeks of instruction in the academic year for each increment of the student's credit hours in the academic year. For example, a student who completed 24 semester hours is considered to also have completed 30 weeks of instruction for a program with an academic year of 24 semester hours and 30 weeks of instruction.

In making this determination under the assumption method, any fractions of an academic year are not rounded to include the next term or academic year. For example, a student who completed 27 semester hours is considered to also have completed 33.75 weeks of instruction for a program with an academic year of 24 semester hours and 30 weeks of instruction ($27 \text{ hours earned} \times 30 \text{ weeks of instruction in academic year} / 24 \text{ hours in academic year}$).

A school need not consider whether the credits were earned while enrolled in an ACG- or National SMART Grant-eligible program or were credits earned by a student from AP coursework or tests, IB coursework or tests, testing out, life experiences, or enrollment in an ineligible program or as a nonregular student.

A school may use the assumption method on a student-by-student basis, for the same student for different terms, or for transfer credits but not credits subsequently earned at the school.

Student request for an exact accounting

A school using the assumption method must provide an exact accounting for a student who requests that such a determination be made or who questions whether he or she has completed an academic year.

Degree audits and prior payments

Generally, a school considers all of the hours a student earns to apply to the student's degree program until such time as the school may perform a degree audit to determine the hours that are applicable to the student's degree program. The school is not considered to have erred by relying on the student's progress prior to the degree audit in determining the student's academic year progression for an ACG or National SMART Grant, even though some of the student's prior coursework is no longer considered to be applicable to the student's academic year progression in an ACG or National SMART Grant eligible program.

Based on a degree audit a student may be reclassified to an academic year prior to an academic year for which the student has received payment. The student is not required to return awards for any academic year subsequent to the student's reclassified standing in this circumstance. However, the student may not regain eligibility for any academic year prior to a year for which payment has been received since the student is considered to have completed the academic years in an eligible program through the years for which payment has been received.

Degree Audits and Prior Payments

Once a student receives an award for a particular academic year, the student's eligibility in the earlier years is considered to have elapsed since eligibility is based on attendance in all eligible programs at all schools. For example, Anthony received a third-year National SMART Grant award. A degree audit at the end of his third academic year determined that he only has applicable credits to be in the second academic year of his National SMART Grant-eligible degree program. While there is no repayment of the third-year award, Anthony does not become eligible for a fourth-year National SMART Grant until he has completed the necessary additional credit hours and weeks of instruction of at least 3 academic years in his National SMART Grant-eligible program. Since a student cannot go back to academic years prior to a year for which the student received a disbursement, Anthony cannot be considered a second-year student eligible for his remaining ACG eligibility since the second academic year of an ACG-eligible program must be considered to have elapsed by his receipt of a third-academic-year National SMART Grant.

| Determining Academic Year Progression | | | | |
|---|---|--|---|---|
| Payment Formula Used for Eligible Program | Academic Year Based on <i>Actual</i> Weeks of Instruction and Hours | May <i>Assume</i> Weeks Based on Hours (2006-07 and 2007-08) | May <i>Assume</i> Weeks Based on Accepted Hours for Transfer Students | Must Determine <i>Actual</i> Academic Year Standing if Student Requests |
| Formula 1 | Yes | Yes | Yes | Yes |
| Formula 3, but eligible to use Formula 1 | Yes | Yes | Yes | Yes |
| Formulas 2, 3 and 4 | Yes | No | Yes | Yes, for transfer students |

ACADEMIC YEAR PROGRESSION: ADDITIONAL CONSIDERATIONS

Transfer students

Preamble, November 1, 2006 final regulations (71 FR 64404-64405)
34 CFR 691.65

Transfer students

A school is responsible for determining whether any previous enrollment by a student as measured in weeks of instruction and hours affects the student's eligibility for an academic year. A school may always document a student's attendance in ACG- and National SMART Grant eligible programs at all the schools a transfer student attended to do an exact accounting of the student's academic year progression. An exact accounting is always considered the best method of determining a student's academic year progression.

In addition, any school may assume a transfer student's academic year progression in weeks of instruction based on the credits accepted on transfer into an ACG- or National SMART Grant-eligible program in lieu of performing an exact accounting of a transfer student's academic year progression in ACG- and National SMART Grant-eligible programs at other schools. However, a school must provide an exact accounting for a student who requests that such a determination be made or who questions whether he or she has completed an academic year.

Generally, to the extent a determination does not conflict with information related to grants previously received, when determining the appropriate academic year for a transfer student, the school may rely on the transfer credits accepted, along with the estimated number of weeks of instruction completed in proportion to the academic year of the student's ACG- or National SMART Grant eligible program at the school to which the student transferred. To determine the estimated number of weeks of instruction, the school may use the following formula:

$$\frac{\text{hours accepted on transfer} * \text{weeks of instruction in academic year}}{\text{hours in academic year}}$$

Note that any fractions of an academic year are not rounded to include the next term or academic year.

A student may have previously received an ACG or National SMART Grant for an academic year, or a portion of one. The student's school must consider the student to have completed an eligible program through that academic year, or that portion of an academic year, in weeks of instruction and hours, unless the school has information to the contrary.

However, a school may not be aware that the student completed an academic year in an ACG- or National SMART Grant-eligible program at another school for which he has been paid or does not have information confirming such completion. In this case, the second school may determine the student's academic year progression based on the credits accepted on transfer and the assumed weeks of

instruction. While we do not require schools to track this information, a school must take it into account if it has the information.

In determining the academic year of a transfer student, you need not follow the same policy as is used for assessing weeks of instruction in the student's program of study at your school. For example, you may assume the weeks of instruction based on a student's transfer credits, but pursue an exact accounting of the student's academic year progression going forward in his or her program at your school.

Summer Terms
34 CFR 691.6

Summer terms (Formula 1 and 2 programs)

For a program with a single summer term that is eligible to calculate payments using Formula 1 or 2, the current regulations provide that a school may treat the summer term as though it is the same fraction of the weeks of an academic year as the fraction used to calculate a payment for a payment period. To use this option, the school must apply it to all students enrolled in the program unless a student is requesting an exact accounting of his academic year progression.

Under this option, for an eligible program offered in semester hours or trimesters with a single summer term that provides at least 12 semester or trimester hours of coursework, the summer is considered to be one-half of an academic year in weeks of instruction or, if the academic year is defined to include the summer term, one-third of an academic year in weeks of instruction. For an eligible program offered in quarters with a single summer term that provides at least 12 quarter hours of coursework, one-third of an academic year in weeks of instruction or, if the academic year is defined to include the summer term, one-fourth of an academic year in weeks of instruction.

Extension of ACG and National SMART Grant Eligibility
DCL GEN-06-18

Extension of ACG and National SMART Grant eligibility (applicable only to the 2006-7 and 2007-8 award years)

Generally, a student who has completed the second academic year of an ACG-eligible two-year program is not eligible for an ACG. Similarly, a student who has completed the fourth academic year of a National SMART Grant-eligible program is not eligible for a National SMART Grant.

However, for the 2006-2007 and 2007-2008 award years, we consider a student's second academic year for an ACG or fourth academic year for a National SMART Grant to end when the student has completed the credits required for completion of that academic program, as published in the school's official academic publications. A student may only receive one second-year ACG or one fourth-year National SMART Grant.

For example, a student is enrolled in an associate degree program requiring 60 semester hours to complete. The program has semesters with 15 weeks of instruction and defines its academic year as 24 semester hours and 30 weeks of instruction. The student did not

receive a Federal Pell Grant while earning 48 semester hours over the first four semesters in her program in the award years prior to the 2007-2008 award year and has not received a second-year ACG award even though the student has a 3.0 GPA for the first academic year of attendance. In her fifth semester in the fall of 2007 she is receiving a Federal Pell Grant and may receive half of her second-year ACG award even though the student has completed the weeks of instruction and credit hours of a second academic year.

Grade level and defining an academic year

Schools often define a program's academic year based on the minimum FSA standards. Traditionally, schools have set a higher standard for grade level progression. For instance, a 4-year baccalaureate program might require 120 semester credits for completion and expect a student to earn 30 credit hours to progress from the first to second grade level. Similarly, a 2-year associate degree program that requires 90 quarter hours for completion might adopt a standard of 45 quarter hours for a student to progress from the first to the second grade level. For Stafford loans, you are already using a grade level progression. Though you are not required to do so, you may find it convenient to define the academic year to the same standard as grade level to facilitate making ACG and National SMART Grant awards. In determining whether to define the hours of your academic year as the same standard as grade-level progression, there are a number of issues you may want to consider such as the following:

- The program's grade level standards need to be in equal increments since you must use the same academic year definition across all academic years of the program.
- An individual student's eligibility for a grant may be affected by adopting a different standard. A student's eligibility for the next academic year's award may be delayed by redefining the academic year in hours to coincide with grade-level increments rather than retaining a definition in accordance with the minimum standards.
- The academic year definition affects the determinations of enrollment status for nonterm programs and programs with nonstandard terms. It does not affect the definition of full-time enrollment status for semesters, trimesters, and quarters where full-time must be defined as not less than 12 semester or quarter hours.
- The academic year is also used for FFEL/DL loan proration (the denominator in the loan proration fraction is the number of credit hours in the school's academic year definition). If you change the hours of your academic year definition from 24 semester hours to 30 semester hours, then you must also change the denominator for loan proration, which may impact loan eligibility.
- Grade level may still not synchronize with an individual student's academic year progression depending on an individual student's circumstances.

Academic Year Progression and Grade Level examples

Example 1

Sophia enrolls in Chernivtsi Institute as a full-time student taking 12 semester hours in both the fall and spring semester hours and receives a first-year ACG. Chernivtsi defined the hours component of its academic year to match its 30-semester-hour grade level increments. When Sophia enrolls for 12 hours in the fall term, she will not be eligible for a second-year ACG since she will not have completed the 30 semester hours of the first academic year even though she has completed the 30 weeks of instruction in the first academic year. In her second spring term, she is at second year grade level and is also starting her second academic year. She enrolls full-time and is eligible for a second-year ACG award since she has a 3.1 GPA for the 36 hours of coursework completed in the three previous terms that constituted completing her first academic year.

Example 2

Jackie initially enrolls in Rock Creek College as a full-time student taking 15 semester hours in the fall and spring terms in a 120-hour biology degree program. She also has 30 credits from an ACG-ineligible program upon enrollment. Rock Creek defines its academic year as 30 semester hours and 30 weeks of instruction; the 30 hours match its grade level increments. In determining ACG and National SMART Grant eligibility, the College does an exact accounting of Jackie's academic year progression. For the first two terms, although she is classified as a sophomore, she is eligible for a first-year ACG award since her transfer credits have no weeks associated with them. At the beginning of her second fall term, she is a junior but receives a second-year ACG award. For her last two terms, she is a senior but receives her third-year National SMART Grant.

Grade Level and Defining an Academic Year examples

Example 1

Potter Lake College defines the academic year of Pamela's eligible program as 24 semester hours for progression from one academic year to the next across the program. The college is considering defining its academic year to match the college's grade level policy. However, the college defines grade level 2 as having completed 30 semester hours and grade level 3 as having completed 66 semester hours. Since a defined academic year for a program always has the same number of hours and the grade level increments are not equal, the College cannot define academic year to coincide with grade levels.

Example 2

McCreery College offers a program with an academic calendar of fall and spring semesters, each 14 and 16 weeks of instruction in length respectively, and a summer term of 6 weeks of instruction. McCreery must use Formula 3 to calculate payments since the college defines full-time for the summer term as less than 12 semester hours since the school uses the minimum allowed enrollment status for the summer term. If McCreery changes its academic year from the minimum 24 semester hours to 30 semester hours to match grade-level progression, the minimum full-time standard for the summer term would change from 5 semester hours to 6 semester hours. The change in the academic year definition would not change the full-time enrollment status of 12 semester hours for the semesters.

Hours without weeks

There are several additional considerations in the treatment of “hours without weeks” such as those awarded for AP coursework or tests, IB coursework or tests, testing out, life experiences, or enrollment in an ineligible program or as a nonregular student, because these credits generally carry no weeks of instruction and some categories of these credits can’t be used to calculate the required GPA.

Generally, under an exact accounting, a student’s academic year progression will lag behind the student’s credit or clock hours if these hours include hours without weeks. For example, a student entering college with 24 semester hours of AP credits may have completed the hours necessary for the first academic year but would not have the weeks of instruction for the first academic year. The student would, therefore, be considered a first-year student.

Under the assumption method of determining academic year progression for Formula 1-eligible programs for the 2006-2007 and 2007-2008 award years, a student would be considered to have completed weeks of instruction proportional to these credits.

Under the assumptions method, while credits from enrollment in an ineligible program or as a nonregular student generally will have grades, for credits without weeks based on AP coursework or tests, IB coursework or tests, testing out, or life experiences, there are no grades. If a student has an academic year of credits from these sources and thus also was considered to have the first academic year of weeks of instruction, the student would still not have a GPA to qualify for a second-year ACG award.

Similarly, if a student brought two academic years of credits from these sources to a National SMART Grant-eligible program and thus also was considered to have the two academic years of weeks of instruction, the student would not have a cumulative GPA to qualify for a payment in the student’s first payment period of enrollment in the third academic year. If some or all of the credits without weeks were from enrollment in an ineligible program or as a nonregular student, the school generally would be able to calculate a GPA.

National SMART Grant eligibility and academic year progression

A student’s progression to National SMART Grant eligibility is not dependent on the prior receipt of an ACG award. For example, a student may progress through the first two academic years of his undergraduate education without receiving an ACG award. In his third academic year in an eligible program he may then qualify for a National SMART Grant.

Academic Year and Transfer Credits example

Michelle transfers to Terrapin College with 12 credits accepted on transfer into an ACG-eligible program. She has received all of her first-year ACG Scheduled Award. Terrapin defines its academic year as 24 semester hours and 30 weeks of instruction. Her ISIR shows that she received a first-year Scheduled Award, but Terrapin has no information confirming she completed an academic year while enrolled in an ACG-eligible program because her prior school's transcript does not indicate whether she was enrolled in a degree program. Terrapin, therefore, may consider her to be in her first academic year and not yet eligible for a second academic year ACG Scheduled Award.

However, Michelle challenges this determination and provides Terrapin information confirming her completion of a first academic year in an ACG-eligible program at the prior school. She is now considered to be in her second academic year since academic year progression is generally measured based on attendance in all eligible programs at all schools. Since she has a 3.4 GPA in the 12 hours accepted on transfer, she is eligible for a second-year award in her first term at Terrapin.

Weeks of Instruction and Credits without Weeks examples

Example 1

Eddie graduates from high school in May of 2007 and begins attendance at Shaw College in the fall. Eddie has 25 semester hours of CLEP credit, and Shaw College defines Eddie's program's academic year as 24 semester hours and 30 weeks of instruction.

Shaw's policy is to track actual weeks of instruction to measure a student's academic year progression. Since CLEP credits have neither weeks of instruction nor grades associated with them, even though Eddie has enough credits to complete his 1st academic year, he is still considered to be in his 1st academic year for ACG purposes.

Example 2

Drew graduates from high school in May of 2007 and begins attendance at Woolridge University in the fall. Drew has 45 AP credits, all with a score of 3 or higher. Woolridge defines academic year of Drew's program as 24 semester hours and 30 weeks of instruction.

If Woolridge uses assumed weeks, Drew would have enough credits and weeks to be in his second academic year. However, AP credits do not have a grade associated with them, regardless of their test scores, so Drew cannot receive a second-year ACG, as he did not have a 3.0 or higher GPA in the program at the point he had enough credits to complete his first academic year. Drew is also not able to receive 1st year ACG, as his incoming credits and assumed weeks are sufficient to be considered to have already completed his 1st academic year. If Woolridge chooses to use actual weeks, Drew would be eligible for a 1st year ACG. Woolridge could switch to assumed weeks once Drew has completed his second term, but Drew would then be considered to be in his third academic year and would not be eligible for a second year ACG.

CALCULATING A PAYMENT FOR A PAYMENT PERIOD

Calculating a payment for a payment period

34 CFR 691.63 and 691.76(b)

As previously noted, the requirements for calculating an ACG or National SMART Grant payment for a payment period are exactly the same as Federal Pell Grant program requirements and use the same formulas as the Pell Grant program. ACG and National SMART Grant Formulas 1, 2, 3, and 4 are identical to the corresponding Pell formulas. The school disburses an ACG or National SMART Grant, like Pell, over the hours and weeks of instruction in an eligible program's academic year as defined by the school.

As with Pell Grants, ACG and National SMART Grant Scheduled Awards are divided into at least two payments based on the payment periods in an academic year. The calculation formula you use depends on the academic calendar of a student's eligible program and would be the same formula used to calculate payments of Pell Grants for that academic program. Refer to Chapter 3 of this volume on Pell Grants for a more detailed explanation of these formulas.

A student's payment for a payment period is calculated based on the coursework in the student's ACG or National SMART Grant-eligible program. For a National SMART Grant, the coursework in the payment period may include the courses in the eligible major or other courses that make up the student's eligible program, or both. If a student's payment is calculated based on taking courses in the student's National SMART Grant program without any courses in the student's eligible major, the school must ensure that the student's courses are necessary for the student to complete the student's National SMART Grant eligible program, and in the case of a student with a double major, with only one major being a National SMART Grant eligible major, the student's eligible program includes the coursework for both majors as well as the other courses that make up the eligible program.

Packaging

While a student's payment for a payment period is calculated exactly the same way as the student's Federal Pell Grant, unlike Pell, both ACGs and National SMART Grants are reduced to eliminate an overaward. For more details on how to package ACGs and National SMART Grants along with other FSA, see Chapter 7 of this volume.

Remaining eligibility

A student may have remaining eligibility from a Scheduled Award upon completing the academic year for that award, either because the award amounts were reduced in the packaging process to prevent an overaward or because the student was not otherwise eligible to receive a payment in one or more terms (for instance, if the student was enrolled less than full-time or was temporarily ineligible for National SMART Grant due to a low GPA). In such cases, the student generally

may not receive any of the remaining award amount in a subsequent payment period at any school.

Payment period with two academic years

A student may be completing one academic year in credit or clock hours and weeks of instruction while beginning the next academic year during the same payment period. In this circumstance, the Scheduled Award applicable to the payment period is the award for the academic year being completed. No adjustment is made to the payment period calculation; it is calculated as though all of the weeks and hours of the payment period were part of the applicable Scheduled Award's academic year.

Remaining eligibility in a different award year

The payment periods of a student's Scheduled Award for a particular academic year may fall in two different award years. If the amount of the Scheduled Award for an academic year changes between award years based on the funds available for awards, the school must determine the percentage of the Scheduled Award used in the prior award year to determine the percentage of the Scheduled Award that is available in the subsequent award year.

For example, a student receives \$2,000 from a third academic year National SMART Grant Scheduled Award of \$4,000. The student thus has used 50 percent of the third-year Scheduled Award ($\$2,000/\$4,000 = 50\%$). Due to a reduction of the Scheduled Award to \$3,000 in the subsequent award year, the student may only receive 50 percent of the \$3,000 third academic year Scheduled Award in the subsequent award year, or \$1,500.

Transfer student attending more than one school in an academic year

A student may transfer from a school to a second school during an academic year. The second school may pay a grant only for that portion of the academic year of the student's ACG- or National SMART Grant-eligible program in which the student enrolls at the second school. The payments must be adjusted to ensure that the grant does not exceed the student's Scheduled Award for that academic year. A school must take into account any change in the Scheduled Award for that academic year in determining that the student does not receive more than 100 percent of the Scheduled Award.

Payment Period with Two Academic Years Example

Dan attended the fall and spring semesters at Swampoodle University during his first academic year as a three-quarter-time student and earned 18 semester hours.

Swampoodle defines the academic year of Dan's ACG-eligible program as 24 semester hours and 30 weeks of instruction. In his second fall semester, he registers for 12 hours as a full-time student. Although Dan has completed the weeks of instruction of his first academic year, he still needs to complete 6 semester hours of his first academic year.

Swampoodle must, therefore, determine Dan's payment for the second fall term based on his first-year Scheduled Award. Although only 6 semester hours are applicable to the first academic year, Dan receives a full payment of 1/2 of his first academic year ACG Scheduled Award since he has the remaining eligibility.

If Dan had received all of his Scheduled Award in the first two terms, e.g., he registered and was paid for 24 semester hours but did not complete all of those hours, his payment in the second fall term would be zero since he would still be completing his first academic year in that term but would have no remaining eligibility.

Lump sum payments

You may pay a student ACG or National SMART Grant funds in one lump sum for all prior payment periods for which the student was eligible within the same award year. The student must have completed the prior payment period as a full-time student.

Basic Calculation Case: student progress matches academic year progression

Basic Case: Student progress matches academic year progression

Babineaux Community College defines the academic year for Nate's ACG and National SMART Grant eligible program as 24 semester hours and 30 weeks of instruction. The program has fall and spring semester hours, each 15 weeks of instruction in length. Babineaux uses Formula One to calculate payments for payment periods and determines academic year progression based on an exact accounting, i.e., it does not assume weeks of instruction based on hours completed.

In his first year (2007-2008), Nate is enrolled for 12 credits in the fall semester, and 12 credits in the spring semester. He continues this pattern of enrollment for the next several years.

Babineaux awards Nate 1/2 of a first-year ACG Scheduled Award for each of the first and second semester hours during which he completes his first academic year. Similar payments are made for each succeeding semester from his second-year ACG and third- and fourth-year National SMART Grant Scheduled Awards. As long as receiving these amounts would not create an overaward, Nate would receive the full payment amounts for each semester as shown below.

Although for 2007-2008 there is provision for a student to earn National SMART Grant funds after their fourth academic year, students may only ever receive one fourth academic year National SMART Grant, so in Nate's 5th academic year, he is not eligible for further National SMART Grant funds, as he has already received his fourth academic year National SMART Grant.

| | Fall | | Spring | | |
|-----------|--------------------------------|--|----------------------|--|--|
| 2007-2008 | 12 credit hours | 1st half ACG (Year1) \$375 | 12 credit hours | 2nd half ACG (Year1) \$375 | 24 credits and 30 weeks accumulated, 1st academic year completed |
| | 15 weeks of instructional time | | First academic year | | 15 weeks of instructional time |
| 2008-2009 | 12 credit hours | 1st half ACG (Year2) \$650 | 12 credit hours | 2nd half ACG (Year2) \$650 | 48 credits and 60 weeks accumulated, 2nd academic year completed |
| | 15 weeks of instructional time | | Second academic year | | 15 weeks of instructional time |
| 2009-2010 | 12 credit hours | 1st half National SMART (Year3) \$2000 | 12 credit hours | 2nd half National SMART (Year3) \$2000 | 72 credits and 90 weeks accumulated, 3rd academic year completed |
| | 15 weeks of instructional time | | Third academic year | | 15 weeks of instructional time |
| 2010-2011 | 12 credit hours | 1st half National SMART (Year4) \$2000 | 12 credit hours | 2nd half National SMART (Year4) \$2000 | 96 credits and 90 weeks accumulated, 4th academic year completed |
| | 15 weeks of instructional time | | Fourth academic year | | 15 weeks of instructional time |
| 2011-2012 | 12 credit hours | No longer National SMART eligible | 12 credit hours | No longer National SMART eligible | 120 credits and 120 weeks accumulated, 5th academic year and program completed |
| | 15 weeks of instructional time | | Fifth academic year | | 15 weeks of instructional time |

Calculation Case: assumption method

Gallery Technical Institute (GTI) defines the academic year as 24 semester hours and 30 weeks of instruction for Chuck's National SMART Grant-eligible program. The program has fall and spring semester hours, each 15 weeks of instruction in length, and is 126 credits in length. Gallery uses Formula 1 to calculate payments for payment periods. Under the guidance applicable for the 2006-2007 and 2007-2008 award years in Dear Colleague Letter GEN-06-18, Gallery assumes weeks of instruction based on hours completed.

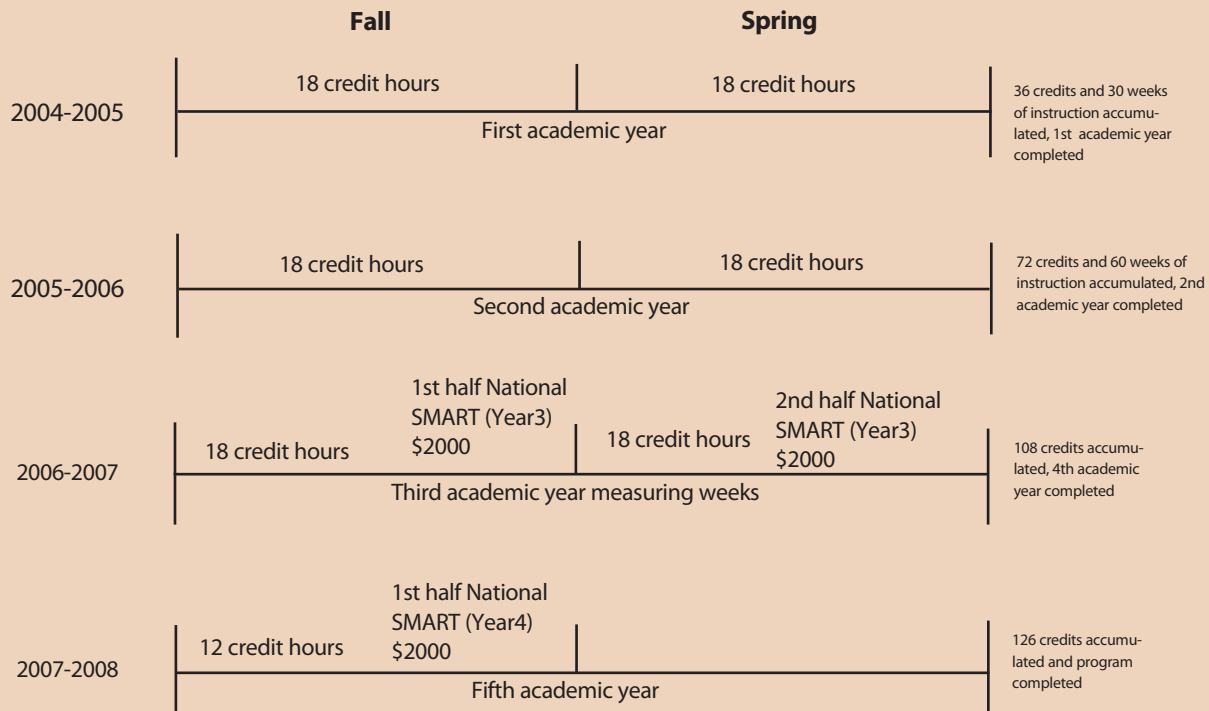
In his first year (2004-2005), Chuck enrolls for 18 semester hours in the fall semester and 18 hours in the spring semester. After he completes the Spring 2004-2005 semester, Chuck has accumulated 36 semester hours, which is enough to complete his 1st academic year. In the fall of 2005-2006, Chuck returns and attends for 18 semester hours. After this semester he has accumulated 54 semester hours. Since GTI assumes that he has enough weeks of instruction to go along with the semester hours necessary to complete his second year (60 weeks), then Chuck can be considered to have completed his second academic year. After completing the 2005-2006 spring term, Chuck now has accumulated 72 semester hours and is considered to have completed his third academic year with 72 semester hours and an assumed 90 weeks of instruction.

In the 2006-2007 terms Chuck receives his fourth academic year National SMART Grant Scheduled Award, 1/2 in the fall semester and, because he only has 90 semester hours through the fall semester, 1/2 in the spring semester. He is no longer eligible for any ACG or National SMART Grant awards after the 2006-2007 award year.

| | Fall | Spring | |
|---------------------------------|---|---|--|
| 2004-2005 | 18 credit hours | 18 credit hours | 36 credits completed and 45 weeks of instruction assumed, 1st academic year completed |
| First academic year | | | |
| 2005-2006 | 18 credit hours | 18 credit hours | 72 credits completed and 90 weeks of instruction assumed, 2nd and 3rd academic years completed |
| Second and third academic years | | | |
| 2006-2007 | 18 credit hours | 18 credit hours | 108 credits completed and 135 weeks of instruction assumed, 4th academic year completed |
| Fourth academic year | | | |
| | 1st half National SMART (Year4) \$2000 | 2nd half National SMART (Year4) \$2000 | |
| 2007-2008 | 18 credit hours | | 126 credits completed and program completed |
| Fifth academic year | | | |

Calculation Case: exact accounting instead of assumption method

Under the same circumstances as the prior example, since GTI knows that Chuck will enroll in the spring 2007-2008 semester, the Financial Aid Director decides that GTI will do an exact accounting of academic year progression as schools are free to do on a student-by-student basis under the Dear Colleague letter guidance. Why do this? The Aid Director is aware that Chuck will not have the weeks of instruction to be considered in his fourth academic year at the start of the fall 2006 term. Chuck will only have completed 60 weeks of instruction by the start of the fall 2006 term. Therefore, his National SMART Grant for 2006-2007 is his third academic year Scheduled Award. When Chuck completes his program in the fall 2007-2008 term he can receive 1/2 of his fourth academic year National SMART Grant Scheduled Award. Thus, based on an exact accounting Chuck gets a total of 1 and 1/2 National SMART Grant Scheduled Awards instead of just one under the assumption method.



SUMMER TERMS & OTHER CROSSOVER PAYMENT PERIODS

Payment periods that span two award years

As with a student's Pell Grant, if the student is enrolled in a payment period that spans two award years, the entire payment period must be considered, for ACG and National SMART Grant purposes, to occur in one award year. If more than six months of the payment period occurs within one award year, you must consider the payment period to occur in that award year. You pay the student with funds from the award year in which the student's payment period is considered to occur with the payment calculated based on the relevant academic year's Scheduled Award for that award year.

You must assign the payment for an ACG or National SMART Grant to the same award year as the student's Pell Grant. Make sure that the assignment does not result in paying a student more than their ACG or National SMART Grant Scheduled Award for the academic year of their program of study.

Enrollment status for summer terms

Students must always be enrolled full-time to receive ACGs and National SMART Grants, even during summer.

At a traditional calendar school with a nonstandard term for summer, you may define full-time summer enrollment as less than 12 credit hours for ACG or National SMART Grant purposes if the nonstandard term minimum enrollment status calculation would allow a lower full-time status than the minimum for a semester, trimester, or quarter. That definition would apply to all FSA programs. Defining full-time for summer as at least 12 credit hours, may allow a school to calculate payments for payment periods using Formula 1 or 2 even though the summer term is a nonstandard term.

RECALCULATIONS

When determining enrollment status for ACGs and National SMART Grants, you must use the same recalculation policy that you use for Pell for term-based programs. If you set a recalculation (census) date for enrollment status, it must be the same date as for Pell. For example, if your school sets a census date of 10 days into the term and a student drops below full-time on that date, then the student is not eligible for an ACG or National SMART Grant for that term. For more detail on the requirements related to recalculations, see Chapter 3 of this volume.

Payment periods that span two award years

34 CFR 691.64

Different Calculation Dates

It is possible for Pell and an ACG or National SMART Grant to be calculated on different dates and have different applicable enrollment statuses for the same term. A school may not initially calculate an ACG or National SMART Grant until after its census date while it calculated the student's Pell Grant prior to the census date (See Chapter 3 of this volume for a discussion of initial calculations).

For both Pell and an ACG or National SMART Grant, the enrollment status is the status at the time the student's award is being initially calculated. For a student whose Pell award is calculated as full-time before the school's census date who then dropped to less than full-time when ACG or National SMART Grant eligibility is determined, the student would not be eligible for an ACG or National SMART Grant for the payment period even though the student remains eligible for a full-time Pell payment.

