

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/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 student who is enrolled **at least half-time** may be eligible for two ACG Scheduled Awards: one each for the first and second years of the student's enrollment at a school in any ACG-eligible program at that school. A student who is enrolled at least half time may be eligible for up to three National SMART Grant Scheduled Awards: one each for the third, fourth and fifth (if the program takes five years to complete) years of the student's enrollment at a school in any National SMART Grant-eligible program at that school. A student may not receive more than two ACG or three National SMART Grant Scheduled Awards (the latter for a five year program) throughout the student's undergraduate education.

For 2009-2010, a half-time student may be eligible to receive an ACG or National SMART Grant. Previously, students had to be enrolled full-time to be potentially eligible. Maximum ACG/SMART Grant awards for students enrolled less than full-time are prorated proportionally to the student's enrollment in the same way as in the Pell Grant Program. For more details on prorating for enrollment status for ACG/SMART (as well as Pell), see Chapter 3 of this Volume. You must calculate and award ACG and SMART Grants using the same basis as for Pell Grants.

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

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 in that term and the second half of the ACG Scheduled Award in the following fall term, even though the terms take place in two different award years.

Chapter 4 Highlights

- Grade level *NEW*
- Calculating an ACG/SMART Grant for a payment period
- Summer/Crossover periods
- Transfer Students

Annual establishment of ACG/SMART Grant maximum Scheduled Awards

34 CFR 691.2(d)
34 CFR 691.62

ACG/SMART Grant Scheduled Awards will be established for each award year based on the available funding. The Department has determined for the 2009-2010 award year, that the Scheduled Awards will not need to be reduced from the authorized maximum awards.

Change from Academic Year to Grade Level

In the 2009-2010 award year, a student's progress and eligibility for ACG/SMART Grants is measured by the student's grade level. This is a change from 2008-2009 and previous years, when a student's progress/eligibility for ACG/SMART was measured by a student's progress through academic years in their program of study.

ACG/SMART changes for 2009-2010

May 1, 2009 Interim Final Regulations, FR Vol. 74, No. 83, pages 20210-20225.

The Ensuring Continued Access to Student Loan Act of 2008 (ECASLA) amends the HEA for the 2009-2010 award year, affecting the ACG/SMART Grant programs. These changes are described in this chapter.

ACG/SMART 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; a two-academic-year program acceptable for full credit toward a bachelor's degree; a one or two year certificate program for a 1st year ACG, or a 2 year certificate program for 2nd year ACG; or be a graduate degree program that includes at least 3 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 years of undergraduate education.

Duration of ACG/SMART Student Eligibility

34 CFR 691.6

The maximum ACG/SMART Grant Scheduled Award for a particular student depends on the **grade level** in which the student is enrolled during the student's enrollment at a school 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 year of undergraduate education that an eligible student is enrolled in any ACG eligible program at any school; and
- \$1,300 during the second year of undergraduate education 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 year of undergraduate education that an eligible student is enrolled in any National SMART Grant eligible program at any school;
- \$4,000 during the fourth year of undergraduate education that an eligible student is enrolled in any National SMART Grant eligible program at any school; and
- \$4,000 during the fifth year of undergraduate education that an eligible student is enrolled in any National SMART Grant eligible program at any school that takes five years to complete.

GRADE LEVEL: GENERAL REQUIREMENTS *NEW*

For purposes of ACG/SMART Grants, a student's grade level is based on the student's enrollment in ACG/SMART Grant-eligible programs at the school the student is currently attending. Note that this is a change from prior years, when one was required to track a student's academic year progression in a student's course of study.

Grade level

Your school must define the grade level for each eligible program for which you intend to award ACG/SMART Grants. The definition must meet the minimum FSA standards and be the same one used for all other FSA programs. See Chapter 6 of this volume for more on grade level.

To determine the ACG/SMART Grant Scheduled Award for which a student is eligible, you need to determine the student's grade level in their ACG/SMART Grant eligible program.

These credits would include credit or clock hours earned at the school as well as credit or clock hours accepted on transfer into that student's ACG/SMART Grant-eligible program. In addition, you must include any credit or clock hours credited towards the student's ACG/SMART Grant-eligible program from Advanced Placement (AP) programs, International Baccalaureate (IB) programs, testing out, life experience, or similar competency measures or hours earned while not enrolled as a regular student in an eligible program, to the extent that they are included in accordance with your school's policies concerning grade level classification for an eligible program.

Transfer credits

Transfer credit or clock hours are counted towards grade level in accordance with your school's policies concerning grade level classification for an eligible program.

Grade Level for ACG/SMART

The student's grade level for ACG/SMART purposes must be the same grade level as you use for determining annual loan limits for the FFEL and Direct Loan programs.

National SMART Grant eligibility and prior ACG

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 grade levels of his undergraduate education without receiving an ACG award. In his third year in an eligible program he may then qualify for a National SMART Grant. However, the same student would not be eligible for ACG in his third year because he had not previously received it; a student may only receive the ACG or SMART Grant that corresponds to the student's current grade level.

Transition from using academic year

Awards for some continuing students may be affected as they progress to the comparable point in grade level that they were previously deemed to have reached in an academic year in the 2008-2009 award year. However, most of these students will still be eligible to receive the same amount of grant funds over their entire period of enrollment.

A student who received a third-academic-year SMART Grant Scheduled Award in the 2008-2009 award year, for example, may now be considered to be in the second year grade level of his or her SMART Grant-eligible program in the 2009-2010 award year. That student would no longer be eligible for a SMART Grant until the student advances to the fourth year of his or her SMART Grant-eligible program. However, in this example, although the student has already received a third-year SMART Grant Scheduled Award, the student may be paid for any remaining eligibility for a second-year ACG Scheduled award, if otherwise eligible, because only the student's grade level is the determining factor.

Some students will no longer be eligible to receive the same amount of grant funds over their entire period of enrollment. For example, a student initially enrolled in the fall of 2008 with 30 semester hours based on Advanced Placement courses and received a first-academic year ACG Scheduled Award in the 2008-2009 award year due to having no weeks of instructional time. In the student's first year the student earned an additional 30 semester hours, and would now be considered to be in the third-year grade level of his or her eligible program in the 2009-2010 award year. The student would not be eligible for a second-year ACG in 2009-2010. The student could receive a third-year SMART Grant, if he or she met the other SMART Grant eligibility criteria.

CALCULATING A PAYMENT FOR A PAYMENT PERIOD

As previously noted, the requirements for calculating an ACG/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/SMART Grant Formulas 1, 2, 3, 4 and 5 are identical to the corresponding Pell formulas. The school disburses an ACG/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/SMART Grant Scheduled Awards are divided into at least two payments based on the payment periods in a 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/SMART-eligible program. For a National SMART Grant, 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, ACG/SMART Grants are reduced to eliminate an overaward. For more details on how to package ACG/SMART Grants along with other FSA, see Chapter 8 of this volume.

Remaining eligibility

A student may have remaining eligibility from a Scheduled Award upon completing the grade level 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 half-time or was temporarily ineligible for National SMART Grant due to a low GPA). In such cases, the student may not receive any of the remaining award amount in a subsequent payment period at any school.

Calculating a payment for a payment period

34 CFR 691.63, 691.66 and 691.76(b)

You must use the same basis for awarding and making ACG/SMART Grants as you use for awarding and making Pell payments.

Awards for one-half and three-quarter time

34 CFR 691.62

Students enrolled at least half-time may be ACG/SMART eligible beginning in the 2009-2010 award year. Scheduled Awards for such students are simply multiplied by .75 for three-quarter-time enrollment, and by .5 for half-time enrollment.

Lump sum payments

You may pay a student ACG/SMART Grant funds in one lump sum for all prior payment periods for which the student was eligible within the same award year. The payment is based on the number of credits the student completed.

Payment period with two years

A student may be completing one year in credit or clock hours while beginning the next grade level during the same payment period. In this circumstance, the Scheduled Award applicable to the payment period is the award for the grade level 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 grade level. However, the student's payment may be reduced if there is not sufficient remaining eligibility in the applicable Scheduled Award.

Remaining eligibility in a different award year

The payment periods of a student's Scheduled Award for a particular year may fall in two different award years. If the amount of the Scheduled Award for a grade level 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-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 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 and be classified at the same level. The second school may pay a grant only for that portion of the grade level of the student's ACG/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 grade level. A school must take into account any change in the Scheduled Award for that grade level in determining that the student does not receive more than 100 percent of the Scheduled Award.

SUMMER TERMS & OTHER CROSSOVER PAYMENT PERIODS

Payment periods that span two award years

As with a student's Pell Grant, if a student is enrolled in a payment period that spans two award years, the entire payment period must be considered 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/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/SMART Grant Scheduled Award for the grade level of their program of study.

Enrollment status for summer terms

Students must always be enrolled at least half-time to receive ACG/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/SMART 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 ACG/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 half-time on that date, then the student is not eligible for an ACG/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/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/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/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 at least half-time when ACG/SMART eligibility is determined, the student could be eligible for an ACG/SMART Grant for the payment period as a 1/2 time student.

