

# Cost of Attendance (Budget)

## CHAPTER 2

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

This chapter picks up at the point where you have established the student's Expected Family Contribution (EFC). See the *Application and Verification Guide* for more information on EFCs, and *Volume 1* for more information on basic student eligibility requirements. Most schools establish average costs for different categories of students and set these cost categories in EDExpress or other software that they use to determine awards and package aid. The typical costs that you establish for your students will be used to calculate their FSA award amounts and package their aid.

### Chapter 2 Highlights

#### Allowable Costs

Determined by school, taking into account:

- Tuition and fees
- Books, supplies, transportation, miscellaneous
- Room and board
- Dependent care
- Study abroad expenses
- Disability expenses
- Employment expenses for co-op study
- Loan fees
- Less-than-half-time enrollment
- Correspondence study
- Incarcerated students

#### Professional judgment exceptions

#### Costs met from other sources

#### Basis for costs

- Campus-Based awards, TEACH Grants, and Direct Loans based on costs for period of enrollment
- Pell always based on full-year costs for full-time student

## ALLOWABLE COSTS

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

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

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

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

The types of costs that may be included are the same for all FSA programs. For the Campus-Based, TEACH Grant, and Direct Loan programs, the COA, based on the student's enrollment status, is a student's cost for the period for which the aid is intended. For Pell Grants and Iraq and Afghanistan Service Grants, the COA is always the full-year costs for a full-time student, so you may have to prorate actual or average costs up for students who are attending less than an academic year (or who are less than full time in a term-based program) or prorate down for students who are attending for periods longer than an academic year. We'll discuss this at the end of the chapter. As explained above, the types of costs included in the COA are determined by law in accordance with section 472 of the HEA. These costs, as described below, are the only costs that may be included in a student's COA. If a cost is not listed below, it may not be included as part of the COA.

A student's COA is the sum of the following:

- **The tuition and fees normally assessed for a student carrying the same academic workload.** This includes graduation fees, if incurred while the student is still enrolled and when required by the program

and paid by all students, and costs of rental or purchase of equipment (including equipment for instruction by telecommunications), materials, or supplies required of all students in the same course of study.

- **An allowance for books, supplies, transportation, and miscellaneous personal expenses.** This allowance can include:
  - A reasonable amount, as determined by your school, for the documented **rental or purchase of a personal computer** that the student will use for study for the enrollment period. For example, a computer purchased in the summer for use in the fall term may be included.
  - Costs for **operating and maintaining a vehicle that is used to transport the student to and from school**, but not for the purchase of a vehicle.
  - Costs incurred by a student for a **prior learning assessment** (e.g., an exam or a portfolio evaluation).

Note that if the requirements of 34 CFR 668.164(c)(2) are met, an allowance for books and supplies may be included as part of the tuition and fees component of the COA. For details on these requirements, see the section on “Institutional Charges” in *Chapter 2* of *Volume 4* of this Handbook.

For all eligible students who could receive Title IV funds 10 days before the beginning of a payment period, you must, by the seventh day of the payment period, provide a way for eligible students to obtain or purchase the books and supplies applicable to the payment period. For more on the timing of disbursements, see 34 CFR 668.164(m) and *Volume 4*.

- **An allowance for room and board.** For all students, schools must include in their COA an allowance for room and board. For students residing in institutionally owned or operated housing, the allowance should be based on the amount normally assessed most of the school’s institutionally-housed residents for room and board. For all other students, the allowance should be based on the expenses reasonably incurred by each type of student for room and board.

For students living in housing located on a military base or housing for which they receive a military housing allowance (Basic Allowance for Housing, or “BAH”), the room and board COA component must include an allowance for board only. This applies to:

- Independent students who receive, or whose spouses receive, a BAH or who live on a military base; and
- Dependent students who are living with parents who are receiving a BAH or who live on a military base.

- **For a student with dependents, an allowance for costs expected to be incurred for dependent care.** This covers care during periods that include but are not limited to class time, study time, field work, internships, and commuting time for the student. The amount of the allowance should be based on the number and age of such dependents and should not exceed reasonable cost in the community for the type of care provided. Because students are often unaware of this allowance, schools should explain the availability of the dependent care allowance when counseling students and tell them how to request that an allowance for dependent care be included in their COA.
- **An allowance for the one-time direct costs of obtaining a first professional license or certificate for students who are enrolled in a program that requires such professional licensure or certification.** This allowance may only be provided one time per student per eligible academic program. Examples of allowable costs include fees charged to take a licensing exam, costs of applying for and obtaining the license or certification, and, at the discretion of the school, costs incurred in traveling to a residency interview for a medical student. Under this provision, the costs must be incurred during (not after) a period of enrollment, even if the exam is after the end of the period. You may include costs of attending a required conference, but only if these costs are included in the standard cost of the program for which the conference is required. Including these costs does not require exercising professional judgment, as they will be included as a cost of the program for all students in the program.
- **For study abroad programs approved for credit by the student's home school, reasonable costs associated with such study.**  
For example, U.S. citizens may count VISA/passport costs when studying at a foreign school.
- **For a student with a disability, an allowance for expenses related to the student's disability.** These expenses include special services, personal assistance, transportation, equipment, and supplies that are reasonably incurred and not provided by other agencies.

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

- **For students engaged in a work experience through a cooperative education program, an allowance for reasonable costs associated with such employment.**

- **For students receiving loans, the fees required to receive them (for example, the loan fee for a Direct Loan).** You may also include the fees required for non-federal student loans that must be considered estimated financial assistance (EFA) for the student when packaging aid. In all cases, you can either use the exact loan fees charged to the student or an average of fees charged to borrowers of the same type of loan at your school. To be included in the COA, any loan fees for private loans must be charged to the borrower during the period of enrollment for which the loan is intended.
  
- **For less-than-half-time students,** COA can include only:
  - Room and board for a limited duration. Schools have the option to include in the COA for a less-than-half-time student an allowance for room and board for up to three semesters (or equivalent), with no more than two of the semesters being consecutive at any one school. You are not required to monitor COA components from other schools attended by the student;
  - Tuition and fees;
  - An allowance for books and supplies;
  - Transportation (but not miscellaneous and personal expenses); and
  - An allowance for dependent-care expenses.
  
- **For students engaged in correspondence study,** COA can include only tuition and fees, which often include books and supplies. If the costs of books and supplies are separate, then they may also be counted in the COA. If the student is fulfilling a required period of residential training, the COA can also include required books and supplies, an allowance for travel, and room-and-board costs specifically incurred for the period of residential training (as mentioned in *Chapter 1 of Volume 1*, a student isn't eligible to receive FSA aid for correspondence courses unless the student is enrolled in an associate, bachelor's, or graduate-degree program).
  
- **For incarcerated students,** COA can include only tuition and fees and required books and supplies. Remember that an incarcerated student is ineligible for Title IV loans, and if the student is in a federal or state penal institution, the student is ineligible for Pell Grants as well.

## ADDITIONAL COA CONSIDERATIONS

### *Periods of non-attendance*

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

### *Adjustments for special circumstances*

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

### *Limitations to tuition and fees component*

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

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

**Overtime charges:** Some schools may assess overtime charges for students who fail to complete their academic programs within the normal time frame. Section 472 of the HEA defines COA as the tuition and fees normally assessed a student carrying the same academic workload required of all students in the same course of study. Since overtime charges are not charges that are normally assessed (they are in addition to normal tuition and fees), they may not be included in a student's COA for Title IV purposes, and therefore Title IV funds may not be used to pay overtime charges, even if a school obtains a student's (or parent's) authorization to do so.

This restriction applies to both clock-hour and credit-hour programs. For example, some clock-hour programs assess “overtime charges” for students who don't complete their programs within an established timeframe. Some credit-hour programs charge additional tuition or fees for each course a student takes if the student fails to complete a program within an established timeframe. In both cases, such charges may not be counted

in the Title IV COA, and Title IV funds may not be used to pay for the additional charges.

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

*Payment plans example*

Large Midwestern University (LMU) charges full-time students \$10,000 per semester in tuition, payable either at registration, or, in a new alternative payment plan, over the course of the semester, in four payments of \$2,600 each, for a total of \$10,400. LMU may establish the alternate payment plan, but can’t use Title IV funds to pay for the \$400 in additional costs incurred by students or families who opt to use the plan.

**Test prep class costs:** You may not include the costs of a test prep class that is not part of a student’s eligible program in the student’s COA.

**Prohibitions on charging fees and penalties:**

You may not:

- Request from or charge any student a fee for processing or handling any application, form, or data required to determine eligibility for, and amount of, Title IV HEA program assistance; or
- Impose any penalty on a student because of a student’s inability to meet their financial obligations to the school as a result of the delayed disbursement of the proceeds of a Title IV loan due to compliance with Title IV requirements, or delays attributable to your school.

**Prohibitions on charging fees and penalties**

34 CFR 668.14(b)(3)

34 CFR 668.14(b)(21)

*Checking foreign diplomas*

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

*Documentation of exceptional expenses*

The law doesn’t specify what documentation you must collect for expenses such as dependent care or disability-related expenses. You can

document these expenses in any reasonable way, such as documenting an interview with the student or obtaining a written statement from the student or other appropriate sources.

#### *Alternate example of waived or paid COA component*

Montero University charges all full-time students the same tuition charge. However, in-state students receive a voucher to cover the difference between what most states consider in-state versus out-of-state tuition. Montero has two options:

- The first option would be for Montero to include the same tuition charge in the full-time COA for all students and include the amount of the voucher as EFA in the financial aid packages for in-state students.
- The second option would be for Montero to exclude the amount of the voucher from both COA and EFA because the voucher must be used to explicitly pay a specific component of the COA. Regardless of the option Montero chooses, it must apply the option consistently.

#### *NCAA Considerations*

The “Power Five” conferences (The ACC, Big Ten, Big 12, Pac 12, and SEC) of the National Collegiate Athletic Association (NCAA) have voted to expand their athletic scholarships to cover the full COA for athletes. Previously, only the components listed under “Allowable costs in general” in this chapter were included in COA. This change only applies to the schools in the Power Five, but may also be adopted by other Division I participating schools, at their discretion.

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

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#### **Treatment of EFA component of COA**

HEA Section 480(j)  
[DCL GEN-06-05](#)

#### *Treatment of estimated financial assistance component of COA*

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

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

When awarding aid, you may not count toward the student’s COA any costs incurred in any payment period before the program gained Title IV eligibility, nor any costs incurred in periods that the student has already completed. For more details on how programs gain Title IV eligibility, see *Volume 2, Chapter 5* of the *FSA Handbook*.

#### *Changes in Pell Grant COA*

For more on when changes in Pell COA necessitate a recalculation of a Pell award, see *Chapter 3* of this volume.

### *COA for intersessions and modules*

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

### *Costs waived or paid by other sources*

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

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

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

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

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

### *WIOA reimbursement contracts*

Some WIOA contracts operate on a reimbursement basis; that is, the student must fulfill the terms of the contract before WIOA will reimburse the school for tuition and fee costs. If the student doesn't fulfill the terms of the contract, the school is left with an unpaid tuition and fees charge. The school

isn't permitted to hold the student liable for the unpaid tuition and fees. Contracts are established this way to offer schools an incentive to properly train and place students enrolled in the training programs. However, if a tuition and fees charge is included in an FSA aid recipient's budget, the student would be liable for any outstanding charges that are not reimbursed by WIOA. Therefore, schools that enter into reimbursement contracts must remove the tuition and fees component from the FSA budget because, under these contracts, schools are prohibited from holding the student liable for outstanding charges.

#### *Free room and board/tuition waivers example*

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

#### *Effects of waivers on COA*

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

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

#### *Cost of attendance for a distance education student*

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

#### *Costs for full program charged at start*

A school may charge the total tuition cost for a program at the beginning of the first period of enrollment. If the program is longer than an academic year, for Direct Loans and Campus-Based aid, the tuition costs apply only to the first period of enrollment. For example, if a school charges the entire \$10,000 tuition cost for a program up front, the \$10,000 will be included in the first academic year's COA when packaging Direct Loans and Campus-Based aid but would not be included in the second academic year's COA components. For Pell Grants, you must prorate these charges to reflect the academic year in accordance with the procedures outlined in *Chapter 3*. See also the example of apportioning costs that are charged up front in *Volume 4* of the FSA Handbook.

## Pell Grant cost of attendance for a consortium program

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

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

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

## Pell Grant cost of attendance for a co-op program

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

For the rest of the year, your school can either use the 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 your school's overall policy on recalculating for changes in a student's costs. (See the discussion of Pell Grant recalculations in *Chapter 3* of this volume for more information.) Note that the COA can also include employment-related expenses.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

OR

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

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

## Pell Grant awards and COA with mixed enrollment status

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

In the spring semester, Ryne drops to less-than-half-time enrollment status. Ryne's COA is also reduced, as less-than-half-time enrollment means that not all of his previously included COA elements may be included in his Spring COA used for Pell calculation. Ryne's EFC remains at zero. Maddon may not include in Ryne's spring COA for Pell calculation miscellaneous personal expenses or room and board if Ryne has exhausted his less-than-half-time room and board allowance (three semesters or equivalent in total, no more than two of which may be consecutive at any one school).

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

## COSTS FOR PERIODS OTHER THAN NINE MONTHS

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

When calculating for periods other than nine months, be sure to use the rules for the corresponding EFC type. There are three types of EFC for periods other than nine months, each with their own treatment:

- EFC for dependent students;
- EFC for independent students without dependents other than a spouse; and
- EFC for independent students with dependents other than a spouse.

For a full discussion of the treatment for these various EFC types, see *Chapter 3 of the Application and Verification Guide (AVG)*.

### *Adjusting costs for Pell Grants*

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

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

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

There are two ways to prorate Pell costs, as shown in the previous examples. Pell Grant Cost Examples 1 and 2 are based on a program that is shorter than an academic year. Pell Grant Cost Example 3 shows how costs are prorated when they are charged for a program that is longer than

an academic year. Note that prorating the COA usually does not affect the amount of Pell Grant the student receives. However, you're required to report the full-time, full-year Pell budget when reporting disbursements to COD.

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

#### *Costs for periods other than nine months example*

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

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

For Pell Grants, the full 9-month EFC must always be used regardless of the actual period of attendance of the student. You could either use an average tuition cost for a full-time, full-year student in the program or prorate the student's actual tuition for the fall term to arrive at a full-year, full-time cost. Costs for living expenses may also be average costs for a full academic year—if a full-year average cost is used, it doesn't have to be prorated for Pell Grant awards.

