

# The Federal Pell Grant Program & Iraq and Afghanistan Service Grants

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## Introduction

This volume of the *Federal Student Aid Handbook* provides information to assist schools in determining student eligibility for and calculating Federal Pell Grants, Iraq and Afghanistan Service Grants, and Children of Fallen Heroes Awards.

## Content and organization of new Volume 7

This volume is new to the Federal Student Aid Handbook for 2023-24. It consolidates into a single volume most of previous *Volume 3, Chapter 3* (“Calculating Pell and Iraq and Afghanistan Service Grant Awards”), guidance on Pell Grant cost of attendance issues from *Volume 3, Chapter 2*, the information on Pell-specific eligibility requirements in *Volume 1, Chapter 5*, and guidance on Pell Grant overawards from *Volume 4, Chapter 3*.

*Volume 7* is divided into eight chapters and one appendix:

- Chapter 1: Pell Grant, Iraq and Afghanistan Service Grant, and Children of Fallen Heroes Award Eligibility
- Chapter 2: Calculating Pell Grants
- Chapter 3: Pell Grant Enrollment Status and Cost of Attendance
- Chapter 4: Calculating Annual Awards using Pell Grant Formulas
- Chapter 5: Summer Terms, Crossover Payment Periods, and Year-Round Pell
- Chapter 6: Transfer Students and Remaining Eligibility
- Chapter 7: Initial Calculations, Recalculations, and Overawards
- Chapter 8: Pell Grant and Iraq and Afghanistan Service Grant Lifetime Eligibility Used (LEU)
- Appendix A: Pell Formula Summaries

Some sections were moved or retitled to better align topics and assist with narrative flow. Use the search feature to find sections that may have been relocated or renamed.

Some Pell Grant, Iraq and Afghanistan Service Grant, and Children of Fallen Heroes Award content was partially or fully duplicated in more than one section of the FSA Handbook. We have attempted to eliminate duplicative content, while ensuring that all relevant information previously in other volumes has been included in the new *Volume 7*.

The following sections were removed from *Volume 7*:

- Pell Grant Administrative Cost Allowance – this section was previously part of *Volume 3, Chapter 3*. It is fully discussed in *Volume 4, Chapter 1*.
- Pell eligibility for religious orders – this section was previously in *Volume 1, Chapter 5*. This guidance is now in *Volume 1, Chapter 1*.

## Significant changes for 2023-24

Throughout *Volume 7*, all dates, award years, and dollar values have been updated to reflect the 2023-2024 processing year. Also, where appropriate, links and publications associated with FSA’s Partner Connect and Knowledge Center have been properly updated. We have simplified the examples by eliminating the use of fictitious school and student names.

*Chapter 1* includes information on general eligibility for Pell Grants, Iraq and Afghanistan Service Grants, and Children of Fall Heroes Awards. The “Pell for incarcerated students” section was updated to reflect changes established by the *FAFSA Simplification Act*.

*Chapter 3*, which discusses enrollment status and cost of attendance requirements for Pell Grants, was updated to reflect changes to cost of attendance elements established in the *FAFSA Simplification Act*.

*Chapter 4* consolidates into a single chapter the guidance on Pell Formulas 1-5 that was previously divided between the body of *Volume 3, Chapter 3, Appendix A, and Appendix B.*

References to “minisessions” in *Chapter 5* were updated to “modules” to align with terminology used in *Volume 3, Chapter 1* in the discussion of academic calendars.

*Chapter 8* includes an update to Pell LEU restoration eligibility established in the *FAFSA Simplification Act.*

*Appendix A* (previously *Appendix C*) now contains summaries of Pell Formulas 1-5.

## Chapter 1

# Student Eligibility for Pell Grants, Iraq and Afghanistan Service Grants, and Children of Fallen Heroes Awards

## General Eligibility Requirements for Federal Pell Grants

In general, a student must be enrolled in an undergraduate course of study at a non-foreign institution to receive a Pell Grant. For the Pell Grant program, a student is an undergraduate only if the student has not earned or completed the requirements for a bachelor's or professional degree. A student who has earned a baccalaureate degree or a first professional degree cannot receive a Pell Grant. However, students enrolled in an eligible post baccalaureate program as described below are still considered undergraduates for purposes of Pell Grant eligibility.

### Definition of an undergraduate student

[34 CFR 668.2](#)

A student who completes a master's program has earned a degree beyond the baccalaureate level, making the student ineligible for a Pell Grant even if they do not have a bachelor's degree and enroll in an undergraduate program. Most professional degrees are also considered beyond the baccalaureate level; the same restrictions apply to students who have earned professional degrees considered beyond the baccalaureate level.

A student who has received an associate degree—or any certificate or diploma below the baccalaureate level—and who enrolls in another undergraduate program continues to be considered an undergraduate student until the student has completed the curriculum requirements for a first bachelor's degree.

A student with a baccalaureate or professional degree is ineligible even if the degree is from an unaccredited school or is not recognized by your school. Similarly, a student with a baccalaureate or professional degree from a foreign school usually isn't eligible for a Pell Grant. But because a foreign degree often won't translate neatly into the American classification, the school must judge whether it equates to a U.S. bachelor's degree. If the student provides written documentation that the foreign degree is not equivalent to a bachelor's degree awarded in the United States, you may determine that the student does not have a bachelor's degree. Documents supporting such a conclusion may include information about the type of school the student attended and total years of education leading to the degree.

A student enrolled in a program that lasts longer than five years, typically first professional degree programs such as a six-year pharmacy program, can be considered an undergraduate for only the first three or four years. Students enrolled in dual degree programs that confer a bachelor's degree and either a graduate or first professional degree are undergraduates for at least the first three years of the program. The school determines at what point after three years the student ceases to be an undergraduate student. The student must be considered a graduate student after the fourth year of such programs (see *Volume 1, Chapter 1* for further discussion).

Occasionally a student will complete all the requirements for a bachelor's degree but will continue taking undergraduate courses without accepting the degree. Your school must decide whether and at what point the student completed the baccalaureate course of study. If your school determines that the student did complete a bachelor's program (regardless of whether the student accepted the degree), then the student is no longer eligible to receive a Pell Grant.

## Wrong grade level on the FAFSA

When an undergraduate student incorrectly reports on the Free Application for Federal Student Aid (FAFSA) that the student will be a graduate student or has a bachelor's degree, the student must correct that information. Because the application shows that the student isn't an undergraduate, the Department's records will show that the student is

ineligible for Pell. If the application isn't corrected, the school won't be able to pay the student a Pell Grant.

## Eligible postbaccalaureate program

A student who is enrolled at least half time in a postbaccalaureate teacher certification or licensure program is eligible to receive a Pell Grant for the period necessary to complete the program if:

- The program does not lead to a graduate degree;
- The school offering the program does not also offer a bachelor's degree in education;
- The student is pursuing an initial teacher certification or licensing credential within a state; and
- The program consists of the courses required by a state to receive a professional certification or licensing credential necessary for employment as a teacher in an elementary or secondary school in that state.

Under this **very limited provision**, a postbaccalaureate program is defined as a program that generally requires a student to have a bachelor's degree before being admitted to the program. Accordingly, a program in which undergraduate students are routinely allowed to enroll would not meet the definition of a postbaccalaureate program for this purpose, nor would a program that is generally open to undergraduates but that also admits students with bachelor's degrees. For FSA purposes, a school must treat a student who receives a Pell Grant under this provision as enrolled in an undergraduate program. Such a student is eligible for federal work-study and fifth-year undergraduate (not graduate student) Direct Loan limits but would not be eligible for an FSEOG.

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## Eligible postbaccalaureate programs

[34 CFR 690.6\(c\)](#)

HEA Sec. 484(a)(4)(B)

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## Eligible postbaccalaureate program and the FAFSA

Normally, students who indicate on the FAFSA that they have a bachelor's degree won't be listed in the Department's records as Pell-eligible students, and the school won't be able to receive Pell funds for them. However, to allow students who are eligible under the postbaccalaureate program provision to be paid, students who correctly report that they have a bachelor's degree but also indicate on the FAFSA that they are in a teaching credential program will be listed as Pell-eligible students. Of course, you must determine whether the student falls under the eligible postbaccalaureate provision.

## Prohibition on receiving two Pell Grant payments for concurrent enrollment

A student may not receive Pell Grant payments concurrently from more than one school. If a student is awarded Pell for any period of concurrent enrollment, the student has the choice of which award to receive but is limited to a single award from a single school.

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## Prohibition on concurrent enrollment

[34 CFR 690.11](#)

HEA Section 401(c)(3) [20 USC Sec. 1070a(c)(3)]

For Pell purposes the phrase “concurrently from more than one institution” means that the student must actually be “attending” both schools at the same time for the concurrent Pell Grant prohibition to apply. A student who withdraws from one school and enrolls at least one day later in another school is normally not considered to have been enrolled concurrently. If a Pell eligible student withdraws from one institution but meets one of the R2T4 withdrawal exemptions and subsequently enrolls at a different institution during the same payment period, the new institution can award Pell Grant funds for any remaining portion of the overlapping payment period. See *Chapter 6* of this volume for additional information on awarding remaining eligibility for a transfer student. The new institution should maintain documentation in the student’s file supporting a Pell Grant disbursement for ceasing attendance at the prior school.

## Pell eligibility for incarcerated students

Section 484(t) of the HEA, as amended by the *FAFSA Simplification Act*, establishes Pell Grant eligibility for confined or incarcerated students if they are enrolled in an eligible Prison Education Program (PEP). Beginning on July 1, 2023 with the 2023-2024 award year, a confined or incarcerated individual is eligible to receive a Pell Grant if that individual enrolls in an eligible PEP. For additional information about PEPs, see *Volume 1, Chapter 1* and *Volume 2, Chapter 2* of the FSA Handbook.

Institutions that previously participated in the Second Chance Pell experiment were invited to apply to participate in a revised version of the program. The revised program will allow current participating institutions to continue offering their current programs to confined or incarcerated individuals for up to three award years while they work through the application and approval process for the PEP(s) they wish to offer under the new provisions. See Electronic Announcement [GENERAL-23-25](#) for additional information.

## Cost of attendance for incarcerated students

The cost of attendance for students who are incarcerated may include the following: tuition, fees, books, course materials, supplies, equipment, and the cost of obtaining a license, certification, or a first professional credential. For more information on the cost of attendance, see *Volume 3, Chapter 2* of the FSA Handbook.

Confined or incarcerated individuals may not receive Pell Grant funds in excess of their cost of attendance and may not receive a Title IV credit balance. To ensure that all allowable costs are included in the cost of the attendance, schools must include books, course materials, equipment, and supplies as part of institutional charges and either provide those materials directly to the individual or include the costs of books and supplies in the individual’s tuition and fees. If for some reason a credit balance is created, the school must return the Pell Grant funds associated with the credit balance to the Department and it will be credited to the student's remaining Pell eligibility. For more information on the cost of attendance, see *Volume 3, Chapter 2* of the FSA Handbook.

## Pell eligibility for incarcerated students

[34 CFR 668](#)

[GEN-23-05](#) – Eligibility of Confined or Incarcerated Individuals to Receive Pell Grants

[Prison Education Programs](#) – FSA Partners Knowledge Center Resources

[Prison Education Programs](#) – Questions and Answers

## Additional aid eligibility for dependents of certain deceased veterans

A student whose parent or guardian died because of U.S. military service in Iraq or Afghanistan after September 11, 2001, may receive increased amounts of federal student aid if the student was less than 24 years old or was enrolled at an institution of higher education at the time of the parent or guardian’s death. There are two different provisions for eligible children of deceased veterans, depending on whether the student has a Pell-eligible EFC:

- Zero EFC treatment for dependents of certain deceased veterans
- Iraq and Afghanistan Service Grants

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## Additional eligibility for children of certain deceased veterans

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HEA Section 420R

[November 6, 2009 Electronic Announcement](#)

### Zero EFC treatment for dependents of certain deceased veterans

A school must use an EFC of zero to package all federal student aid if a student meeting the above criteria has a Pell-eligible EFC. (Note that the zero EFC is only used for packaging purposes; you do not actually change the student's calculated EFC.) When submitting an origination to COD for a student of this type, you must include the CPS transaction containing the DOD Match Flag set to "Y," or the award will not be accepted. (Note that a student with a non-Pell-eligible EFC is potentially eligible to receive an Iraq and Afghanistan Service Grant —see below.)

### Iraq and Afghanistan Service Grant

To receive the Iraq and Afghanistan Service Grant, the student must have an EFC that is not Pell-eligible. Iraq and Afghanistan Service Grants are made under the same terms and conditions as Pell Grants, and disbursements for each payment period are calculated in the same manner as described in this volume for Pell Grants. Unlike Pell Grants, however, Iraq and Afghanistan Service Grant award amounts must be reduced as required by the federal budget cut known as the sequester. See "The Sequester and Iraq and Afghanistan Service Grants" later in this chapter.

When submitting an origination to COD for a student receiving an Iraq and Afghanistan Service Grant, you must include the CPS transaction containing the DOD Match Flag set to "Y," or the award will not be accepted. The award may not exceed the student's COA. Iraq and Afghanistan Service Grants are not considered Estimated Financial Assistance for packaging purposes. For more detail on packaging awards, see *Volume 3, Chapter 3*. Note that children of public safety officers (see the "Additional aid eligibility for dependents of certain deceased public safety officers" section later in this chapter) are not eligible for Iraq and Afghanistan Service Grants.

The Year-Round Pell provision also applies to Iraq and Afghanistan Service Grants. For more detail on how to calculate Year-Round Pell and Iraq and Afghanistan Service Grants, see the "Year-Round Pell and Iraq and Afghanistan Service Grant" section in *Chapter 5* of this volume.

### Identification of eligible students and notification by the Department

The Department will notify the student when a student appears to meet the criteria for Zero EFC treatment for dependents of certain deceased veterans or the Iraq and Afghanistan Service Grant, based on a match with a Department of Defense file of eligible dependents. The match will be performed when a student submits a FAFSA or FAFSA correction (and periodically thereafter). When an eligible student is identified, the Department will generate a Central Processing System (CPS) transaction for the student, and the resulting ISIR will include a "DOD Match Flag," associated comment code 298 (in some cases), and the parent or guardian's date of death.

Note that Zero EFC treatment under this provision will not force an auto-zero EFC; the EFC will be calculated based on the student's financial situation, but you must use the flag and date of the parent's or guardian's death, along with the student's calculated EFC, to determine if the student is eligible for Zero EFC treatment or an Iraq and Afghanistan Service Grant award. The Department will also send a letter to each matched student that informs the student of their possible increase in eligibility for FSA funds. The letter advises the student to contact the financial aid administrator at their school for more information.

## Department of Defense (DOD) Match Flag and SAR Comment Code 298

If you received an ISIR containing the DOD Match Flag “Y”, with the parent’s date of death and SSN, the student could potentially be eligible for additional Title IV aid, including a maximum Pell Grant award or an Iraq and Afghanistan Service Grant. The DOD Match Flag is the result of the match with the Department of Defense to identify an applicant whose parent was a member of the U.S. Armed Forces who died because of service in Iraq or Afghanistan after September 11, 2001.

A SAR comment code is not always printed. When a student matches with the DOD file, the ISIR always shows a “Y” in the DOD Match Flag field and the parent’s date of death is populated. However, SAR comment code 298 (which informs the student of a possible change in the student’s eligibility for federal student aid) is only generated when the CPS DOD Table is updated after the student filed the FAFSA (a system generated transaction occurs and generates the comment). For more information on code 298 and other SAR comment codes, see the [2023-24 SAR Comment Codes and Text Guide](#).

## The Sequester and Iraq and Afghanistan Service Grants

The Budget Control Act (BCA) of 2011 put into place a federal budget cut known as the sequester. The Pell Grant program is exempt from the effects of the sequester, so Pell Grant payment schedules are unchanged. However, the sequester requires reductions of the Iraq and Afghanistan Service Grant award amount for which a student would otherwise be eligible. For details on how the sequester affects Iraq and Afghanistan Service Grant award amounts, see the [Electronic Announcement posted May 15, 2023](#) in the Knowledge Center.

## **Additional aid eligibility for dependents of certain deceased public safety officers**

Beginning with the 2018-19 award year, an otherwise Pell-eligible student whose parent or guardian died as a result of active service in the line of duty as a Public Safety Officer (defined under 42 U.S.C. 3796b), or a fire police officer may receive the maximum Pell Grant and increased amounts of other federal student aid if the student was less than 24 years old when the parent or guardian died, or was enrolled at an institution of higher education at the time of the parent or guardian’s death. You must use an EFC of zero to package all federal student aid if a student meeting the above criteria has a Pell-eligible EFC. Note that the zero EFC is only used for packaging purposes; you do not actually change the student’s calculated EFC.

## Children of Fallen Heroes (CFH) Scholarship Act

When you identify a student as meeting the criteria for the CFH Scholarship Act, you will set the CFH indicator in FAA Access. This indicator becomes part of the ISIR file and is printed on the SAR, eSAR, and ISIR from EDEXpress. Comment code 402 is assigned to a student's records, alerting the student that they may be eligible for additional aid under the CFH Act and instructing them to contact their financial aid administrator (FAA) for more information. Once you have determined that a student meets the eligibility criteria for the CFH Scholarship Act, neither your school nor any other school is required to redetermine that student's CFH Scholarship Act eligibility for subsequent award years.

### CFH Scholarship Act

[November 19, 2018 Electronic Announcement](#)

HEA Section 473 [20 USC 3796(b)]

## Chapter 2

# Calculating Pell Grants

Pell Grant scheduled awards are based on the 9-month Expected Family Contribution (EFC) on the student's valid SAR or ISIR, the academic year structure (see *Volume 3, Chapter 1*), and the cost of attendance (COA) for a full-time student for a full academic year (see *Volume 3, Chapter 2*). The Scheduled Award amounts are specified on the Pell Grant payment schedules released by the U.S. Department of Education (the Department). For term-based programs, awards for part-time students are also based on enrollment status, using the part-time charts in the Pell Grant payment schedules.

## Scheduled Award, Award Year, and Annual Award

The Scheduled Award is the maximum amount a student can receive during the award year if the student attends *full time* for a *full* academic year. The award year begins on July 1 of one year and ends on June 30 of the next year. For example, the 2023-2024 award year begins July 1, 2023, and ends June 30, 2024.

The student's **Scheduled Award** is established by the Pell Grant payment schedules that the Department issues prior to the start of each award year. The amount of the Scheduled Award is always taken from the full-time payment schedule and is based on the student's EFC and COA. The **annual award** is the maximum amount a student would receive during a full academic year for a given enrollment status, EFC, and COA. Note that for a full-time student, the annual award will be the same as the Scheduled Award.

## Pell Grant payment and disbursement schedules

[Dear Colleague Letter GEN-23-02](#) (2023-2024 Federal Pell Grant Payment and Disbursement Schedules)

[March 7, 2023 Electronic Announcement](#) (EA ID: GRANTS-23-03) (Operational Implementation Guidance – Federal Student Aid's Implementation of 2023-24 Federal Pell Grant Payment and Disbursement Schedules)

A part-time student who is enrolled in a term-based program will have an *annual award* that is less than the Scheduled Award. If the student attends part time, the student's annual award is taken from the three-quarter-time, half-time, or less-than-half-time disbursement schedules. For instance, if a student's Scheduled Award is \$7,395, but the student is enrolled as a half-time student in a term program, the student's annual award would be \$3,698. The Department issues one schedule for full-time Scheduled Awards, and separate schedules for three-quarter-time, half-time, and less-than-half-time awards.

## Pell Grant awards for 2023-2024

The maximum Pell Grant award for 2023-2024 is \$7,395 (see the "Year-Round Pell and Iraq and Afghanistan Service Grant" section in *Chapter 5* of this volume on how a student may be eligible to receive up to an additional 50% of their scheduled award). The maximum eligible EFC for the 2023-2024 award year is 6656. Actual Pell awards are unique to individual students and are based upon and limited by the student's enrollment status, EFC, COA, and Lifetime Eligibility Used (LEU). For more on LEU, see *Chapter 8* of this volume. The tables below show selected EFC and COA amounts as they are displayed in the Pell Grant full-time Scheduled Award and half-time annual award schedules for the 2023-2024 award year. These tables show, for example, that the Scheduled Award for a full-time student with an EFC from 3501 to 3600 and a COA from \$5,000 to \$5,099 would be \$1,500. A half-time student with the same EFC and COA would have an annual award of \$750.

## Federal Pell Grant Program Payment Schedule for Determining FULL-TIME Scheduled Awards in the 2023-2024 Award Year

Expected Family Contribution
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<b>Cost of Attendance</b>	0 To 0	1 To 100	501 To 600	1001 To 1100	2501 To 2600	3501 To 3600	4501 To 4600	5501 To 5600	6501 To 6600	6657 To 999999
1000 - 1099	1050	1000	0	0	0	0	0	0	0	0
2000 - 2099	2050	2000	1500	1000	0	0	0	0	0	0
3000 - 3099	3050	3000	2500	2000	0	0	0	0	0	0
4000 - 4099	4050	4000	3500	3000	1500	0	0	0	0	0
5000 - 5099	5050	5000	4500	4000	2500	1500	0	0	0	0
6000 - 6099	6050	6000	5500	5000	3500	2500	1500	0	0	0
7000 - 7099	7050	7000	6500	6000	4500	3500	2500	1500	0	0
7395 - 99999	7395	7345	6845	6345	4845	3845	2845	1845	845	0

Federal Pell Grant Program Payment Schedule for Determining HALF-TIME Scheduled Awards in the 2023-2024 Award Year

	Expected Family Contribution									
<b>Cost of Attendance</b>	0 To 0	1 To 100	501 To 600	1001 To 1100	2501 To 2600	3501 To 3600	4501 To 4600	5501 To 5600	6501 To 6600	6657 To 999999
1000 - 1099	0	0	0	0	0	0	0	0	0	0
2000 - 2099	1025	1000	750	0	0	0	0	0	0	0
3000 - 3099	1525	1500	1250	1000	0	0	0	0	0	0
4000 - 4099	2025	2000	1750	1500	750	0	0	0	0	0
5000 - 5099	2525	2500	2250	2000	1250	750	0	0	0	0
6000 - 6099	3025	3000	2750	2500	1750	1250	750	0	0	0
7000 - 7099	3525	3500	3250	3000	2250	1750	1250	750	0	0
7395 - 99999	3698	3673	3423	3173	2423	1923	1423	923	0	0

**Determining the award year for crossover Pell awards**

You must source Pell Grant funds from the award year to which the payment period is assigned. When awarding Pell Grants for a crossover payment period, you may assign the payment period to the award year that best meets the needs of your students and maximizes a student's eligibility over the two award years in which the crossover payment period occurs. For general information about payment periods, see *Chapter 1 of Volume 3*, and for more detail on crossover payment periods, see the section on crossover payment periods in *Chapter 5* of this volume.

## Crossover payment periods

[34 CFR 690.64](#) - Determining the award year for a Pell Grant crossover payment period

## Basic Pell Grant Formulas

Except for subscription-based programs (see *Volume 2* and *Volume 3, Chapter 1* for information on subscription-based programs), if all coursework is scheduled to be completed within a specific time frame, the program generally can be considered term-based. Term-based programs can have either standard terms or nonstandard terms. Pell Grants are usually calculated differently for the two types of terms. Standard-term programs may be treated similarly to nonstandard-term programs if the program does not conform to a traditional academic calendar or meet certain other conditions. Regardless of whether coursework is generally offered using terms, schools always have the option of treating a program as a non-term program for Title IV purposes. See *Volume 3, Chapter 1* for detailed guidance on standard term, nonstandard term, and non-term programs.

When calculating Pell Grants, you must generally use the same formula for all years in a student's program. In most cases, a program's academic calendar determines the formula that must be used to calculate Pell Grant awards, and that formula is then used for all years of the program. However, for programs offered in standard terms a school has the option of choosing between different Pell formulas, as explained later in this chapter. For such programs a school normally chooses one of the allowable formulas and uses that same formula for the duration of the program, but in rare cases a school may have reason to change from the originally selected formula to a different allowable formula. Any such change in Pell formulas for standard term programs can only be made at the beginning of a new award year.

## Basic Pell Grant calculations

[34 CFR 690.62](#) - Pell Grant payment schedules

[34 CFR 690.63](#) - Pell Grant formulas

## Pell Grant payments by payment period

Pell Grants must be spread out in disbursements over the course of a program of study to help meet the student's costs in each payment period. The payment period affects when Pell funds are disbursed and the exact amount to be disbursed. See *Volume 3, Chapter 1* for further discussion and definitions of payment periods.

A student who doesn't enroll in one of the payment periods of a program won't receive the portion of their award for that payment period. If the student's enrollment status changes in the next payment period, the annual award will be different for that payment period.

If any program uses standard terms, the enrollment status standards in the program don't have to be proportional. For instance, a program could have a 15-hour standard for full-time enrollment but set a 9-hour minimum for three-quarter-time status and a 6-hour minimum for half-time status.

In addition, your school's academic standard may differ from the enrollment standard used by the financial aid office for FSA purposes. For example, your school's academic policy may define full time as six hours during the summer, but the financial aid office uses 12 hours as the full-time standard for all terms, including the summer term. Your school must apply its FSA full-time enrollment standards consistently to all students enrolled in the same program of study for all FSA purposes. For more on enrollment status, see *Volume 1, Chapter 1*.

## Chapter 3

# Pell Grant Enrollment Status and Cost of Attendance

## Pell Grants and Enrollment Status

### Pell Grant enrollment status for term-based programs

In a term-based program, academic progress is always measured in credit hours, and the student's annual award depends on their enrollment status. Your school's standards for enrollment status must meet the minimum regulatory requirements, which are discussed in further detail in *Volume 1, Chapter 1* of the FSA Handbook.

For standard terms in undergraduate programs, the minimum enrollment standards are:

Full-time:	12 semester hours per semester/trimester 12 quarter hours per quarter
3/4-time:	9 semester hours per semester/trimester 9 quarter hours per quarter
1/2-time:	6 semester hours per semester/trimester 6 quarter hours per quarter
Less-than-1/2-time:	less than half of the workload of the minimum full-time requirement.

If the student is enrolled full time, then the annual award is the Scheduled Award, which is based on the full-time payment schedule. If the student is attending part time, you must use the three-quarter-time, half-time, or less-than-half-time payment schedules, depending on the number of credit hours in which the student enrolls.

On the appropriate full-time or part-time payment schedules, use the student's COA and EFC to find the Pell Grant annual award at that enrollment status. Most student aid software programs will do this for you automatically, but you can also refer to the Pell Grant payment schedules online on the Knowledge Center.

If the student is enrolled less than half time, it will also affect the cost components that are used in the student's budget (see *Volume 3, Chapter 2*). Note that schools do not have the discretion to refuse to pay an eligible part-time student, including during a summer term or intersession.

### Pell Grant enrollment status for clock-hour or nonterm-based programs

Students enrolled in clock-hour or non-term-based programs are considered to be enrolled full-time for Pell Grant purposes. See *Chapter 4* of this volume for additional discussion of enrollment status for clock-hour and nonterm-based programs.

### Pell Grant enrollment status for a consortium program

The enrollment status of a student attending more than one school under a consortium agreement is based on all the courses taken that apply to the degree or certificate at the home school. The disbursing school may have to make some adjustments if the coursework at the other school is measured in different units.

Below are examples of calculating enrollment status for students enrolled in regular coursework at their home institution and coursework offered at another institution through a consortium agreement. The examples describe how to calculate enrollment when the units of enrollment are different (i.e., semester hours at the home school and quarter hours at the

consortium institution).

### **Example 1: Quarter hours converted to semester hours**

A student is taking six **semester** hours at their home school and nine **quarter** hours at a different school under a consortium agreement. To determine their enrollment status, the home school needs to convert the hours at the host school into **semester** hours.

Because a quarter hour is about two-thirds of a semester hour, the home school multiplies the number of quarter hours by two-thirds:

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

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

$$6 \text{ semester hours (home school)} + 6 \text{ semester hours (host school)} = 12 \text{ semester hours}$$

### **Example 2: Semester hours converted to quarter hours**

A student is taking nine **quarter** hours at their home institution and six **semester** hours at a different institution. To determine their enrollment status, the home school needs to convert the hours at the host school into **quarter** hours.

Because a semester hour is about one and one-half of a quarter hour, the home school multiplies the number of quarter hours by 1.5:

$$6 \text{ semester hours} * 1.5 = 9 \text{ quarter hours}$$

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

$$9 \text{ quarter hours (home school)} + 9 \text{ quarter hours (host school)} = 18 \text{ quarter hours}$$

## Students enrolled in only correspondence courses

Students enrolled in programs of correspondence study are considered to be no more than half-time students, even if they are enrolled in enough coursework to be full time. However, if the correspondence study is combined with regular coursework, the student's enrollment status might be more than half time (see section below for additional information).

A student enrolled only in a non-term correspondence program always has their award calculated based on the half-time payment schedule. For a student enrolled in a term-based correspondence program, your school must determine whether the student is enrolled half time (six or more credit-hours in a term) or less than half time (fewer than six credit-hours in a term). Special rules are used to determine the student's enrollment status when the student is enrolled in a combination of regular and correspondence coursework.

## Students enrolled in a combination of regular and correspondence courses

If a student is enrolled in a non-correspondence study program, but correspondence coursework is combined with regular coursework, the correspondence courses must meet the following criteria to be included in the student's enrollment status:

- The courses must apply toward the student's degree or certificate or must be remedial work to help the student in their course of study.
- The courses must be completed during the period required for the student's regular coursework (e.g., a term).
- The amount of correspondence work counted can't be more than the number of credit hours of regular coursework in which the student is enrolled (although a student taking at least a half-time load of correspondence courses must be paid as at least a half-time student, regardless of the credit-hours of regular coursework).

A student will be paid as a less-than-half-time student for any combination of regular and correspondence work that is less than six credit-hours or the appropriate equivalent of half-time.

This chart assumes that the school defines full-time enrollment as 12 credit hours per term, and half-time enrollment as six credit hours per term.

Regular Work	Correspondence Work	Adjusted Total Coursework	Enrollment Status
3	3	6	Half-time
3	6	6	Half-time
3	9	6	Half-time
6	3	9	Three-quarter-time
6	6	12	Full-time
2	6	6	Half-time

As you can see in the second and third rows of the table, the number of correspondence hours counted in the total course load was adjusted so that the correspondence hours never exceeded the regular hours taken. Note that in the last row of the table, the student is eligible for payment based on half-time enrollment in correspondence courses, because not all the correspondence work can be counted toward enrollment status.

## Determining enrollment status using credit hour equivalencies

For students enrolled in direct assessment programs and students with intellectual disabilities enrolled in comprehensive transition and postsecondary (CTP) programs, enrollment status can be calculated using credit hour “equivalencies” rather than credit hours.

For direct assessment programs, schools must develop a methodology, consistent with the requirements of the school’s accrediting agency or state, to reasonably equate each class or competency in the direct assessment program to either credit hour or clock hour equivalencies. For more information, see *Volume 2, Chapter 2* of the *FSA Handbook*.

Enrollment status for students with intellectual disabilities enrolled in CTP programs may also be determined using credit hour equivalencies. These equivalent credits, earned from audited courses and other normally noncredit activities undertaken as part of a program for students with disabilities, may be awarded for purposes of determining enrollment status. For more detail, see *Volume 1, Chapter 1* of the *FSA Handbook*.

## Enrollment status for cooperative education

In a cooperative education program, your school assesses the work to be performed by the student and determines the equivalent academic course load. The student’s enrollment status is based on the equivalent academic course load.

## Academic calendar and enrollment status changes

Because the academic calendar for a program determines which Pell formula you use, you need to review the conditions for the use of each formula if the calendar for the program changes. This is particularly true if you are using Formulas 1 and 2, which have the most restrictive conditions.

If a student’s enrollment status changes during the year, your school may have to recalculate the student’s Pell Grant

payment based on the new enrollment status. We'll discuss when a school is required to recalculate a student's Pell Grant payment due to a change in enrollment status in *Chapter 7* of this volume.

## Enrollment status changes

[34 CFR 690.80\(b\)](#)

### Pell Grant Cost of Attendance

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 following 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.

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

You may take the student's entire COA (tuition and fees, housing and food, 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.

*Credit/clock hours in academic year definition (24) ÷ Credit/clock hours awarded (18)*

*OR*

*Weeks in academic year definition (30) ÷ 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 (housing and food, 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:

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

$$\$6,000 \times (30 \text{ weeks} \div 20 \text{ weeks}) = \$9,000$$

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:

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

OR

$$(\text{Weeks in academic year definition} = 26) \div (\text{Weeks provided} = 40)$$

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

### **Pell Grant Cost Example 4: Pell Grant awards and COA with mixed enrollment status**

A student plans to attend for a fall and spring semester. In the fall term, the student attends full time, and has a COA of \$8,000 and an EFC of zero. The student's Scheduled Award is taken from the full-time Pell Grant Payment Schedule for the fall semester, with the calculated amount being \$7,395. The school disburses the fall semester Pell award of \$3,698.

In the spring semester, the student drops to less-than-half-time enrollment status. The COA is also reduced, as less-than-half-time enrollment means that not all the previously included COA elements may be included in the student's Spring COA used for Pell calculation. The student's EFC remains at zero. The school may not include in



the student's spring COA for Pell calculation miscellaneous personal expenses or room and board if the student has exhausted their less-than-half-time housing and food allowance (three semesters or equivalent in total, no more than two of which may be consecutive at any one school).

The school 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, \$6,000. The result is \$1,513, which the school divides in half for the spring semester disbursement, resulting in a spring payment to the student of \$757. These awards are also subject to the Pell Lifetime Eligibility Used limits (LEU).

## Pell Grant cost of attendance for cooperative education

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. Note that the COA can also include employment-related expenses.

## 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 must 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 each school. 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.

# Calculating Annual Awards using Pell Grant Formulas

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## Fractions and rounding

Use the following rules on fractions and rounding along with Pell Formulas 1-5 (discussed later) to properly calculate and award Pell Grants.

### Fractions

When using fractions, be careful to multiply first, and then divide to avoid an incorrect result. For example, the correct way to prorate a \$2,150 Scheduled Award for a payment period that is a nonstandard term of 10 weeks of instructional time, for a program that has 30 weeks of instructional time is to multiply the Scheduled Award by the number of weeks of instructional time in the term, then divide by the number of weeks of instructional time in the academic year or  $(\$2,150 \times 10) \div 30 = \$716.67$ .

In this case, if you were to first divide the fraction consisting of the weeks in the payment period over the weeks in the academic year to get a decimal ( $10 \div 30 = 0.333333\dots$ ) and then round the decimal either down (0.33) or up (0.34), multiplying that decimal by the Scheduled Award amount would result in a number that's too low ( $0.33 \times \$2,150 = \$709.50$ ) or too high ( $0.34 \times \$2,150 = \$731.00$ ).

### Rounding

The Common Origination and Disbursement System (COD) accepts cents and whole dollar amounts in payment amounts for Pell. If your school disburses in whole dollar amounts, you may round up if the decimal is 0.50 or higher, or round down if it's less than 0.50. When rounding for a student expected to be enrolled for more than one payment period in the award year, alternate rounding up and down, unless a different Pell award amount is calculated for the following term (for example, when a student's enrollment status changes). In this case, the alternate rounding restarts and you may round up for two consecutive terms. Your policy on rounding must be applied equally to all students.

As an example, consider a student who is enrolled full time in a program offered in a traditional academic calendar consisting of fall and spring semesters. The student's full-time annual award for 2023-2024 is \$7,395 (based on an EFC of 0 and a COA of \$30,000). Under Pell Formula 1 (as described later in this chapter), the student's full-time payment for each of the two terms (fall and spring) is \$3,697.50. Using the rounding rule stated above, you would round the student's fall payment up to \$3,698, and round the spring payment down to \$3,697.

**Important: These rounding rules do not apply if the amount disbursed would exceed the student's Scheduled Award or place the student's Lifetime Eligibility Used over 600%.**

## Pell Formula 1: Credit-Hour Programs Using Standard Terms With At Least 30 Weeks of Instructional Time

To use Pell Formula 1, the program must:

- Measure academic progress in credit hours;
- Be offered in semesters, trimesters, or quarters;
- Define full-time enrollment for each term in the award year as at least 12 credit hours; and
- Use an academic calendar providing at least 30 weeks of instructional time that meets either of the following sets of requirements:
  1. The academic calendar consists of two semesters or trimesters (fall and spring) or three quarters (fall, winter, and spring), none of which overlap any other term in the program (including a summer term, which need not meet the definition of a standard term); **or**
  2. The academic calendar consists of any two semesters or trimesters or any three quarters where—
    - The school starts the terms for different cohorts of students on a periodic basis (e.g., monthly);

- The program is offered exclusively in semesters, trimesters, or quarters; and
- Students are not allowed to be enrolled simultaneously in overlapping terms and must stay with the cohort in which they start unless they withdraw from a term (or skip a term) and re-enroll in a subsequent term.

For Formula 1, the term is the payment period, and you divide the student’s annual award by the number of terms in the program’s academic year. You can combine modules into a standard term that meets the requirements for Formula 1. (See the discussion under "Combining modules into a standard term" in *Volume 3, Chapter 1* for examples.) You must use the same formula for a program for all payment periods in an award year.

## Pell Formula 1

[34 CFR 690.63\(a\)\(1\)](#)

[34 CFR 690.63\(b\)](#)

### Formula 1 Example 1: Traditional Academic Calendar

In Formula 1, the annual award is simply divided by the number of terms in the fall through spring at a school with a traditional academic calendar.

- Full-time definition: 30 weeks of instruction; 12 credits per term
- Scheduled Pell Grant award: \$7,395

#### Semester Disbursement Schedule

	Fall	Spring
<b>Credit Hours</b>	12	15
<b>Annual Pell Award</b>	\$3,698	\$3,697

#### Quarter Disbursement Schedule

	Fall	Winter	Spring
<b>Credit Hours</b>	12	15	12
<b>Annual Pell Award</b>	\$2,465	\$2,465	\$2,465

Since the student is enrolled full time in either two semesters or three quarters, they will have received a full Scheduled Award at the end of the spring term. If the student enrolls in a summer term, they may be eligible to receive further Pell funds from the Year-Round Pell provision. See the Year-Round Pell and Iraq and Afghanistan Service Grant section in *Chapter 5* of this volume.

### Formula 1 Example 2: Nontraditional Academic Calendar

A school offers a program that has an academic year of 36 weeks of instructional time and 36 quarter hours and is offered exclusively in quarters. A new cohort of students starts a quarter on the first workday of each month, and a student is not allowed to take courses in overlapping terms outside that student’s cohort.

Any three quarters of the program provide at least 30 weeks of instructional time since each quarter is 12 weeks of instructional time in length. To be full time, a student must be enrolled in at least 12 quarter hours each term. A student enrolled full time in any three quarters would have their Scheduled Award divided by 3 to determine their disbursement for each payment period.

- Full-time definition: 30 weeks of instruction; 12 credits per term
- Scheduled Pell Grant award: \$7,395

### Disbursement Schedule

	Term 1	Term 2	Term 3
<b>Credit Hours</b>	12	15	12
<b>Annual Pell Award</b>	\$2,465	\$2,465	\$2,465

If the student enrolls in a fourth term, they may be eligible to receive further Pell funds from the Year-Round Pell provision. See the Year-Round Pell and Iraq and Afghanistan Service Grant section in Chapter 5 of this volume.

### Formula 1 Example 3: Enrollment status change

- Full-time definition: 30 weeks of instruction; 12 semester credits per term
- Scheduled Pell Grant award: \$7,395

### Disbursement Schedule

	Fall	Spring
<b>Credit Hours</b>	12	15
<b>Annual Pell Award</b>	\$3,698	\$3,697

If this student enrolls full time in the fall and three-quarter time in the spring, their spring payment will be based on the three-quarter-time Annual Award, rather than the full-time Scheduled Award.

- Full-time Scheduled Pell Grant award: \$7,395
- Three-quarter-time Annual Pell Grant award: \$5,546

### Disbursement Schedule

	Fall	Spring
<b>Credit Hours</b>	12	9
<b>Annual Pell Award</b>	\$3,698	\$2,773

### Formula 1 Alternate calculation

If a standard-term program meets the requirements to use Formula 1 or Formula 2, you have the option of dividing the annual award by the number of all the terms (including the summer term) in the award year.

## Pell Formula 2: Standard-Term Programs with Less Than 30 Weeks in the Fall Through Spring

The regulations provide an option for standard-term programs whose fall through spring terms provide less than 30 weeks of instructional time. Formula 2 may be advantageous for your summer term calculations as it allows you to pay the same Pell amount for the summer term as you would for a traditional fall through spring term. You may use Formula 2 if the program:

- has an academic calendar that consists of two semesters or trimesters (in the fall through the following spring) or three quarters (in the fall, winter, and spring);
- does not have overlapping terms; and
- measures progress in credit-hours and defines full-time enrollment for each term in the award year as at least 12 credit-hours.

## Pell Formula 2

[34 CFR 690.63\(a\)\(2\)](#)

[34 CFR 690.63\(c\)](#)

### Formula 2 Example 1: Calculation for standard terms with fall through spring terms less than 30 weeks

A school offers a program with a 14-week fall term, 15-week spring term, and 10-week summer term. The school defines its academic year as 24 semester hours and 30 weeks. Because the fall and spring terms provide less than the minimum 30 weeks of instructional time for an academic year, a student's full-time Scheduled Award must be prorated based on the number of weeks in the academic calendar to determine the Annual Pell Award. The Annual Pell Award is then divided by the number of terms in the fall through spring.

- Scheduled Award: \$7,395
- Weeks in the academic year (fall thru spring): 29
- Annual Award:  $(\$7,395 * 29) \div 30 = \$7,149$

### Disbursement Schedule

	Fall (14 weeks)	Spring (15 weeks)
<b>Credit Hours</b>	12	15
<b>Annual Pell Award</b>	\$3,575	\$3,574

The total disbursed for this student (\$7,149) is less than the student's Scheduled Award (\$7,395). This student may be able to receive the remainder of their Scheduled Award, plus up to an additional 50% of their Scheduled Award, during the summer. See the Year-Round Pell and Iraq and Afghanistan Service Grant section in Chapter 5 of this volume.

### Formula 2 Alternate calculation

Under Formula 2, you can perform the same alternate calculation as performed under Formula 1 if the weeks of instructional time in the defined academic year are the same as the total number of weeks of instructional time in all the terms in the award year.

## Pell Formula 3: General Formula for any Term Based Program

Any term-based program may use this formula for Pell calculations, but you must use this formula for a term-based

program that does not qualify for Formulas 1 or 2 (for instance, a program that uses only nonstandard terms). To calculate the payment for the term, you must prorate the annual award that you looked up on the appropriate Pell Grant payment schedule.

In Formula 3, the Scheduled Pell Award is prorated based on the number of weeks of instructional time in each term in the academic year to determine the Annual Pell Award by term. Unlike Formula 1, the annual award isn't simply divided evenly by the number of terms. And, unlike Formula 2 where you prorate the Scheduled Award based on the combined total number of weeks in the fall through spring terms, Formula 3 requires you to prorate the Scheduled Award by the number of weeks in each specific term, using the following formula:

$$(Scheduled\ Award * Weeks\ in\ the\ Term) \div Total\ Weeks\ in\ the\ Academic\ Year$$

### Formula 3 Example 1: Payments for standard terms of equal length and less than 30 weeks

For example, a college has a semester-based program with a 2-term academic calendar that comprises 28 weeks of instructional time. The program's academic year is defined as 24 semester hours and 30 weeks of instructional time.

- Scheduled Award: \$7,395

#### Disbursement Schedule

	Fall (14 weeks)	Spring (14 weeks)
<b>Credit Hours</b>	12	15
<b>Calculation</b>	$(\$7,395 * 14) \div 30$	$(\$7,395 * 14) \div 30$
<b>Annual Pell Award</b>	\$3,451	\$3,451

### Pell Formula 3

[34 CFR 690.63\(a\)\(3\)](#)

[34 CFR 690.63\(d\)](#)

### Disbursing more than half the annual award and the 50% requirement

A single disbursement for a payment period can generally not be for more than 50% of the annual award. If the resulting disbursement amount for one term is more than 50% of the annual award, you must generally make the payment in at least two disbursements in that payment period regardless of whether the term is a standard term or a nonstandard term. You may disburse more than 50% of the annual award once the student has completed half of the weeks of instructional time in the program's academic year definition.

However, if the disbursement for the payment period results in more than half of the annual award **and** occurs after half of the weeks of instructional time of the academic year have passed during the payment period, you can make a disbursement of the full payment for the payment period.

### Formula 3 Example 2: Disbursing more than half of the annual award

For example, consider a program that must use Formula 3, and that has three terms with 17, 14, and 6 weeks of

instructional time. The program's academic year is defined as 30 weeks of instructional time and 24 semester hours.

A student is attending half time in all three terms.

- Half-time Annual Pell award: \$3,698
- Formula: (Scheduled Award \* Weeks in the Term) ÷ Total Weeks in the Academic Year

## Disbursement Schedule

	Term 1 (17 weeks)	Term 2 (14 weeks)	Term 3 (6 weeks)
<b>Calculation</b>	$(\$3,698 * 17) \div 30$	$(\$3,698 * 14) \div 30$	$(\$3,698 * 6) \div 30$
<b>Disbursement</b>	1st Disb.: \$1,849 2nd Disb.: \$247	\$1,726	\$740

For the first term, you may disburse 15/30 of the student's award at the beginning of the term and the final 2/30 only after the 15th week of instructional time in the term. However, if the student establishes eligibility in the 16th week of the term, you can make a disbursement of 17/30 of the annual award at that time. The student's award for the second and third terms may each be disbursed in a single disbursement.

Single disbursement may not exceed 50% of award

[34 CFR 690.63\(f\)](#)

## Enrollment status standards for nonstandard terms

If you are using Formula 3 for a program that contains standard terms, the minimum enrollment standards previously discussed would still apply for the standard terms. However, if a program has nonstandard terms, the enrollment standard must be calculated for the nonstandard terms. Full-time enrollment status is determined for a nonstandard term as follows, based on the length of the term in relation to the academic year:

*(Weeks in nonstandard term ÷ weeks in academic year (at least 30)) \* Credit-hours in academic year*

After you determine the number of credit hours required for full-time enrollment, you can then determine the less-than-full-time status for the nonstandard term using the following formula:

*Credit hours student takes in the nonstandard term ÷ Credit hours required for full-time enrollment in the nonstandard term*

Notes:

- These fractions use weeks of instructional time as defined in *Volume 3, Chapter 1*, which are not necessarily the same number as the calendar weeks in an academic year.
- If the program's coursework is offered in whole credits, the resulting number is rounded up to the next whole number (e.g., 3.3 is rounded up to 4).
- If the program's coursework is offered in fractions, the full-time enrollment status need not be rounded. For example, 3.3 would remain 3.3 as full time, and a student taking 3.4 credits in the term would be full time.

Determining enrollment status for nonstandard terms

### Formula 3 Example 3: Payments for nonstandard terms of equal length

A school has a program that consists of four 8-week terms. The school defines its academic year as 40 quarter hours and 32 weeks of instructional time. Because this program does not use standard terms (semesters, trimesters, or quarters), the school must use Formula 3 to calculate Pell disbursements for students in the program.

- Scheduled award: \$7,395
- Full-time calculation: (8 weeks in term x 40 quarter hours) ÷ 32 weeks in academic year
- Full time: 10 quarter hours

To determine the student’s payment for each payment period, multiply the annual award by the length of the nonstandard term compared to the length of the academic year.

- Payment calculation: (8 weeks in term \* \$7,395) ÷ 32 weeks in academic year = \$1,848.75

### Disbursement Schedule

	Term 1 (8 weeks)	Term 2 (8 weeks)	Term 3 (8 weeks)	Term 4 (8 weeks)
<b>Credit Hours</b>	10	12	10	10
<b>Disbursement</b>	\$1,849	\$1,849	\$1,849	\$1,848

Because the student in this example will be enrolled on a full-time basis (10 hours each term), the student’s annual award is the same as the Scheduled Award. A student enrolled for seven hours could be paid as a half-time student ( $7/10 = 0.7$ , which is less than  $3/4 [0.75]$  but greater than  $1/2 [0.5]$ ). This is a term-based, credit-hour program, so the payment period is the term.

### Formula 3 Example 4: Payments for nonstandard terms of unequal length

A school has a 10-week nonstandard term between two 12-week nonstandard terms. The terms do not overlap. The academic year for the program is defined as 34 weeks of instructional time and 24 semester hours. Courses are offered in whole credits. The school must use Formula 3 to calculate Pell Grant payments for students in this program.

A student enrolls in six credit hours in each of the three terms. Because the program has nonstandard terms, the school must determine the number of credit-hours required for full-time enrollment in each term, as follows.

For the first and third terms:

- (12 weeks in term x 24 semester hours) ÷ 34 weeks in academic year = 8.47 (round up to 9)

For the second term:

- (10 weeks in term x 24 semester hours) ÷ 34 weeks in academic year = 7.06 (round up to 8)

To be full time a student must enroll in nine semester hours (rounded up from 8.47) in the first and third terms, and eight semester hours (rounded up from 7.06) in the second term.

Below is a sample disbursement schedule for a student who enrolls in 6 credits in each of the three terms. The student is considered half time in the first and third terms ( $6 \text{ credit hours} / 9 \text{ credit hours} = 0.67$ ) and three-quarter time in the second term ( $6 \text{ credit hours} / 8 \text{ credit hours} = 0.75$ ).

- Three-quarter Annual Pell award: \$5,546 (used for the first and third terms)



- Half-time Annual Pell award: \$3,698 (used for the second term)

## Disbursement Schedule

	Term 1 (12 weeks)	Term 2 (10 weeks)	Term 3 (12 weeks)
<b>Credits</b>	6 (Half-time)	6 (Three-quarter time)	6 (Half-time)
<b>Calculation</b>	$(\$3,698 * 12) \div 34$	$(\$5,546 * 10) \div 34$	$(\$3,698 * 12) \div 34$
<b>Disbursement</b>	\$1,305.18	\$1,631.18	\$1,305.18

## Pell Formula 4: Clock-Hour and Non-Term Credit-Hour Programs

All clock-hour and non-term credit-hour programs must use Formula 4.

### Pell Formula 4

[34 CFR 690.63\(a\)\(4\)](#)

[34 CFR 690.63\(e\)](#)

## Enrollment status in clock-hour and non-term credit-hour programs

For clock-hour programs and for non-term credit-hour programs, enrollment status only makes a difference if the student is attending less than half time. If that's the case, only certain components of the COA are used (see the discussion in *Volume 3, Chapter 2* of the FSA Handbook).

**The annual award for a student in a clock-hour or non-term credit-hour program is taken from the full-time payment schedule, even if the student is attending less than full time.**

## Calculating payment amounts in clock-hour and non-term credit-hour programs

Pell Grants must be paid in installments over the course of the academic year or program of study to help meet the student's costs in each payment period. The payment period determines when Pell funds are disbursed and the exact amount to be disbursed. You must use the rules discussed in *Chapter 1 of Volume 3* to determine the payment periods for clock-hour and non-term credit-hour programs.

In non-term programs, the student's Pell award is not reduced for part-time enrollment unless the student is enrolled less than half time, in which case the student's COA must be adjusted. However, if a program is less than an academic year in length (in either clock/credit hours or weeks of instructional time), students enrolled in the program won't receive a full Scheduled Award.

As in the case of the other formulas, you must perform comparable prorations of the award for each payment period in the student's program. The calculation for the payment period prorates a student's Scheduled Award based on the number of credit or clock hours in the payment period as they compare to the credit or clock hours in the defined academic year or the number of weeks of instructional time in the payment period as they compare to the weeks of instructional time in the academic year. To determine the payment for a payment period, multiply the student's Scheduled Award by the lesser of:

*Number of credit/clock hours in the payment period ÷ Number of credit/clock hours in the program's academic year*

**OR**

*Weeks in the payment period ÷ Weeks in the program's academic year*

Notes:

- These fractions use weeks of instructional time as defined in *Volume 3, Chapter 1*, which are not necessarily the same number as the calendar weeks in an academic year.
- The program's academic year must be at least 30 weeks for credit-hour programs or 26 weeks for clock-hour programs.

## Enrollment status standards for clock-hour and other non-term programs

For non-term programs, the enrollment minimums are:

- Full time in credit hours: 24 semester hours, 24 trimester hours, or 36 quarter hours per academic year.
- Less than half-time status is defined as less than half of the workload of the minimum full-time requirement.
- Full time in clock hours: at least 24 clock hours per calendar week.

### Formula 4 Example 1: Payments for credit-hour non-term program

A school offers a program that is 24 quarter hours and 20 weeks of instructional time in length. The academic year for the program is defined as 36 quarter hours and 30 weeks of instructional time. The school has established two payment periods of 12 quarter hours and 10 weeks each for this program. To determine the disbursement for the payment period, the school must multiply the Scheduled Award by the lesser of:

1. the fraction comparing the hours in the payment period to the hours in the academic year (12/36), or
2. the fraction comparing the weeks in the payment period to the weeks in the academic year (10/30).

If a student's scheduled award is \$7,395, the two possible calculations would be as follows:

1. (12 quarter hours \* \$7,395) ÷ 36 quarter hours in academic year = \$2,465; or
2. (10 weeks \* \$7,395) ÷ 30 weeks in program's academic year = \$2,465

Since the two resulting fractions (12/36 and 10/30) are the same, either calculation produces the same result: \$2,465. Thus, the student's payment for the first payment period will be \$2,465. The student can receive this payment when they begin the program. The school can make a second payment period of \$2,465 after the school has determined that the student has successfully completed 12 quarter hours and 10 weeks of instructional time of the program.

### Formula 4 Example 2: Payments for clock-hour program

A school offers a program that is 900 clock-hours and 22 weeks of instructional time in length. The school defines the academic year for the program based on the regulatory minimums: 900 clock-hours and 26 weeks of instructional time. The school has established two payment periods of 450 clock hours and 11 weeks each for this program.

To determine the disbursement for the payment period, the school must multiply the Scheduled Award by the lesser of:

1. the fraction comparing the hours in the payment period to the hours in the academic year (450/900), or
2. the fraction comparing the weeks in the payment period to the weeks in the academic year (11/26).

If the student's scheduled award is \$7,395, the two possible calculations would be as follows:

1. (450 clock hours in the payment period \* \$7,395) ÷ 900 clock hours in the academic year = \$3,697.50; or
2. (11 weeks in the payment period \* \$7,395) ÷ 26 weeks in the program's academic year = \$3,128.65

In this example, the lesser fraction is the one based on weeks. Therefore, the student's payment for the first payment period will be \$3,128.65. The student can get this payment when they begin the program. They can receive a second payment of \$3,128.65 after they successfully complete the 450 clock hours and 11 weeks in the first payment period.

## Coursework completion requirement and withdrawal/re-entry in non-term programs

Students in non-term programs must successfully complete a payment period to receive subsequent payments. We discuss the effect of withdrawal and re-entry into a program in *Volume 5*.

## Pell Formula 5: Calculations for Correspondence Study Programs

Formulas 5A and 5B must be used for correspondence study programs. Students enrolled in correspondence courses are eligible for aid under FSA programs only if the courses are part of a program leading to an associate's, bachelor's, or graduate degree. In addition, the correspondence program must meet the criteria for an eligible program (see *Volume 2 of the FSA Handbook*).

### Pell Grants for correspondence study

[34 CFR 690.66](#)

## Pell COA for correspondence study programs

The cost of attendance (COA) for students engaged in a program of study by correspondence must include tuition and fees and, if required, books, course materials, supplies, and equipment. A school may also include an allowance for travel, housing, and food costs incurred specifically for a period of residential training. The COA must be based on the costs for a full-time student for a full academic year for the relevant component. If the student's program or period of enrollment, as measured in credit hours, is longer or shorter than an academic year as measured in credit hours, the tuition and fees for the program or enrollment period must be prorated.

Because the correspondence study COA for the nonresidential component only includes costs associated with credit hours, your school always uses the credit-hour-related fraction to prorate the COA as follows (because there are no costs associated with weeks of instructional time in the correspondence cost of attendance, your school must prorate the cost only if the number of hours in the program is shorter or longer than in an academic year):

*Credit hours in program's definition of an academic year ÷ Credit hours to which the costs apply*

The resulting amount is the full-time, full-academic-year cost used for calculating Pell Grant eligibility.

## Pell enrollment status for correspondence study programs

Students enrolled in programs of correspondence study are no more than half-time students, even if they are enrolled in enough coursework to be full time. However, if the correspondence study is combined with regular coursework, the student's enrollment status might be more than half time. See the "Students taking a combination of regular and correspondence courses" section earlier in this chapter for additional guidance.

A student enrolled only in a non-term correspondence program always has their award calculated based on the half-time payment schedule. For a student enrolled in a term-based correspondence program, your school must determine whether the student is enrolled half time (six or more credit hours in a term) or less than half time (fewer than six credit hours in a term).

## Pell correspondence payment periods and timing of payments

For a *non-term* correspondence program, there must be two equal payment periods in each academic year. Each payment period is the lesser of half the academic year or half the program (measured in credit-hours). In addition, you can't disburse a Pell payment for the first payment period until the student has completed 25% of the work in the academic year or the program, whichever is shorter. You can't make the second payment until the student has completed 75% of the work in the academic year or program.

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

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## Pell Grant correspondence program disbursements

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[34 CFR 690.66](#)

If the correspondence program has a required period of *residential training*, you must treat the residential training as an additional payment period and determine the payment for that payment period using either Formula 3 or Formula 4. Note that the correspondence portion of the program is still treated as a separate portion of the program that's divided into equal payment periods.

## Pell calculations in correspondence programs

Formula 5 is used for students enrolled only in correspondence courses (not including residential components of correspondence programs). There are two versions of Formula 5:

1. Formula 5A (which is like Formula 4) is used for **non-term** programs, and
2. Formula 5B (which is like Formula 3) is used for **term-based** programs.

For a residential component of a correspondence program, you must use either Formula 3 or Formula 4. If the residential component is a term, you must use Formula 3; otherwise, you use Formula 4.

For non-term correspondence programs, this step of the calculation is like the step under Formula 4. For term-based correspondence programs, this step is the same as under Formula 3.

For the Pell calculation, you are required to determine the number of weeks of instructional time in the program by preparing a written schedule for the lessons that the student will submit. A non-term correspondence program must require at least 12 hours of preparation per week. A term-based correspondence program must require at least 30 hours of preparation per semester hour or at least 20 hours of preparation per quarter hour during the term.

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## Correspondence payment periods

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[34 CFR 690.66\(b\)](#) — non-term

[34 CFR 690.66\(c\)\(3\)](#) and [\(c\)\(4\)](#) — term-based

## Formula 5A: Non-term correspondence program

You first multiply the annual award (taken from the half-time payment schedule) by the lesser of:

*Number of credit-hours in the payment period ÷ Credit-hours in program's academic year definition*

## OR

*Weeks in the payment period ÷ Weeks1 in program's academic year definition*

These fractions use weeks of instructional time as defined in *Volume 3, Chapter 1*, which are not necessarily the same number as the calendar weeks in an academic year.

### Formula 5B: Term correspondence program

You multiply the annual award (taken from the half-time or less-than half-time payment schedule) by the weeks of instructional time in the term divided by the weeks in the academic year:

*Weeks in term ÷ Weeks in program's academic year definition*

These fractions use weeks of instructional time as defined in *Volume 3, Chapter 1*, which are not necessarily the same number as the calendar weeks in an academic year.

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

### Correspondence multiple formulas exception

If a correspondence student has one or more payment periods in an award year that contain only correspondence study and one or more payment periods in the same award year that contain a residential portion, your school will use two different formulas for determining a student's payment for each payment period. This is the only circumstance in which a school would use two different Pell formulas within the same award year for students in the same program.

### Academic coursework

The phrase "academic coursework" does not necessarily refer to credits. If a student does not earn any credits until the end of the term or program, "academic coursework" may refer to the lessons or other measures of learning within a course or a program. For instance, if a course or program is made up of 40 equal lessons, the student reaches the halfway point as follows:

- If the student successfully completes the first 20 lessons before the calendar midpoint of the academic year, the second payment period does not begin until the calendar midpoint.
- If the student completes the first half of the academic year before successfully completing the first 20 lessons, the second payment period does not begin until the student successfully completes the first 20 lessons.

## Chapter 5

# Summer Terms, Crossover Payment Periods, and Year-Round Pell

Payment periods don't always fall neatly into one award year or another. A payment period that begins before July 1 and ends on or after July 1 is called a "crossover payment period." The formula for calculating the payment for a crossover payment period is the same as that for any other payment period in the award year.

## Crossover Payment Periods

[34 CFR 690.64](#) - Determining the award year for a Pell Grant crossover payment period

[GEN-17-06](#)

## Crossover payment from the proper award year

For Pell purposes, you must consider a crossover payment period to occur entirely within one award year and calculate the student's Pell award and disburse Pell funds from the award year selected. If you only have a valid SAR/ISIR from one award year, you must rely on that record and the award year to which the valid SAR/ISIR pertains. Aside from these considerations, the decision about which award year to use is based on the student's remaining eligibility in the earlier award year. This assessment is made according to your school's payment period policy, which for crossover Pell payment periods may apply to:

- an individual student;
- all students or a category of students without exception; or
- all students or a category of students with allowance for exceptions in the case of individual students.

Although you may assign a crossover payment period to either of the relevant award years (within the limitations described below), you must make the assignment based on what you determine will be most beneficial to students.

You may assign the Pell Grant award to a different award year than the rest of the student's Title IV aid. You can make a payment for a crossover payment period out of either award year, if the student has a valid SAR/ISIR for the award year selected. You may assign two consecutive crossover payment periods to the same award year. For example, you could treat summer 2023 and summer 2024 as both being in the 2023-24 award year. You may also source the Pell funds from different award years for different students, as their eligibility allows, depending on their remaining eligibility and financial need.

You may not make a payment which will result in the student receiving more than their Scheduled Award for an award year, unless the student is enrolled at least half time and is eligible for a Year-Round Pell award (see Year-Round Pell and Iraq and Afghanistan Service Grant section later in this chapter), in which case the student may be eligible to receive up to 150% of their Scheduled Award for the award year.

## Term schools: Using the formula for summer sessions

If your school offers a summer term in addition to fall through spring terms that qualify for Formula 1 or 2, you will calculate the student's payment for the summer term using the same formula that you used to calculate payments for the other terms in the award year to which the summer term is assigned. If you use Formula 3 for Pell Grant calculations in any of the terms in an award year, then you must use Formula 3 for *all* terms in that program that occur in that award year, including the fall through spring terms. (Note that if your program is a standard-term program in the fall through spring and does not define full-time enrollment in the summer as at least 12 credit-hours, you must use Formula 3 for Pell calculations for all terms in the award year.) **Your school must apply its definition of full-time status for the summer term consistently for all FSA program purposes.**

## COA for summer terms

Costs for summer terms are figured in the same way as for any other payment period; that is, the costs are based on the costs for a full-time student for a full academic year. If your school has fall and spring semesters that comprise an academic year, you can't add the costs for the summer term to the costs for the fall and spring semesters. The award for the summer term is still based on the costs for one academic year. However, if the academic year definition includes the summer term, then the costs for the summer term *must* be included in the cost for a full academic year.

If the student was previously enrolled in the award year, you may be able to use the same COA for the summer term that you used for the immediately preceding term that the student attended. However, this isn't possible if the costs are different from the fall through spring, such as a different tuition charge per credit hour, or if you are required to recalculate the COA. If it's necessary to base the student's COA on the summer term, you must prorate the summer costs to the length of an academic year to establish the cost for a full academic year. See *Chapter 3* of this volume for additional information on prorating costs in the Pell Grant program.

If the summer session is the first term in the award year for that student (for example, your school is paying a student for the summer 2023 term from the 2023-24 award year), you must establish the student's full-year cost based on the costs for the *summer* term. If the student enrolls in another term in that award year, you may have to recalculate the student's costs for the later term.

## Receiving less than the Scheduled Award due to crossover

A student may also receive less than a Scheduled Award in an award year, if the program crosses award years and the student's Pell Grant award in one of the award years is for a portion of the program that is less than a full academic year.

## Crossover Pell and withdrawal

For details on how to perform Return of Title IV Funds calculations in a crossover Pell situation, see *Volume 5, Chapter 2* of the FSA Handbook.

## Summer modules

If a term-based school offers a series of modules that overlap two award years (by "crossing over" the June 30 end date for one award year), these modules may be combined and treated as one term. Schools are not required to combine modules. However, if you do not combine the modules to create a single term and the modules overlap, the program must be considered a non-term program.

When you combine modules into a single term (i.e., payment period), the weeks of instructional time in the combined term are the weeks of instructional time from the beginning of the first module to the date the last module ends. The student's enrollment status for the entire payment period must be calculated based on the total number of credits the student is projected to take for all modules. You must project the enrollment status for a student based on the credits the student has:

- Pre-registered or registered to take for all modules;
- Committed to take for all modules in an academic plan or enrollment contract; or
- Committed to take for all modules in some other document.

### Module enrollment status example

A student is enrolled in a summer session with three-week modules that School A has combined into one term. The school uses Formula 1 to calculate the student's payment for the combined term and must define full-time enrollment as at least 12 credit hours, even though full-time enrollment for an individual module may be defined as fewer than 12 credit hours. The student is enrolled for six credits during the combined summer term. The student's enrollment status is equal to the proportion of the number of credits for which the student is enrolled to the number of credit hours in the school's definition of full-time enrollment status for the combined term. Therefore, the student's enrollment status is half time for the combined summer term.

When you combine the modules into a single term, a student cannot be paid more than the amount for one payment period for completing any combination of the modules. If the modules are not combined into a single payment period, you must treat each module as a separate nonstandard term and generally must use Formula 3 to calculate Pell Grant payments for the program. If, for each module, you define full time as at least 12 credit hours, you may be able to use Formula 1 or 2 if the program otherwise qualifies for one of these formulas.

If a combined module term crosses over the June 30 award year end date to include the July 1 award year begin date, the combined term must be treated as a crossover payment period, regardless of which modules students attend. If your program has two summer modules and only one of the modules crosses over the award year date boundary and you do not combine the sessions into a larger term, then only the term that spans the award year boundary is considered a crossover payment period.

If the modules are combined in a single term and a student does not begin attendance in all the modules that they were expected to attend, recalculation of prior disbursements is required based on the resulting changed enrollment status. Also, if you use Formula 3 for any of the summer modules, or any other nonstandard term (e.g., a winter intersession), remember that you must also use it for all other terms in the award year, including fall through spring.

## Module Example 1: Modules combined into one term

A student enrolls part time at a school, which defines its academic year as 24 semester hours and 30 weeks of instructional time. In addition to fall and spring semesters, the school offers three summer modules. Each module provides four weeks of instructional time (as defined in Volume 3 Chapter 1). The school can either combine the modules into a single nonstandard term or treat each module as a separate nonstandard term. The school chooses to combine the modules into a single term providing 12 weeks of instructional time with full-time enrollment defined as 12 semester hours. If the school meets the conditions for use of Formula 1 in its fall and spring semesters, it can use Formula 1 to calculate Pell Grant payments for this summer session.

*Summer Term (12 Weeks, Full-Time = 12 Credit Hours)*

<b>Module 1 (4 Weeks)</b>	<b>Module 2 (4 Weeks)</b>	<b>Module 3 (4 Weeks)</b>
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The student enrolls for three semester hours in each of the modules, which is three quarter time (nine hours total in the combined term). The student's applicable Scheduled Award is \$3,550 and their annual award (from the three-quarter-time payment schedule) is \$2,663. To calculate the student's payment, the school simply divides the annual award by two, the number of terms in the fall through spring:  $\$2,663/2 = \$1,331.50$ .

## Module Example 2: Modules treated as nonstandard terms

If the school didn't combine these modules and defined full-time enrollment for each 4-week module as fewer than 12 semester hours, it would have to calculate all Pell payments for the program using Formula 3. Because these are nonstandard terms, the school would have to determine the student's enrollment status for each module by prorating the standard for full-time enrollment in a full academic year (24 semester hours):

*(24 semester hours × 4 weeks in module) ÷ 30 weeks in academic year = 3.2 semester hours > round up to 4 (because the school only offers courses in whole credits)*

Note: Weeks of instructional time are defined in *Volume 3, Chapter 1*, which are not necessarily the same number as the calendar weeks in an academic year.

For each of the 4-week modules, a full-time student must enroll in 4 semester hours, and based on that standard, the 3 semester hours that the student is attending in each module count as three-quarter-time enrollment status. Note that the school would use the Pell COA for a full-time student attending a full academic year. The school would determine the student's payment for each module (assuming the student's Scheduled Award remains unchanged across both award years):



$(4 \text{ weeks in module} \times \$2,663) \div 30 \text{ weeks in academic year} = \$355.06$

The student would receive \$355.06 for each of the modules, for a total of \$1,065.18 for the summer. Again, these payments for one or more modules that are in the prior award year may need to be reduced if the student had previously received payments for the fall and spring semesters in the same award year. Also, the school must use Formula 3 for the fall through spring terms.

## Year-Round Pell and Iraq and Afghanistan Service Grant

Students may be eligible to receive up to 150% of their Pell Grant or Iraq and Afghanistan Service Grant Scheduled Award for an award year. Year-Round Iraq and Afghanistan Service Grant awards are calculated and disbursed in the same manner as Year-Round Pell Grant awards. This provision is called "Year-Round Pell" or "additional Pell" (in this section we use the term "Year-Round Pell" to cover both Pell Grant and Iraq and Afghanistan Service Grant awards). Students eligible for Year-Round Pell awards are subject to the normal duration of eligibility rules, sequester reductions (Iraq and Afghanistan Service Grant only), and LEU limits.

Year-Round Pell allows students who have already exhausted their Scheduled Award for an award year to continue receiving Pell funds (for example, for a summer trailer term), or to receive Pell funds without prematurely reducing their Pell eligibility for the remainder of the award year (for example, for a summer header term). A student's Year-Round Pell eligibility is certified by the "Additional Eligibility Indicator," or AEI, in COD.

To be eligible to receive more than 100% of their Pell/Iraq and Afghanistan Service Grant Scheduled Award during a single award year, students must be enrolled at least half time. With Year-Round Pell, students do not receive more Pell/Iraq and Afghanistan Service Grant funds in each payment period. They receive the same amount as is normally calculated for a payment period based on their enrollment status, COA, and EFC, but students who are enrolled at least half time and who are otherwise eligible for Pell Grants or Iraq and Afghanistan Service Grants may receive Pell or Iraq and Afghanistan Service Grant funds for an award year up to 150% of their calculated Scheduled Award. As explained in the Year-Round Pell semester example later in this chapter, a student may receive funds from the Pell/Iraq and Afghanistan Service Grant Scheduled Award and from the Year-Round award in the same payment period.

For example, a student has a Pell Grant Scheduled Award of \$5,000 for 2023-24. The student attends fall and spring semesters, during which they receive disbursements of \$2,500 for each semester, which equals the total \$5,000 amount of the Scheduled Award. The student then begins attendance in the summer 2024 term (which the school treats as a trailer) as a half-time student. Without Year-Round Pell, the student's Pell eligibility would be exhausted, but the Year-Round Pell provision allows the student to receive their calculated award of up to \$2,500 in additional Pell funds for the summer term, based on their enrollment status.

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## Year-Round Pell and Iraq and Afghanistan Service Grant

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HEA Section 401(c)

[GEN-17-06](#)

### Year-Round Pell Example 1: Semesters

A student attends a school which provides coursework on a semester calendar and awards Pell using Formula 1. The student's enrollment begins in the summer, which the school treats as a header to the 2023-24 award year. Based on an EFC of 550 and a COA of \$10,590, the student has a Scheduled Award of \$6,845 for 2023-24. The student is enrolled three-quarter-time in the summer term. The student's three-quarter-time summer award is \$2,567 (37.502% of the student's Scheduled Award).

After the summer term, the student continues in the fall and is now enrolled full time. The student's fall Pell award is \$3,423 (the school disburses 50.007% of a Scheduled Award for the fall semester). The student has now received

87.509% (\$5,990) of their Scheduled Award of \$6,845, leaving 12.491% (\$855) in remaining eligibility.

The student again enrolls full time. Under Pell rules, the student has only 12.491% (\$855) in remaining eligibility from their Scheduled Award. However, since the student is enrolled at least half time and meets all the other standard Pell eligibility criteria, the student is eligible for a Year-Round Pell award amount of up to 50% of their Scheduled Award. This means that the student could receive a total of up to \$10,267.50 (150% of their Scheduled Award amount of \$6,845) for the award year. However, the disbursement for each term must be calculated per the Pell rules described in this volume, so the actual amount the student receives may be less than this maximum.

The school normally awards a student 50% of their annual award for a standard spring semester, and the award amount for the term under Year-Round Pell is calculated by the same method as for a student's Scheduled Award, so the student's spring semester award would be \$3,423. Adding this amount to the \$5,990 Sigma has already received for the award year totals \$9,413, which is less than 150% of the student's Scheduled Award for 2023-24 (specifically, this is 137.516% of the student's Scheduled Award). Therefore, the school can award the spring Pell award of \$3,423 as calculated.

In this example, the spring term disbursement is made up of 12.491% (\$855) remaining from the student's Scheduled Award and 37.516% (\$2,568) from the Year-Round Pell eligibility.

## Year-Round Pell Example 2: Clock-Hour Program

A student enrolls in an 1125 clock-hour program (over 32.5 weeks, see graphic below). The program is scheduled to occur entirely within the 2023-24 award year and has an Academic Year of 900 clock hours and 26 weeks of instructional time. The student has a Scheduled Award of \$5,550.

The school awards the student \$2,775 in Pell for each of the first two payment periods of 450 clock hours and 13 weeks of instructional time. For the remaining 225 hours and 6.5 weeks of instructional time in the program, the school calculates that the student would be eligible to receive \$1,387.50 in Pell, if the student's Scheduled Award would allow it. Without Year-Round Pell, the student would have no remaining Pell Grant eligibility, as they have already received a 100% Scheduled Award of \$5,550 for 2023-24, but with Year-Round Pell, if the student is enrolled at least half time and remains in all other ways Pell-eligible, the student is eligible to receive up to an additional 50% of their \$5,550 Scheduled Award, for a maximum total of \$8,325.

Adding \$1,387.50 to the \$5,550 the student has already received, the school sees that the student will be awarded a total of \$6,937.50 for 2023-24, which is within their \$8,325 Year-Round Pell maximum. Note that the school does not increase the student's final award for the award year to match their Year-Round Pell maximum; the student's awards for each payment period are calculated according to the Pell rules described previously in this volume.

*Payment Periods (1,125 Clock Hours; 32.5 Weeks of Instructional Time)*

	450 hours/13 weeks	450 hours/13 weeks	225 hours/6.5 weeks
<b>Pell Award</b>	\$2,775	\$2,775	\$1,387.50

## Chapter 6

# Transfer Students and Remaining Eligibility

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## Calculating and Awarding Remaining Eligibility

The Pell payment for a transfer student is calculated in the same way as for any new student. That is, you must calculate payments for each payment period following the rules given in previously in this volume. However, a transfer student's remaining Pell eligibility at your school is reduced if the student received Pell funds for the same award year at any prior schools. You can identify the student's prior Pell disbursements when you review their Financial Aid History in NSLDS and COD.

### Calculating remaining eligibility

Once you've identified the Pell amounts that a transfer student has already received for the award year, you must calculate the percentage of the Scheduled Award that has been used. This percentage is calculated by dividing the amount disbursed at the previous school by the student's Scheduled Award at that school (COD calculates this and you can refer to COD to see what the percentage of remaining eligibility will be for a student).

$$\text{Pell disbursed at prior school} \div \text{Scheduled Award at prior school} = \% \text{ of Scheduled Award used}$$

Then subtract this percentage from 100% (or 150%, if the student is enrolled and eligible for a Year-Round award). The result is the maximum percentage of the Scheduled Award that the student may receive at your school. Note that a transfer student receives the same payments as any other student until the limit (up to 150% of a Scheduled Award; see the Year-Round Pell and Iraq and Afghanistan Service Grant section in *Chapter 5* of this volume) is reached. **Give the student the full amount for each payment period, rather than trying to ration the remaining amount by splitting it evenly across the remaining terms.**

A transfer student must repay any amount received in an award year that exceeds their Scheduled Award (or in excess of 150% of their Scheduled Award, if enrolled and eligible for Year-Round Pell), unless the school that disbursed the award was at fault by failure to follow the administrative requirements in [34 CFR 668](#).

### Payment period for a transfer student at a non-term school

When a student transfers into a non-term credit-hour or clock-hour program at a new school, that student is starting a new payment period. For non-term programs, you must use the payment period rules described in *Volume 3, Chapter 1* to determine the payment periods for the remainder of the student's program.

However, for a transfer student, the length of the program is the number of clock or credit-hours and the number of weeks of instructional time that the student will be required to complete in the new program. If the remaining clock or credit hours or weeks of instructional time are half an academic year or less, then the remaining hours and weeks of instructional time constitute one payment period.

### Transfer students and remaining eligibility

Consider a student who is eligible for Pell Grant funds and who transfers from School A to School B within the same award year. Before paying any Pell funds to the student, School B must determine the percentage of eligibility remaining for the student. After transferring, a student's remaining eligibility for a Scheduled Award during an award year is equal to the percentage of the student's Scheduled Award that remains unused, multiplied by the student's Scheduled Award at the new school.

School B may pay the student a Pell Grant only for that portion of an academic year in which the student is enrolled and in attendance at School B. The grant must be adjusted, as necessary, to ensure that the funds received by the student for the award year do not exceed the student's Scheduled Award for that award year or the student's maximum Lifetime Eligibility Used.

The award for each payment period is calculated using the (full) Scheduled Award. The student receives a full award until the student has received 100% of the student's remaining eligibility for a Scheduled Award (or 150% if the student is enrolled at least half time and otherwise eligible for a Year-Round Pell award) or 600% LEU. This avoids a school having to ration the remaining amount by splitting it evenly across the remaining payment periods.

To calculate a transfer student's remaining eligibility for a Scheduled Award, School B must first determine what percentage of the Scheduled Award the student used at School A. Check COD for the most up to date information on what aid has been disbursed to the student at all schools.

The remainder is the unused percentage of the student's Scheduled Award— the percentage the student may receive at School B. (Use percentages rather than dollars because a transfer student may have different Scheduled Awards at the two schools; using percentages rather than dollars adjusts for this possible difference.) School B then multiplies the percent of eligibility remaining by the Scheduled Award at School B. The result is the maximum amount of Federal Pell Grant funds the student may receive at School B during the balance of the award year.

## Pell Grant eligibility for transfer students

[34 CFR 690.65](#)

[DCL GEN-01-09](#)

### Example: Transfer Student Remaining Eligibility

On August 1, 2023, a student enrolls at School X. After completing 400 of the 900 clock-hours in their program, the student withdraws from school. On February 1, 2024, the student enrolls at School Y as a transfer student and is awarded 400 clock hours of transfer credit toward School Y's 1,000 clock-hour program (the program's defined academic year is 900 clock hours and 30 weeks of instructional time). The student's program length at School Y is 600 clock-hours and 20 weeks of instructional time.

The FAA at School Y examines the student's 2023-24 ISIR and finds the following entry:

%Sch. Used: 50.0  
As Of: 01/28/2024  
Pell Verification  
EFC: 0

Based on the student's EFC and COA, their Scheduled Award is \$4,850. The FAA subtracts the 50% of the student's Scheduled Award previously used from 100%, which results in a remaining unused percentage of 50%. Therefore, the student is eligible to receive 50% of their scheduled Pell award of \$4,850 during the balance of the award year. (Note that this example assumes the student is not eligible for a Year-Round Pell. If eligible for Year-Round Pell, the student could receive up to 150% of their Scheduled Award, in total.)

The FAA uses the 600 hours and 20 weeks of instructional time remaining in the student's program to establish the appropriate two payment periods of 300 clock-hours and 10 weeks of instructional time each (as determined in accordance with [34 CFR 668.4\(b\)](#)). The aid administrator multiplies the student's Scheduled Award by the remaining unused percentage and determines that the student may receive as much as \$2,425 ( $0.50 \times \$4,850 = \$2,425$ ) if the student remains enrolled at School Y for the balance of the award year.

During the first payment period, the student receives \$1,617 in Pell funds:

$(300 \text{ hours in payment period} \times \$4,850) \div 900 \text{ hours in academic year} = \$1,617$

However, in the second payment period, the student can only receive funds until their total Pell at School Y reaches \$2,425 (and the student's total for the award year reaches their Scheduled Award amount of \$4,850). Therefore, for the

second payment period at School Y, the student can only receive \$808 ( $\$2,425 - \$1,617 = \$808$ ).

Note that if the student received a Direct Loan at School X and now wishes to borrow a Direct Loan at School Y, the method for determining the remaining eligibility for Direct Loan funds in transfer student situations is very different from the method of determining remaining Pell Grant eligibility. Refer to *Volume 8* for a complete discussion of this topic.

## Why percentages are used

The reason for using percentages when calculating remaining eligibility is that a student may have different Scheduled Awards at different schools/programs, and using percentages ensures that a student does not receive more than 100% (or 150%, if enrolled and eligible for Year-Round Pell) of the student's Scheduled Award. For example, the COAs at the two schools may be different. The percentages are also used to compare the portions of a student's total eligibility that have been used at both schools. (If the student's Scheduled Award is the same at both schools, the financial aid administrator can find the amount of the student's remaining eligibility simply by subtracting the amount received at the first school from the Scheduled Award.)

## NSLDS financial aid history and transfer monitoring

Before disbursing FSA funds to a transfer student, you must obtain a financial aid history for the student, and you must inform NSLDS about the transfer student so that you can receive updates through the Transfer Student Monitoring Process. The financial aid history will not only identify Pell Grant disbursements that the student received at other schools, but also tell you if the student is ineligible for any FSA aid due to default or overpayment, if the student has reached or exceeded the annual or aggregate loan limits, or if the student has reached the Pell LEU limit. There are several ways for you to get a student's financial aid history from NSLDS. You can:

- Use the NSLDS Financial Aid History section of the ISIR;
- Log on to the NSLDS Professional Access website and access the data online for a student;
- For multiple students, use the FAT 001 Web report, which you submit from the Reports tab on the NSLDS site (you retrieve the results through SAIG); or
- Send a batch Transfer Student Monitoring/Financial Aid History (TSM/FAH) Inform file to request aid history data for several students, which will be returned in either extract or report format through SAIG. The TSM/FAH processes and batch file layouts are posted in the [Knowledge Center Library](#) in the "Publications by Resource Type" section under "NSLDS User Resources."

If a student has not self-identified as a transfer student, data on the student's SAR/ISIR can sometimes alert a school to the fact that a student has already received a Pell Grant during the current award year. Schools should examine the Pell payment data on the SAR/ISIR generated from the student's most recent transaction to see if the percentage of the scheduled award used for the award year (% Sch Used) is greater than 0 and examine the "As Of" date (MM/DD/CCYY) to see if the information is current. If the SAR/ISIR is the most recent and the percentage of the scheduled award used for the award year is greater than zero, the school should request transfer monitoring of that student and wait until it has received the results of that process through NSLDS before creating a Pell award for that student in the COD System.

## Concurrent Enrollment and Pell Potential Overaward

When multiple schools report disbursements for a student and the enrollment dates reported are within 30 calendar days of each other, the COD System identifies a potential concurrent enrollment and sends a warning message to all schools involved. The COD System sends the school that submitted the second or subsequent disbursement information a response document that contains warning edit 69. Warning edit 69 informs schools that submit second or subsequent disbursement information that Pell disbursements for a student have been received from two or more schools, and the enrollment dates for the student are within 30 days of one another. The COD System also sends a multiple reporting record (MRR) to all the schools with accepted disbursement information in the COD system for the student and the award year. The MRR alerts the schools to a possible overlap in enrollment. The Department expects all schools involved to cooperate in resolving the concurrent enrollment issue. To help facilitate resolution, the MRR contains the Pell contact information, as reported by the schools to the COD System, for the schools involved.

## Pell Potential Overaward Process

A student may receive disbursements from more than one school during an award year. When more than one school reports disbursements for a student, the COD System checks to make sure the student has not received more than 100% (or 150% if qualifying under “Year-round” Pell) of the student’s eligibility for a Pell Grant.

If the COD System receives disbursement information that will cause a student to receive more than 100% (or 150% if qualifying under “Year-round” Pell) of the student’s “total eligibility used” or TEU, the student has entered a potential overaward (POP) situation. Remember, to certify eligibility for the “Year-round” Pell provision, the Additional Eligibility Indicator (AEI) must be submitted for disbursements exceeding 100% of the Scheduled Award to be accepted in the COD System.

The COD System will accept the disbursement and notify the schools involved in the POP in the following three ways:

1. COD sends the school that submitted the disbursement that caused the student to exceed the 100% (or 150% for “Year-round” Pell) TEU for the year warning edit 68 in the response document.
2. Weekly, COD sends all schools that have accepted and posted disbursements for students in a POP status a Pell POP report that will identify the student and schools involved.
3. COD sends all schools that have accepted and posted disbursements for the student in the award year an MRR containing the Pell contact information for the schools involved.

Warning edit 68 informs the school that submitted the disbursement that caused the student to exceed the 100% (or 150% if qualifying under “Year-round” Pell) TEU for the year that:

- Pell disbursements for a student have been received from two or more schools.
- The student’s TEU is greater than 100.000% or 150.000% as applicable.
- The POP situation must be resolved within 30 calendar days.

During the 30-day period, the Department expects each school involved in the potential overaward to review the student’s award and disbursements and perform the proper eligibility calculations. If the schools (working with COD School Relations) do not resolve the POP situation during the 30-day period, the COD System will reduce all schools’ accepted and posted disbursements for the student to zero, and the issue will have to be addressed with the involvement of the Department.

**Schools, along with the student, must work together to resolve the POP before contacting COD School Relations for help.**

During the 30-day period, the COD System will accept and post disbursements that decrease or increase the student’s year-to-date disbursement amount. Students will be removed from POP status within 30 days of the date the student was initially placed in the POP if the student’s TEU becomes 100% (or 150% for “Year-round” Pell) or below based on downward disbursement adjustments submitted by the schools.

Schools should document any phone calls, emails, and letters that were part of their attempts to resolve the POP with the student and the other schools involved and be prepared to provide that documentation to COD School Relations if requested.

If after 30 calendar days the situation has not been resolved, the COD System generates a negative disbursement that reduces all accepted and posted disbursements to \$0 for the student in the award year in question at all schools involved.

A school that has attempted to resolve an overaward situation with the other schools that have submitted disbursement records for the student and has been unable to arrive at a satisfactory solution should call the COD School Relations Center to request *escalated mediation*. A school that calls the COD School Relations Center to request escalated mediation should be prepared to provide the name and social security number of the student involved. The COD School Relations Center will review the POP situation and, if necessary, refer the case to the Department for additional action.

Schools should remember that failure to do any of the following may call into question a school’s administrative capability and fiscal responsibility and might eventually result in the Department taking action to limit, suspend, or terminate a school’s participation in the Federal Student Aid programs:

- take action when they receive warning notices from the COD System;

- correct overaward situations;
- ensure that students do not receive Pell awards for concurrent enrollment at two or more schools; and
- prevent repeated POP situations from occurring;

Regarding COD processing and POPs:

- The COD System accepts disbursement information from a maximum of three schools for a student in a POP situation.
- The COD System does not prevent the same schools from creating another POP situation for the same student.
- Schools do not need to request post-deadline processing (extended processing) to submit upward adjustment records after the end of the processing year to correct a POP situation.
- The COD System accepts downward adjustments to disbursement or award information at any time.
- Disbursement information can be submitted via the COD website for those schools that do not wish, or are not able, to reopen any software they may have used to process the affected award year.

## Initial Pell calculation

An initial calculation is the first calculation that is made on or after the date the school has received a Department-produced EFC such as the student's initial SAR or ISIR with an official EFC. This may be an EFC from a SAR/ISIR, FAA Access, or FAFSA.gov. The initial calculation uses the student's enrollment status at the time of the calculation. If you've estimated the student's eligibility before receiving a SAR or ISIR for the student, you must confirm prior estimated eligibility or determine the student's eligibility at the time you receive the SAR or ISIR.

You should document the date you initially calculate a student's Pell Grant, which can be no earlier than the date your school received a Department-produced EFC. If you fail to document the date of the initial calculation, you must use the later of:

1. The date the SAR or ISIR is first received and the student's enrollment status as of that date; or
2. The date the student enrolls.

Your school is considered to have received the ISIR on the date it was processed. This date is labeled "Processed Date" on the ISIR. In the case of a SAR, your school is considered to have received it on the date processed unless you document a later date. The processing date on a SAR is the date above the EFC and, on a SAR Acknowledgment, the "Transaction Processed Date."

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## Pell recalculations

[34 CFR 690.80](#)

## Pell recalculation due to change in the EFC

If the student's EFC changes due to corrections, updates, or an adjustment, and the EFC change would change the amount of the Pell award, you must recalculate the Pell award for the entire award year. If the student has received more than their scheduled award amount due to the recalculation, then the student has received an overpayment. In some cases, you may be able to adjust an award by reducing or canceling later payments to the student (see *Volume 4, Chapter 3* for more information).

A student selected for verification can be paid based on the corrected output document you receive during the "verification extension" (120 days after the student's last day of enrollment, or the deadline date established by a Federal Register notice, whichever is earlier). For example, if you receive a reprocessed ISIR reflecting the results of the student's verification during the extension period and the ISIR has a lower EFC than the previous ISIR (increasing the student's eligibility), you calculate the student's Pell Grant based on the valid ISIR.

If you receive a SAR or ISIR with an EFC different from the one you used for the payment calculation, you must first decide which document is valid. If the new information is the correct information, the new SAR or ISIR is the valid record. In most cases, you must recalculate the student's Pell award for the entire award year based on the new EFC. For more information on SARs, ISIRs, and EFC, see the *Application and Verification Guide*.

## Pell recalculation due to change in enrollment status between academic terms

In a term program that uses credit hours, you must calculate a student's payment for each term based on the enrollment



status for that term. If a student attended full time for the first term and then enrolled half time in the second term, you must use the half-time enrollment status to calculate the student's payment for the second term.

## Pell recalculation due to change in enrollment status within a payment period before a student begins attendance in all classes

You must report changes to a student's enrollment status to NSLDS in a timely manner. Any change requiring a recalculation of an award may also require an update to the student's enrollment status. If the student doesn't begin attendance in all classes for a payment period, resulting in a change in the student's enrollment status, you **must** recalculate the student's award for that payment period based on the lower enrollment status. A student is considered to have begun attendance in all classes if the student attends at least one day of each class whose credits are counted for purposes of determining the student's enrollment status for Pell Grant eligibility. Note that clock-hour and non-term programs are always based on full-time enrollment status for Pell.

Your school must have a procedure in place to know whether a student has begun attendance in all classes for purposes of the Pell Grant Program. The Department does not dictate the method a school uses to document that a student has begun attendance. However, a student is considered not to have begun attendance in any class in which the school is unable to document that attendance.

If you recalculate a Pell award because the student's enrollment status has changed, you must also consider any changes in the student's costs at that time. For example, if a student enrolls full time for the first semester and then drops to less than half time during that semester, the student's costs will change, because only certain cost components are allowed for less-than-half-time students. However, the COA components for a less-than-half-time student must still be based on the costs for a full-time student for a full academic year when calculating the student's less-than-half-time award.

### Example: Enrollment change Pell recalculation

A student registers for a full-time course load (15 credit hours) and their school makes an initial disbursement on that basis 10 days before the first term starts. When the term starts, the student only begins attendance in three classes (9 credit hours). The school must recalculate the student's Pell award based on the lower enrollment status. Any difference between the amount the student received, and the new recalculated award is an overpayment. See *Volume 4, Chapter 3* for more detail on overpayments.

## Change in enrollment status within a payment period after a student has begun attendance in all classes

The regulations don't require recalculation of Pell Grant awards based on changes in enrollment status during a payment period **after the student has begun attendance in all their classes**. However, your school **may** have a policy of recalculating awards in this situation. Your school's recalculation policy must be documented in writing, must consider any changes in the student's COA, and must be applied consistently to all students in a program. If your school chooses to recalculate for a student whose enrollment status increases (for example, from half time to full time), it must also recalculate for a student whose enrollment status decreases.

Your school's policy may set a date after which Pell Grants will not be recalculated for enrollment status changes during a payment period. This date is sometimes referred to as the "Pell recalculation date" or "PRD." For example, you could establish a policy that you will recalculate Pell awards only for enrollment changes that occur up to the "add/drop" date of a term. If you establish a policy that Pell Grants will not be recalculated after a certain date, the policy must be applied in all cases, even when there is compressed coursework.

Note that a school may establish more than one PRD within the same payment period. For example, if a term is divided into two or more modules, a school could establish a PRD within each module. However, in this case only one PRD will apply to a student, and that will be the PRD for the latest class or module in which the student begins attendance. Once the school determines which PRD applies to the student, the school must go back to the beginning of the term and review

which courses the student dropped, added, or completed up until the student's PRD to calculate the student's Pell Grant enrollment status.

## Example: Multiple Pell recalculation dates

A school uses multiple Pell recalculation dates within a payment period and must recalculate Pell up to the Pell recalculation date for the last class or module in which the student begins attendance. The fall semester is divided into two modules. The school establishes one PRD in each module, and a third PRD for the full semester:

	<b>Module 1</b>	<b>Full Semester</b>	<b>Module 2</b>
<b>Pell Recalculation Date</b>	September 7	September 21	November 1

As of the September 21 PRD, a student had begun attendance in four classes (12 credit hours) for the full semester.

On October 3, the student drops two classes (6 credit hours). On October 20, the student enrolls and begins attendance in a 3-credit-hour class in Module 2. As of the November 1 PRD for Module 2, the student is enrolled for and has begun attendance in nine credit hours.

In this example, the November 1 PRD applies to the student, so the student's final Pell Grant enrollment status is three quarter time. If the student had not enrolled and begun attendance in the class in Module 2, the September 21 PRD would apply, and the student's final Pell Grant enrollment status would be full time.

If your school has a policy of recalculating Pell Grant awards for a student whose projected enrollment status has changed as of your established PRD (if the student began attendance in all classes), and if the initial calculation of the student's Pell Grant occurred **before** the recalculation date, the recalculation is based on the student's new enrollment status as of the recalculation date.

In some cases, a student may not be enrolled in any classes as of a school's PRD, but the student enrolls later during the payment period (for example, in the second module of a term). Since there is no Pell Grant enrollment status of "zero," in this circumstance the student remains Pell-eligible based on the initial Pell Grant calculation (if the student began attendance in all classes on which the enrollment status for the initial calculation was based), and the recalculation is based on the student's enrollment status at the time they begin enrollment later in the term.

The initial calculation of a student's Pell Grant may in some cases occur **after** a school's PRD for a term, including a term with compressed coursework. In this circumstance, you must use the student's effective enrollment status on the date of the initial calculation, and there is no recalculation of the student's Pell Grant for the term due to a subsequent change in enrollment status, if the student began attendance in each class.

Examples 1 and 2 below illustrate the principles described above.

### **Example 1**

A student registers for a full-time course load and their school initially calculates a full-time award. The student begins attending all classes but subsequently drops to half-time status. The school does not recalculate Pell Grant awards based on enrollment status changes during a payment period, so the student may still be paid based on full-time enrollment if the student is otherwise eligible for payment.

If the school did not receive the student's first processed valid SAR or ISIR with an official EFC until after the student dropped to half-time enrollment, the Pell initial calculation would be based on the student's enrollment status at the time the school received the output document, which was half-time status.

If the school had a policy of recalculating Pell Grant awards if a student's enrollment status for a payment period has changed as of a specified recalculation date, and if the student had dropped to half-time status as of that date, the school would recalculate the student's award based on half-time enrollment.

### **Example 2**

A student registers as a full-time student and the school initially calculates a full-time Pell Grant award for the fall and spring semesters. Each semester is divided into two 8-week modules that are combined and treated as a single 16-week standard term. The student begins attendance in all classes in the fall.

In the spring semester, the student is not enrolled in any classes during the first 8-week module or any classes that span the entire 16-week semester. However, the student is enrolled in two 3-credit courses during the second 8-week module.

The school's Pell Grant recalculation date for the spring semester is during the first 8-week module. Although the student is not enrolled in any classes as of the recalculation date, their enrollment during the second module of the semester allows them to be paid up to their original full-time enrollment status as determined by the initial Pell Grant calculation. However, because the student is enrolled for only six hours in the second module, the school pays the student as a half-time student. No further adjustments to the student's award will be made if there are subsequent enrollment status changes during the term.

If the student's payment for the term is being disbursed in a subsequent payment period, you may pay the student only for the coursework completed in the term (including earned Fs). Additional information about retroactive payments is available in *Volume 4, Chapter 2*.

In the case of programs offered with compressed coursework or modules within the terms, your school may adopt a policy of setting the PRD based on the add/drop date of the last class in which the student is enrolled, or is expected to enroll, for the term. In this circumstance, your school must consider all adjustments to the enrollment status, both increases and decreases, up to the add/drop date of the last class in which the student begins attendance.

If you don't establish a policy of recalculating based on changes in enrollment status that occur during a payment period, a student who begins attendance in all classes would be paid based on the initial calculation, even if their enrollment status changes before the disbursement is made. If the student withdraws from all classes (or doesn't begin attending any classes), you must follow the procedures discussed in *Volume 5*.

## **Pell recalculation due to change in COA**

When a student's COA changes during the award year, and their enrollment status remains the same, you may (but are not required to) establish a policy under which you recalculate the student's Pell Grant award. Once established, you must consistently apply such a recalculation policy to all students in the program.

## **Tuition and fee charges and recalculation**

If your school recalculates a student's Pell Grant due to a change in enrollment status but continues to charge tuition and fees for credit hours that are no longer included in the student's enrollment status for Pell Grant purposes, this does not affect the requirement to recalculate the student's Pell Grant award.

For example, if a student enrolls as a full-time student with 12 credits, but never starts attendance in a 3-credit class that starts after the school's "add/ drop" date, the student's award must be recalculated as three-quarter-time. This is true, even though the school charges tuition for any classes dropped after the "add/ drop" date, and therefore continues to charge the student for 12 credits.

## **Recalculation of Pell Grant awards for students who graduate early from a clock-hour program**

Under the regulations that govern the treatment of Title IV funds when a student withdraws, a student who completes all the requirements for graduation from a program before completing the days or hours they were scheduled to complete is not considered to have withdrawn, and no return of Title IV funds calculation is required (see *Volume 5* for more detail). However, a school may be required to return a portion of the Pell Grant funds that were awarded to a student who successfully completes the requirements for graduation from a clock-hour program before completing the number of clock hours that they were scheduled to complete. Note that successfully completed clock hours may include a limited number

of clock hours for which the student was granted an excused absence if your school has an excused absence policy that meets the requirements described in [34 CFR 668.4\(e\)](#). For more information, see the discussion of "Excused absences in clock-hour programs" in *Volume 3, Chapter 1*.

A student's eligibility to receive Title IV aid for a clock-hour program is based, in part, on the total number of clock hours in the program. If a school allows a student to graduate from a clock-hour program without completing all the originally established hours for the program, the school has effectively shortened the program length and reduced a student's Title IV aid eligibility for the program. In this circumstance, the school must recalculate the student's Pell Grant award based on the number of hours the student completed. The school must return the difference between the recalculated award amount and the Pell Grant amount that the student originally received to the Department. (For a student who received a Direct Loan, the school must also prorate the student's annual loan limit in this situation, or, if the loan limit was originally subject to proration, recalculate the original prorated loan limit. See *Volume 8* for more information.)

As an example, consider a student who enrolls in a 900 clock-hour program, with the academic year defined as 900 clock hours and 26 weeks of instructional time. The school assumes that the student will complete 900 clock hours, and (based on EFC and COA) the student receives the maximum 2023-24 Pell Grant award of \$7,395, paid in disbursements of \$3,697.50 in each payment period (see *Chapter 1* of *Volume 3* for guidance on determining payment periods).

The school considers the student to have met the requirements for graduation from the program after the student has completed only 750 of the originally scheduled 900 clock hours. As soon as practicable after determining that the student will meet the graduation requirements, the school must recalculate the student's Pell Grant award as if the student had been enrolled in a 750 clock-hour program. Although the school will recalculate the student's award using Formula 4 (as described in *Volume 7 Chapter 1*), in this circumstance only the number of clock hours in the payment periods are considered. There is no comparison of hours and weeks fractions, as is normally required with Formula 4.

The school determines the recalculated award amount for each payment period by multiplying the student's \$7,395 Pell Grant award by 375 (the number of clock hours in each payment period based on the total of 750 hours that the student completed), then dividing the result by 900 (the number of clock hours in the program's academic year). This results in two recalculated disbursements of \$3,081.25 each, for a total award of \$6,162.50. The school reduces the original first and second disbursements by \$616.25, then returns the total difference of \$1,232.50 to the Department. Note that the school – not the student – is responsible for returning the excess Pell Grant funds in this situation.

The recalculation requirement described above applies **only** to clock-hour programs, and it applies regardless of the length of the program or remaining portion of a program. For example, if a student who received Pell Grant funds for enrollment in a 600 clock-hour program meets the graduation requirements after completing only 500 clock hours, the student's Pell Grant award must be recalculated.

## Overawards and Overpayments

A Pell Grant is determined by using the Pell Disbursement Schedule appropriate for the student's enrollment status, EFC, and COA. **A correctly determined Pell or Iraq and Afghanistan Service Grant is never adjusted to account for other forms of aid.** Therefore, if a student's aid package exceeds his or her need, you must attempt to eliminate the overaward by reducing other Title IV aid or other aid your school controls. You may not reduce a student's correctly awarded and disbursed Pell or Iraq and Afghanistan Service Grant to address overpayments in other programs.

If a student received more Pell or Iraq and Afghanistan Service Grant funds than they were eligible for because their eligibility for the grant decreased, you can try to eliminate the overpayment by adjusting later disbursements for the award year. Additionally, a Pell or Iraq and Afghanistan Service Grant awarded to an ineligible student or based on an incorrect enrollment status greater than that for which the student is enrolled is an overaward. See *Volume 4 Chapter 3* for additional guidance on resolving overawards.

### Pell Grant overawards

A Pell Grant overaward can be caused by a school making an error in reading the Pell payment schedule. For example, the school may use the wrong EFC or COA, or may not use the correct payment schedule based on the student's enrollment status (e.g., using the full-time schedule to determine the award for a student who is enrolled on a half-time basis, or who dropped to less than full-time enrollment status before beginning attendance in all classes).

A Pell Grant overaward can also result if the student enters incorrect data on the FAFSA and the EFC derived from the incorrect data is lower than it should be (for more detail about the FAFSA and EFC data, see the *Application and Verification Guide*). A Pell overaward also exists if a student scheduled to receive a Pell Grant fails to begin classes or is otherwise determined to be ineligible for FSA funds (for example, having exceeded the Pell LEU).

Finally, an overaward exists whenever a student is scheduled to receive or is receiving a Pell Grant for attendance at two or more schools concurrently. All these Pell Grant overawards must be corrected. For more detail on the requirements and methods of resolving overawards, see *Volume 4, Chapter 3*.

This is not an exclusive list of all the ways in which a Pell Grant may be overawarded. In addition to avoiding these mistakes, schools should also be sure to submit timely Pell actual disbursement records to COD, according to the Annual Deadline Date Notice as published in the Knowledge Center.

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## Liability for and recovery of Pell Grant overpayments

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[34 CFR 690.79](#)

### Iraq and Afghanistan Service Grant overawards

The following are considered Iraq and Afghanistan Service Grant (IASG) overawards and must be corrected:

- an award made to an ineligible student,
- an award based on a Pell Grant Disbursement Schedule for an enrollment status that is greater than the status for which the student is enrolled, and
- an award that by itself exceeds the student's COA.

**Iraq and Afghanistan Service Grants, like Pell Grants, are not adjusted to account for other forms of aid.** But unlike Pell Grants, they are not considered estimated financial assistance (HEA 420R(e) specifically excludes IASGs from EFA). If a student's aid package includes an Iraq and Afghanistan Service Grant that was awarded correctly and by itself does not exceed the COA, an overaward will occur only if the other aid in the package exceeds the student's financial need or COA. In such cases you must reduce the other aid to eliminate the overaward. See *Volume 4 Chapter 3* for additional guidance on resolving overawards.

If an Iraq and Afghanistan Service Grant recipient becomes eligible during the award year for a Pell Grant instead of the IASG (adjusted EFC becomes Pell eligible), then the school must treat the Pell Grant as estimated financial assistance and adjust the student's aid package, including the other aid, as necessary. Schools must have a process to identify those IASG recipients who become Pell Grant eligible during the year.

### Declining and/or returning Pell funds

A student may decline or return all or part of a disbursement of Pell Grant funds that they are otherwise eligible to receive or have received. However, returns may only be made in the same award year as the funds were received, and you are not required to comply with a student's request to decline a Pell Grant disbursement that has already been applied to the student's account for institutional charges. This should be a rare action on the part of students and need not be advertised as a possibility by your school. For more detail on the requirements of declining or returning Pell funds, see [DCL GEN-12-18](#).

## Chapter 8

# Pell Grant and Iraq and Afghanistan Service Grant Lifetime Eligibility Used (LEU)

## Duration of eligibility

Per the Consolidated Appropriations Act of 2012, a student's maximum duration of Pell eligibility is six Scheduled Awards, as measured by the percentage of "Lifetime Eligibility Used" (LEU) field in COD (one Scheduled Award equals 100% LEU). A separate maximum of 600% LEU also applies to Iraq and Afghanistan Service Grant awards. A student is ineligible to receive further Pell or Iraq and Afghanistan Service Grant funds if they have reached or exceeded the 600% limit for the applicable program (i.e., Pell or Iraq and Afghanistan Service Grant). For Pell, this limitation includes all grants disbursed since the beginning of the program (1973-74).

## Pell and Iraq and Afghanistan Service Grants LEU

### [34 CFR 690.6](#)

HEA Section 401(c), amended by Consolidated Appropriations Act of 2012

### [DCL GEN-12-01](#)

### [DCL GEN-13-14](#)

### [Electric Announcement April 18, 2014](#)

### [2023-24 ISIR Guide \(Updated March 24, 2023\)](#)

The LEU limits for Pell Grants and Iraq and Afghanistan Service Grants are separate and are tracked independently. For example, a student might have 400% Pell LEU and 300% Iraq and Afghanistan Service Grant LEU and still be potentially eligible for either program, or 600% Pell LEU and 400% Iraq and Afghanistan Service Grant LEU and be potentially eligible for only an Iraq and Afghanistan Service Grant award. Rounding rules do not apply if the amount disbursed would place the student's LEU over 600%.

The Department provides weekly Pell LEU reports through the SAIG Mailbox under Message Class PGLEXXOP (where XX = the year) for your Pell-eligible students (and students who listed your school code on their FAFSA) who have a Pell LEU greater than or equal to 450%. The COD website will show the current Pell LEU level for all aid recipients (updated as transactions are processed). COD also provides the LEU for the Pell Multiple Reporting Record (MRR), Pell Reconciliation Report, and Pell Year-to-Date file.

Students will fall into one of the following categories, which will have various effects:

- **Student not on report** (Code "N" on the student's ISIR under Lifetime Limit Flag) Students in this category have LEU of less than 400%. These students' Pell awards will be awarded as normal, since even if they receive a full Scheduled Award, they will not go over the 600% LEU maximum.
- **LEU greater than 400% but less than or equal to 500%** (Code "H" on the student's ISIR under Lifetime Limit Flag) Students in this category will likely have Scheduled Award eligibility for 2023-24. However, a student's 2023-24 Pell eligibility may be reduced if, for example, another Pell disbursement is reported after a report has been created, putting the student's 2023-24 baseline LEU over 500%.
- **LEU greater than 500% but less than 600%** (Code "C" on the student's ISIR under Lifetime Limit Flag) These students will not have full Pell eligibility for 2023-24 since their baseline LEU has less than 100% remaining.
- **LEU 600% or higher** (Code "E" on the student's ISIR under Lifetime Limit Flag) These students will have no Pell

eligibility remaining, as they have already exceeded the maximum LEU amount.

To aid in identifying students who are approaching their LEU limits, COD returns warning code 177 or 178 when a student's Pell LEU is near or exceeds 600%. COD has a hard reject (Edit 201) for both Pell and Iraq and Afghanistan Service Grant actual disbursements with a Pell or Iraq and Afghanistan Service Grant LEU greater than 600%. Also, you will be able to see this data in the Common Record Response, and LEU is also visible in the NSLDS system. However, the Central Processing System (CPS) reports only the Pell Grant LEU limit flags and percentages on SARs and ISIRs. COD calculates a student's LEU to three decimal places, and you may round awards as described *Chapter 4* of this volume. However, you may not round up if that would cause the student to exceed either their Scheduled Award or 600% LEU.

To calculate an award for a student whose LEU level will reduce the student's eligibility (i.e., an LEU greater than 400% but less than 600%), you must first check the most current LEU level in COD. Subtract the LEU percentage from 600%, then multiply the student's Scheduled Award by the resulting percentage. For example, if a student has 534% LEU in COD, your school will subtract 534% from 600%, leaving the student with 66% of a Scheduled Award remaining. If the student's Scheduled Award is \$7,395, your school multiplies \$7,395 by 0.66, which equals \$4,880.70. This amount is then disbursed per the normal Pell formula and payment period rules. If your school only disburses funds in whole dollars, you will truncate the amount to \$4,880 (rather than rounding up to \$4,881, as this would put the student over 600% LEU).

For students whose eligibility is less than a full Scheduled Award, you award the student a Pell Grant or Iraq and Afghanistan Service Grant as you would for a transfer student who received Pell at another school during the same award year. That is, you determine the student's remaining Pell or Iraq and Afghanistan Service Grant eligibility, as a percentage of LEU, and then award each payment until that eligibility is used (see the discussion in *Chapter 6* of this volume).

## Timely Pell Grant and Iraq and Afghanistan Service Grant reporting requirements

Because of Pell Grant and Iraq and Afghanistan Service Grant Lifetime Eligibility Used (LEU) monitoring, it is particularly important to submit Pell Grant and Iraq and Afghanistan Service Grant disbursement information in a timely manner. You must submit Pell Grant and Iraq and Afghanistan Service Grant disbursement information to COD no later than 15 calendar days after making a disbursement or adjustment. To ensure you and other schools have the most accurate information available about students' LEUs, you should submit information to COD as early as possible in the required 15-day time frame. Doing so may help prevent an overaward. Failure to submit the data within the 15 days could result in the Department disallowing the disbursement. For details on NSLDS reporting requirements for Pell, including reporting of additional data, reporting at the academic program level, and more frequent reporting, see DCLs [GEN-14-07](#) and [GEN-14-17](#) and the [February 11, 2015 Electronic Announcement](#).

## Changes in LEU

A student's LEU changes whenever they receive a Pell or Iraq and Afghanistan Service Grant disbursement (up or down) and may change any time a student's Scheduled Award is adjusted. It may also change through an LEU adjustment made based on an LEU Dispute, Closed School Restoration, or other adjustment type deemed necessary by the Department.

A student's Pell or Iraq and Afghanistan Service Grant LEU can limit the student's Pell or Iraq and Afghanistan Service Grant eligibility for an award year. For example, since the maximum LEU is 600%, if a student's Pell or Iraq and Afghanistan Service Grant award originally was calculated based on an LEU of 550%, then that student's award would be limited to 50% of the Scheduled Award. A change to a disbursement in the current or previous award year may alter a student's LEU. For details on LEU limitations, see the Pell Grant and Iraq and Afghanistan Service Grant Lifetime Eligibility Used guidance earlier in this chapter.

When a school becomes aware that a student's LEU has been adjusted, it should determine whether the adjustment affects the student's eligibility for a Pell Grant or Iraq and Afghanistan Service Grant in the current or most recently completed award year.

If the student becomes eligible for additional Pell or Iraq and Afghanistan Service Grant funds as a result of a change to the student's LEU, the school must make a correction to the student's award and make any disbursements of Pell or Iraq and Afghanistan Service Grant funds for which the student is now eligible and that the school is permitted to make under the late and retroactive disbursement requirements (for more detail on disbursement requirements and timing, see

Volume 4, Chapter 2). Note that, as with any retroactive payment or late disbursement of Pell Grant funds, the school should base its calculation of such disbursements on only the classes that the student completed for the earlier period.

## Minimum Pell Grant and LEU

Under section 401(b)(4) of the HEA, the minimum award is set at 10% of the maximum award appropriated each year. Because midpoints are used for the EFC and COA columns in constructing the Pell payment schedules, the minimum Pell award for a full-time student is slightly higher than 10% of the maximum Pell award. Students who are eligible for less than the minimum award are not Pell eligible for 2023-2024, unless the reason for their low Pell eligibility was truncation due to Lifetime Eligibility Used (LEU) limitations (for more on LEU, see *Chapter 8* of this volume).

There is no de minimis award amount for purposes of determining a student's award because of the 600% LEU limitation. Therefore, even a student with a very small remaining LEU is eligible to receive the calculated amount of the Pell Grant, if the LEU is not exceeded. For example, a full-time student with an EFC of 3,750, COA of \$7,000, and an LEU of 599.500% would be eligible for the remaining 0.500% which is \$16.50 (if your school only disburses in whole dollars, this amount must be truncated to \$16, because \$17 would exceed the student's LEU).

## Pell LEU Restoration

In 2017, following several cases of closed schools, the Department began restoring Federal Pell Grant eligibility for Pell Grant recipients who were unable to complete their course of study due to the closing of a school. This process is known as **Pell LEU Restoration for Closed Schools**. See Electronic Announcements dated [December 21, 2016](#), [April 3, 2017](#), and [October 4, 2017](#) for more details.

In 2021, the FAFSA Simplification Act codified Pell LEU Restoration for Closed Schools into law and expanded the restoration of Pell Grant eligibility to include students who received a closed school, false certification, identity theft, or borrower defense loan discharge. This expanded authority is known as **Pell LEU Restoration for Eligible Loan Discharge**. The Department implemented changes in the COD System to accommodate this new authority on July 30, 2023. An [Electronic Announcement posted July 20, 2023](#), provides more information about the Pell LEU Restoration for Eligible Loan Discharge process.

A closed school may be considered for the Pell LEU Restoration for Closed Schools process if all the following are true:

- The school's main location is officially closed with the Department;
- The school closed after 1994 (i.e., 1995 to present);
- All final disbursements have been submitted to the COD system and accepted by the Department;
- All final enrollment data has been submitted to NSLDS so that the Department may determine if students are eligible for restoration; and
- The school has completed the close-out process with the Department.

A student may be eligible for restoration under the Pell LEU Restoration for Closed Schools process if all the following are true:

- The student received a Pell Grant disbursement at an eligible closed school (see criteria for an eligible closed school above);
- The student did not complete their program at the closed school; and
- The student had a valid enrollment status at the closed school within two years of the school's closure.

A student may be eligible for restoration under the Pell LEU Restoration for Eligible Loan Discharge process if the following are true:

- The student received an eligible loan discharge on or after July 1, 2017; and
- The student received Pell Grant disbursement for the same OPEID and award year as the discharged loan.

## School impact due to Pell LEU Restorations

Schools do not have to take any action related to either the Pell LEU Restoration for Closed Schools or the *Pell LEU*



*Restoration for Loan Discharge* processing. The Department has modified the COD system to restore Pell Grant eligibility for eligible students.

However, if a student's eligibility for Pell in the current award year is impacted by an LEU adjustment, the school will be notified. Notifications of Pell eligibility restoration adjustments for students associated with their school are sent through a variety of sources:

- COD Warning Edits (#221 for Closed School adjustments; #229 for Loan Discharge adjustments);
- Targeted emails with instructions to download a list of affected students from the COD Web;
- NSLDS post screening;
- Updated LEU within response file; and
- Details of the LEU adjustment(s) displayed on the students' Pell LEU History screen in COD Web.

## Student impact and eligibility for Pell LEU Restorations

Neither the Pell LEU Restoration for Closed Schools nor the Pell LEU Restoration for Eligible Loan Discharge process requires student intervention. Students who are potentially eligible for additional Pell because some or all their Pell eligibility has been restored are sent a targeted email.

## Pell Grant LEU Disputes

A school or student may dispute the accuracy of a student's Pell Grant data which resulted in the student's LEU percentage in COD. It is the student's current school's responsibility to coordinate the resolution of the dispute. You may create, view, and edit Pell LEU disputes (including uploading documentation) using the COD Web Portal. For more detail, see the Electronic Announcements posted [June 27, 2013](#) and [April 18, 2014](#).

# Pell Formula Summaries

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## Formula 1 Summary

Standard-term, credit-hour programs, including subscription-based programs, with 30 weeks of instructional time (or waiver applies). For a program with a traditional academic calendar, the program:

- must have an academic calendar that consists, in the fall through spring, of two semesters or trimesters, or three quarters (note that summer may not be a standard term);
- must have at least 30 weeks of instructional time in fall through spring terms;
- must not have overlapping terms; and
- must define full-time enrollment for each term in the award year as at least 12 credit hours and must measure progress in credit hours.

Other programs offered in standard terms may use Formula 1 if they start the terms for different cohorts of students on a periodic basis (for example, monthly). These programs:

- must have an academic calendar that consists exclusively of semesters, trimesters, or quarters;
- must have at least 30 weeks of instructional time in any two semesters or trimesters or any three quarters;
- must start the terms for different cohorts of students on a periodic basis (for example, monthly);
- must not allow students to be enrolled in overlapping terms and the students must stay with the cohort in which they start unless they withdraw from a term (or skip a term) and re-enroll in a subsequent term; and
- must define full-time enrollment for each term in the award year as at least 12 credit hours and must measure progress in credit hours.

### *Step 1: Determine Enrollment Status*

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

### *Step 2: Calculate Pell COA*

Full-time, full academic year costs.

### *Step 3: Determine Annual Award*

If the student's enrollment status is full time, the annual award is taken from the full-time payment schedule (Scheduled Award). If the student's enrollment status is three quarter time, half time, or less than half time, the annual award is taken from the appropriate part-time disbursement schedule.

### *Step 4: Determine Payment Periods*

Payment period is the academic term.

### *Step 5: Calculate Payment for a Payment Period*

Annual Award ÷ 2 for programs with semesters or trimesters or 3 for programs with quarters

OR

For alternate calculation:

Annual Award ÷ Number of terms in the award year

## Formula 2 Summary

Standard-term, credit-hour programs, including subscription-based programs, with fewer than 30 weeks of instructional time, and waiver does not apply.

- Enrollment for at least 12 credit hours each term required for full-time status
- Program terms don't overlap
- Academic calendar includes two semesters/trimesters (fall and spring) or three quarters (fall, winter, and spring)
- Fall through spring terms are less than 30 weeks of instructional time

### *Step 1: Determine Enrollment Status*

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

### *Step 2: Calculate Pell COA*

Full-time, full academic year costs.

Cost for fall through spring terms prorated. If fall through spring terms provide the same number of credit hours as are in the academic year definition, prorated COA is the same as non-prorated COA.

### *Step 3: Determine Annual Award*

If the student's enrollment status is full time, the annual award is taken from the full-time payment schedule (Scheduled Award). If the student's enrollment status is three quarter time, half time, or less than half time, the annual award is taken from the appropriate part-time disbursement schedule.

### *Step 4: Determine Payment Periods*

Payment period is the academic term.

### *Step 5: Calculate Payment for a Payment Period*

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

OR

For alternate calculation:

Annual Award  $\div$  Number of terms in the award year

## Formula 3 Summary

Any term-based, credit-hour program, including subscription-based programs; may include programs that qualify for Formulas 1 and 2.

### *Step 1: Determine Enrollment Status*

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

### *Step 2: Calculate Pell COA*

Full-time, full academic year costs.

Cost for program or period not equal to academic year prorated. Two fractions are compared:

Hours in program's definition of academic year ÷ Hours to which the costs apply

Weeks of instructional time in program's definition of academic year ÷ Weeks of instructional time in the enrollment period to which the costs apply

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

*Step 3: Determine Annual Award*

If the student's enrollment status is full time, the annual award is taken from the full-time payment schedule (Scheduled Award). If the student's enrollment status is three quarter time, half time, or less than half time, the annual award is taken from the appropriate part-time disbursement schedule.

*Step 4: Determine Payment Periods*

Payment period is the academic term.

*Step 5: Calculate Payment for a Payment Period*

Annual award x (Weeks of instructional time in the term ÷ Weeks of instructional time in the program's academic year definition)

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

## Formula 4 Summary

Clock-hour programs and credit-hour programs without terms, residential portion of non-term correspondence programs.

*Step 1: Determine Enrollment Status*

At least half-time or less-than-half-time.

*Step 2: Calculate Pell COA*

Full-time, full academic year costs.

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

Hours in program's definition of academic year ÷ Hours to which the costs apply

Weeks of instructional time in program's definition of academic year ÷ Weeks of instructional time in the enrollment period to which the costs apply

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

*Step 3: Determine Annual Award*

Always taken from full-time payment schedule (equal to Scheduled Award). Does not mean students are always considered full-time.

*Step 4: Determine Payment Periods*

Length of payment period measured in credit or clock hours. Minimum of two equal payment periods required for programs shorter than an academic year, or two equal payment periods in each full academic year (or final portion longer than half an academic year) for programs longer than or equal to an academic year.

*Step 5: Calculate Payment for a Payment Period*

Annual award multiplied by the lesser of:

The number of credit or clock hours in the payment period ÷ The number of credit or clock hours in the program's academic year

OR

The number of weeks of instructional time in the payment period ÷ The number of weeks of instructional time in the program's academic year

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

## Formula 5A Summary

Correspondence programs non-term correspondence component. For residential portion, use Formula 4 to calculate payment periods and amounts. The schedule for the submission of lessons must reflect a workload of at least 12 hours of preparation per week of instructional time.

### *Step 1: Determine Enrollment Status*

Enrollment status is never more than half time.

### *Step 2: Calculate Pell COA*

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

Cost for program or enrollment period not equal to academic year prorated according to the following formula for tuition and fees:

Costs × (Credit hours in program's definition of academic year ÷ Credit hours to which costs apply)

### *Step 3: Determine Annual Award*

Annual award taken from half-time disbursement schedule

### *Step 4: Determine Payment Periods*

Length of payment period measured in credit hours.

The first payment period is the period of time in which the student completes the lesser of the first half of the academic year or the first half of the program. (First payment can be made only after the student has completed 25% of the lessons or otherwise completed 25% of the work scheduled, whichever comes last.)

The second payment period is the period of time in which the student completes the lesser of the second half of the academic year or the second half of the program. (Second payment may be made only after the student has submitted 75% of the lessons or otherwise completed 75% of the work scheduled, whichever comes last.)

### *Step 5: Calculate Payment for a Payment Period*

Annual award is multiplied by the lesser of:

Number of credit hours in the payment period ÷ Number of credit hours in the program's academic year

OR

Weeks of instructional time in the payment period ÷ Weeks of instructional time in the program's academic year

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

## Formula 5B Summary

Programs of study by correspondence, term correspondence component. During each term, the written schedule for the submission of lessons must reflect a workload of at least 30 hours of preparation per semester hour or at least 20 hours of preparation per quarter hour.

### *Step 1: Determine Enrollment Status*

Enrollment status is never more than half time.

### *Step 2: Calculate Pell COA*

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

Cost for program or enrollment period not equal to academic year prorated according to the following formula for tuition and fees:

$\text{Cost} \times (\text{Credit hours in program's definition of academic year} \div \text{Credit hours to which costs apply})$

### *Step 3: Determine Annual Award*

Annual award taken from half-time or less-than-half-time disbursement schedule.

### *Step 4: Determine Payment Periods*

Length of payment period is the academic term.

### *Step 5: Calculate Payment for a Payment Period*

Annual award multiplied by:

$\text{Weeks of instructional time in the term} \div \text{Weeks of instructional time in program's academic year definition}$

When there is a residential portion in a term-based correspondence program, Formula 3 is used to calculate the student's payment for a payment period for the residential portion.

Note: A single disbursement cannot exceed 50% of the annual award.