Chapter 4

Calculating Annual Awards Using Pell Grant Formulas

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 x 10) ÷ 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 ÷ 30 = 0.333333...) 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 x $2,150 = $709.50) or too high (0.34 x $2,150 = $731.00).

Rounding

The Common Origination and Disbursement System (COD) accepts cents and whole dollar amounts in payment amounts for Pell. Your school may choose to disburse in cents or whole dollars. If your school chooses to disburse in whole dollar amounts, you must establish reasonable rounding rules in your institution’s policies and procedures and apply your school’s rounding rules consistently across all students.

You may round up if the decimal is 0.50 or higher, or round down if it's less than 0.50. However, you may not round up in two or more consecutive payment periods if doing so would cause the student to exceed her Scheduled award amount. You may need to alternate rounding up and down for students enrolled in more than one payment period in the award year.

Volume 7, Chapter 4, Example 1: Alternate Rounding in Consecutive Payment Periods

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 Scheduled Award is $7,025. 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 $3,512.50. Using the rounding rule stated above, you would round the student's fall payment up to $3,513, and round the spring payment down to $3,512.

Consider the same student enrolled full time in a program offered in a traditional academic calendar consisting of fall, winter, and spring quarters. If your school disburses in cents, the student's full-time payment is $2,341.67 for the first two payment periods and $2,341.66 for the third payment period. If your school disburses in whole dollars, you may round up to $2,342 for the first two payment periods and round down to $2,341 for the third payment period. Alternatively, you may round up, then down, then up, and disburse $2,342 in the fall, $2,341 in the winter, and $2,342 in the spring. Either method is correct so long as you follow your school's rounding rules consistently across all students.

Finally, when calculating eligibility using Pell Formula 2 or 3, you may round the annual award to the nearest whole dollar before determining the disbursement amounts for each term. See "*Volume 7*, Chapter 4, Example 10" for a demonstration of this rounding rule.

Important: This guidance on rounding does not apply if the amount disbursed would exceed the student's Pell Grant eligibility for the award year 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:
    -

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**

- 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)

Pell Formula 1 Examples

Note: Examples use fictional maximum ($7,500) and minimum ($750) Pell Grant award amounts for demonstration purposes only. Award amounts in examples in this volume should not be used in packaging Pell Grants.

Volume 7, Chapter 4, Example 2: 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: $7,500

Semester Disbursement Schedule

	Fall	**Spring**
Credit Hours (Enrollment Intensity %)	12 (100%)	15 (100%)
Annual Pell Award	$3,750	$3,750

Quarter Disbursement Schedule

	Fall	**Winter**	**Spring**
Credit Hours (Enrollment Intensity %)	12 (100%)	15 (100%)	12 (100%)
Annual Pell Award	$2,500	$2,500	$2,500

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

Volume 7, Chapter 4, Example 3: 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 her Scheduled Award divided by 3 to determine the disbursement for each payment period.

- Full-time definition: 30 weeks of instruction; 12 credits per term
- Scheduled Pell Grant award: $7,500

Disbursement Schedule

	Term 1	**Term 2**	**Term 3**
Credit Hours (Enrollment Intensity %)	12 (100%)	15 (100%)	12 (100%)
Annual Pell Award	$2,500	$2,500	$2,500

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

Volume 7, Chapter 4, Example 4: Enrollment Intensity Change

- Full-time definition: 30 weeks of instruction; 12 semester credits per term
- Scheduled Pell Grant award: $7,500

Disbursement Schedule (Full-time)

	Fall	Spring
Credit Hours (Enrollment Intensity %)	12 (100%)	15 (100%)
Annual Pell Award	$3,750	$3,750

If the same student enrolls in 12 credits in the fall but reduces her spring enrollment to 9 credits before the start of the spring semester, her spring payment will be based on 75% enrollment intensity for spring, rather than the full-time Scheduled Award.

Disbursement Schedule (Less than full-time)

	Fall	Spring
Credit Hours (Enrollment Intensity %)	12 (100%)	9 (75%)
Annual Pell Award	$3,750	($7,500 x 75%) ÷ 2 = $2,812.50 (which may be rounded to $2,813)

Volume 7, Chapter 4, Example 5: Less-than-half-time Enrollment and Pell Grant COA

A student plans to enroll full time in the fall and spring semesters. The school determines the student's disbursement schedule, shown below.

- Full-time definition: 30 weeks of instruction; 12 credits per term
- FT Pell Grant COA: $9,000
- FT Scheduled Pell Grant award: $7,500

Semester Disbursement Schedule

	Fall	**Spring**
Credit Hours (Enrollment Intensity %)	12 (100%)	15 (100%)
Annual Pell Award	$3,750	$3,750

Before the start of the fall semester, the student decides she needs to reduce her planned enrollment to 3 credits in each term, which is less than half time. The school determines the student's less than half-time (LTHT) Pell Grant COA is $3,500, based on the restrictions on which COA components can be included for a less-than-half-time student. See "Less Than Half Time Pell Grant Cost of Attendance" in Chapter 3 of this volume for further discussion of this topic.

- LTHT Pell Grant COA: $3,500
- LTHT Scheduled Pell Grant award: $3,500

Since the student's Scheduled Award is limited by the student's LTHT Pell Grant COA, the school uses the capped Scheduled Award as the starting point for prorating the award by the enrollment intensity.

Semester Disbursement Schedule

	Fall	**Spring**
Credit Hours (Enrollment Intensity %)	3 (25%)	3 (25%)
Annual Pell Award	($3,500 x 25%) ÷ 2 = $437.50 (which may be rounded up to $438)	($3,500 x 25%) ÷ 2 = $437.50 (which may be rounded down to $437)

After completing 3 credits in the fall, the student decides she can handle an extra course in the spring semester and enrolls in 6 credits. Since the student is enrolled at least half time in the spring, the school uses the full-time, full-year Pell Grant COA to determine the student's Scheduled Award ($7,500).

Semester Disbursement Schedule

	Fall	**Spring**
Credit Hours (Enrollment Intensity %)	3 (25%)	6 (50%)
Annual Pell Award	($3,500 x 25%) ÷ 2 = $437.50 (which may be rounded up to $438)	($7,500 x 50%) ÷ 2 = $1,875

Note: In this example, the student's total annual award based on less-than-half-time enrollment in the fall (25% enrollment intensity) and half-time enrollment in the spring (50% enrollment intensity) is $2,313 ($438 in the fall plus $1,875 in the spring). COD will only accept one Pell COA and one annual award for the award year. Schools should report the larger COA and total annual award to COD to calculate the Scheduled Award and Pell LEU correctly.

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:

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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)

Pell Formula 2 Example

Note: Examples use fictional maximum ($7,500) and minimum ($750) Pell Grant award amounts for demonstration purposes only. Award amounts in examples in this volume should not be used in packaging Pell Grants.

Volume 7, Chapter 4, Example 6: 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 Grant award. The annual Pell Grant award is then divided by the number of terms in the fall through spring.

- Scheduled Award: $7,500
- Weeks in the academic year (fall through spring): 29
-

Annual award: ($7,500 x 29) ÷ 30 = $7,250

Disbursement Schedule

	Fall (14 weeks)	**Spring (15 weeks)**
Credit Hours (Enrollment Intensity %)	12 (100%)	15 (100%)
Annual Pell Award	$3,625	$3,625

The total disbursed for this student ($7,250) is less than the student's Scheduled Award ($7,500). This student may be able to receive a disbursement comprising the remainder of her Scheduled Award during the summer term. Additionally, the student may be eligible to receive funds from Year-Round Pell provisions. See the "Year-Round Pell 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 Scheduled Award.

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 Grant 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 x Weeks in the Term) ÷ Total Weeks in the Academic Year

Pell Formula 3

34 CFR 690.63(a)(3)

34 CFR 690.63(d)

Pell Formula 3 Examples

Note: Examples use fictional maximum ($7,500) and minimum ($750) Pell Grant award amounts for demonstration purposes only. Award amounts in examples in this volume should not be used in packaging Pell Grants.

Volume 7, Chapter 4, Example 7: 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: $7,500

Disbursement Schedule

	Fall (14 weeks)	**Spring (14 weeks)**
Credit Hours (Enrollment Intensity %)	12 (100%)	15 (100%)
Calculation	($7,500 x 14) ÷ 30	($7,500 x 14) ÷ 30
Annual Pell Award	$3,500	$3,500

A single disbursement for a payment period generally cannot be for more than 50% of the annual award. If the disbursement amount for one term would be 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 the remaining portion of the payment for the term that exceeds 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.

Single Disbursement May Not Exceed 50% of Award

34 CFR 690.63(f)

Volume 7, Chapter 4, Example 8: Disbursing More Than Half the Annual Award and the 50% Requirement

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's enrollment intensity is 50% in all three terms.

- Scheduled Pell Award: $7,500
- Annual Pell Award: $7,500 x 50% = $3,750
- Disbursement Formula: (Annual Award x Weeks in the Term) ÷ Total Weeks in the Academic Year

Disbursement Schedule

	Term 1 (17 weeks)	**Term 2 (14 weeks)**	**Term 3 (6 weeks)**
Calculation	($3,750 x 17) ÷ 30	($3,750 x 14) ÷ 30	($3,750 x 6) ÷ 30

	Term 1 (17 weeks)	Term 2 (14 weeks)	Term 3 (6 weeks)
Disbursement	1st Disb.: $1,875 2nd Disb.: $250	$1,750	$750

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.

Enrollment Intensity Standards for Nonstandard Terms

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

[Weeks in nonstandard term ÷ weeks in academic year (at least 30)] x Credit-hours in academic year

After you determine the number of credit hours required for full-time enrollment, you can then determine the enrollment intensity 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 minimum number of credits required for full-time enrollment 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 Full-Time Enrollment for Nonstandard Terms

34 CFR 668.2(b) "Full-time student"

Volume 7, Chapter 4, Example 9: 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 Grant disbursements for students in the program.

- Scheduled Award: $7,500
- 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 Scheduled Award by the length of the nonstandard term compared to the length of the academic year.

- Payment calculation: (8 weeks in term x $7,500) ÷ 32 weeks in academic year = $1,875

Disbursement Schedule

	Term 1 (8 weeks)	**Term 2 (8 weeks)**	**Term 3 (8 weeks)**	**Term 4 (8 weeks)**
Credit Hours (Enrollment Intensity %)	10 (100%)	12 (100%)	10 (100%)	10 (100%)
Disbursement	$1,875	$1,875	$1,875	$1,875

Because the student in this example will be enrolled on a full-time basis (at least 10 hours each term), the student's annual award is the same as the Scheduled Award. A student enrolled less than full-time must have her Scheduled Award prorated based on enrollment intensity in each term. For example, a student enrolled in 8

credits in Term 1 would have enrollment intensity of 80%. Her disbursement for Term 1 would be [($7,500 X 80%) x 8] ÷ 32 = $1,500. This is a term-based, credit-hour program, so the payment period is the term.

Volume 7, Chapter 4, Example 10: 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.

- Scheduled award: $7,005
- Enrollment intensity: Terms 1 and 3 = 6 ÷ 9 or 67%; Term 2 = 6 ÷ 8 or 75%

Disbursement Schedule

	Term 1 (12 weeks)	Term 2 (10 weeks)	Term 3 (12 weeks)
Credits (Enrollment Intensity %)	6 (67%)	6 (75%)	6 (67%
Annual Award	$7,005 x 67% = $4,693.35 (may be rounded to $4,693)	$7,005 x 75% = $5,253.75 (may be rounded to $5,254)	$7,005 x 67% = $4,693.35 (may be rounded to $4,693)
Disbursement	($4,693 x 12) ÷ 34 = $1,656.35 (may be rounded to $1,656)	($5,254 x 10) ÷ 34 = $1,545.29 (may be rounded to $1,545)	($4,693 x 12) ÷ 34 = $1,656.35 (may be rounded to $1,656)

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 Intensity in Clock-Hour and Non-Term Credit-Hour Programs

For clock-hour programs and for non-term credit-hour programs, enrollment intensity 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 always based on the full-time Scheduled Award, 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 either (1) the number of credit or clock hours in the payment period compared to the credit or clock hours in the defined academic year or (2) the number of weeks of instructional time in the payment period compared 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

Note: 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 defined academic year must be at least 30 weeks for credit-hour programs or 26 weeks for clock-hour programs.

Enrollment Intensity Standards for Clock-Hour and Other Non-Term Programs

For non-term programs, the enrollment minimums are:

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

Pell Formula 4 Examples

Note: Examples use fictional maximum ($7,500) and minimum ($750) Pell Grant award amounts for demonstration purposes only. Award amounts in examples in this volume should not be used in packaging Pell Grants.

Volume 7, Chapter 4, Example 11: 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:

- the fraction comparing the hours in the payment period to the hours in the academic year (450/900), or
- 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 $7,500, the two possible calculations would be as follows:

- (450 clock hours in the payment period x $7,500) ÷ 900 clock hours in the academic year = $3,750; or
- (11 weeks in the payment period x $7,500) ÷ 26 weeks in the program's academic year = $3,173.08

In this example, the lesser fraction is the one based on weeks. Therefore, the student's payment for the first payment period will be $3,173.08 (or $3,173 if your school does not award cents). The student can get this payment when she begins the program. She can receive a second payment of $3,173.08 (or $3,173 if your school does not award cents) after the student successfully completes the 450 clock hours and 11 weeks in the first payment period.

Volume 7, Chapter 4, Example 12: 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:

- the fraction comparing the hours in the payment period to the hours in the academic year (12/36), or
- 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 $7,500, the two possible calculations would be as follows:

- (12 quarter hours x $7,500) ÷ 36 quarter hours in academic year = $2,500; or
- (10 weeks x $7,500) ÷ 30 weeks in program's academic year = $2,500

Since the two resulting fractions (12/36 and 10/30) are the same, either calculation produces the same result: $2,500. Thus, the student's payment for the first payment period will be $2,500. The student can receive this payment when she begins the program. The school can make a second payment of $2,500 after the school has determined that the student has successfully completed 12 quarter hours and 10 weeks of instructional time of the program.

Volume 7, Chapter 4, Example 13: Payments for an Eligible Workforce Program

A school offers an eligible workforce program that is 450 clock hours and 10 weeks of instructional time in length. The academic year for the program is defined as 900 clock hours and 26 weeks of instructional time. The school has established two payment periods of 225 clock hours and 5 weeks each for this program. To determine the disbursement for the payment period, the school must multiply the Scheduled Award by the lesser of:

- The fraction comparing the clock hours in the payment period to the clock hours in the academic year (225/900), or
-

The fraction comparing the weeks in the payment period to the weeks in the academic year (5/26).

If a student's Scheduled Award is $7,500, the two possible calculations would be as follows:

- (225 clock hours x $7,500) ÷ 900 clock hours in the academic year = $1,875, or
- (5 weeks × $7,500) ÷ 26 weeks in the academic year = $1,442.31

In this example, the lesser fraction is the one based on weeks. Therefore, the student's payment for the first payment period will be $1,442.31 (or $1,442 if your school does not award cents). The student can get this payment when she begins the program. She can receive a second payment of $1,442.31 (or $1,442 if your school does not award cents) after the student successfully completes the 225 clock hours and 5 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 *Title IV* 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. (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 Intensity for Correspondence Study Programs

Students enrolled in programs of correspondence study are no more than half-time students (the equivalent of 50% enrollment intensity), 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 intensity might be more than 50%. For a student enrolled in a term-based correspondence program, your school must determine how many credits to include in the numerator of the enrollment intensity formula to determine the student's annual award. See the "Students taking a combination of regular and correspondence courses" section in Chapter 3 for additional guidance.

A student enrolled only in a non-term correspondence program always has her award calculated based on 50% enrollment intensity.

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.

Pell Grant Correspondence Program Disbursements

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 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.

Correspondence Payment Periods

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 (50% of the Scheduled Award) by the lesser of:

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

OR

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

Notes:

Note: 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 (Scheduled Award times enrollment intensity) by the weeks of instructional time in the term divided by the weeks in the academic year:

Weeks in the term ÷ Weeks in the 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.