

# Calculating Pell and Iraq & Afghanistan Service Grant Awards

Pell Grant awards are based on the Expected Family Contribution (EFC) on the student's SAR or ISIR, the academic year structure (see Chapter 1), and the student's cost of attendance (see Chapter 2). The Scheduled Award amounts are specified on the Pell Payment Schedules released by 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 Disbursement Schedules.

In this chapter, we'll show you how to take the award amount for the year and calculate Pell Grant & Iraq & Afghanistan Service Grant payments for your students, using the appropriate formula for the term or nonterm calendar in the academic program, including 2nd Scheduled Grant Awards.

## SCHEDULED AWARD, AWARD YEAR, & ANNUAL AWARD

The Scheduled Award is the maximum amount the student can receive during the award year, if he or she 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 2010-11 award year begins July 1, 2010, and ends June 30, 2011.

The student's *Scheduled Award* is established by the Pell Grant payment schedule 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 Cost of Attendance. 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.

At a term school, a part-time student 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 3/4-time, 1/2-time, or less-than-1/2-time disbursement schedules. For instance, if a student's Scheduled Award is \$5,550, but the student is enrolled as a 1/2-time student in a term program, the student's annual award would only be \$2,775.

## FORMULA 1 : STANDARD TERM PROGRAMS

Cost	Full-Time payment schedule					
	Expected Family Contribution					
	0	500	1000	1500	2500	3000
1,500						
2,500						
3,500						
5,550 +						
	5,550					

Cost	Half-Time disbursement schedule					
	Expected Family Contribution					
	0	500	1000	1500	2500	3000
1,000						
2,000						
3,000						
5,550 +						
	2,775					

### CHAPTER 3 HIGHLIGHTS

Calculations for:

- Zero EFC treatment for children of soldiers **NEW →**
- Iraq & Afghanistan Service Grants **NEW →**
- Two Pell's in an award year **NEW →**
- Credit-hour term programs with fall through spring standard terms that provide 30+ weeks of instructional time and certain other standard term programs (Formula 1 or Formula 3)
- Credit-hour term programs with fall through spring standard terms that provide less than 30 weeks of instructional time (Formula 2 or Formula 3)
- Any credit-hour term programs including nonstandard term programs (Formula 3)
- Clock-hour programs and nonterm credit-hour programs (Formula 4)
- Summer terms, crossover payment periods, and mini-sessions
- Transfer students
- Recalculations (required and optional) when EFC, cost, or enrollment status changes

### Scheduled Award limit

34 CFR 690.63(g)

### Appendices to Chapter 3

- Appendix A - Formula 2: Calculations for standard-term programs with less than 30 weeks in fall through spring
- Appendix B - Formula 5: Calculations for correspondence study programs
- Appendix C - Formula summaries for all five Pell formulas

### Pell payment schedules

The Pell payment schedules can be found in a Dear Colleague Letter on the IFAP website. Note that for 2010-11 there were 2 sets of schedules issued; use the most recent.

### Maximum duration of Pell eligibility

34 CFR 690.6(e), HEA Section 401(c) **NEW →**

A student may receive a total of 9 Pell Grant Scheduled Awards, measured by percentage of Scheduled award(s) disbursed (Lifetime Eligibility Used, or "LEU" field in COD up to 900%). This provision only applies to students who receive a Pell Grant for the first time on or after July 1, 2008.

**Two Pell Grants during award year**34 CFR 690.63, 690.64, 690.67 **NEW**

Higher Education Opportunity Act (HEOA) Section 401

The annual award is for a full academic year, and must be divided into payments for the payment period using the formulas described in this chapter. If a student only attended half of an academic year, the student could receive no more than one-half of the annual award.

**Exceptions to 2nd Pell requirements** **NEW**

34 CFR 668, Subpart O

34 CFR 690.67(c)

The requirement that a student be attending a certificate, associate, or baccalaureate degree program in order to receive a 2nd Pell Grant Scheduled award is waived for students with certain intellectual disabilities. The requirement that a student must be enrolled in hours attributable to the second academic year in the award year in order to be paid from the 2nd Scheduled Award may be waived for circumstances beyond the student's control. Special circumstances may include illness or classes not being offered; special circumstances for this purposes does not include such circumstances as withdrawing, or failing to register for an offered class. These circumstances must be determined and documented on an individual student-by-student basis.

**Enrollment status and 2nd Pell** **NEW**

Note that enrollment status for a potential second Pell Grant Scheduled Award (at least half-time is required for a 2nd Scheduled Award) is not based solely on hours attributable to the 2nd academic year; enrollment status is always based on all hours attended in the term. For example, if a student has already completed 14 of 24 hours of his or her first academic year and later enrolls for a further 12 hours in the award year, with only 2 hours attributable to the 2nd academic year, the student is paid from the 2nd Scheduled Award (assuming they are otherwise eligible) based on full-time enrollment status.

**Additional Eligibility Indicator** **NEW**

A new field in the COD common record has been added for the 2nd Pell Scheduled Award. You must set this "Additional Eligibility Indicator" or AEI to "true" when awarding any part of a second Scheduled Award. You are not required to attribute disbursements to the 1st or 2nd awards in the information you report in the common record.

You may pay eligible students in an award year until they reach 200% of their Scheduled Award in COD. You may pay eligible students until they reach 200% of their Scheduled Award in COD. With the AEI set to "true," there are no POP MRRs generated, but a concurrent enrollment MRR can still be triggered if enrollment dates were within 30 days of each other.

**Two Pell Grant Scheduled Awards in an award year** **NEW**

Students may now potentially receive up to two consecutive Pell Grant Scheduled Awards during a single award year. You must pay eligible students; the second Pell Grant Scheduled Award is not an optional provision. Each Scheduled Award will be the same maximum amount; for 2010-11, a student may receive two Scheduled Awards of up to \$5,500 each. Payments for each payment period for both 1st and 2nd Scheduled Awards are calculated in identical fashion. There have been no alterations to the Pell Formulas (1, 2, 3, 4, and 5) for 2010-11.

To be an eligible program for a 2nd Pell Grant Scheduled Award, the student's program must be greater than an academic year in length in both hours and weeks of instructional time. A student becomes potentially eligible to receive the second Scheduled Award after completing the hours in his or her first academic year during a single award year in a certificate, associate degree, or baccalaureate degree program (with two exceptions, see sidebar this page). During the student's first Scheduled Award, the student may be in any enrollment status; however, a student must be enrolled at least 1/2-time to receive a payment from the second Scheduled Award for an award year. If a student drops any classes during a period in which they were scheduled to complete credits required to push a student into 2nd Scheduled Award eligibility, you must recalculate Pell for the payment period, regardless of your school's census date.

If the Pell-eligible student is enrolled at least 1/2-time for further coursework attributable to the student's second academic year (you may not count hours based on Advanced Placement (AP) programs, International Baccalaureate (IB) programs, testing out, life experience, or similar competency measures) in the same award year after completing all of his or her first academic year, you begin paying out of the second Scheduled Award.

If a student qualifies for a second award, you may begin paying from a second Scheduled Award in a payment period in which the student is also receiving the balance of the first Scheduled Award and/or is completing credits attributable to the first academic year in the award year. A student need not successfully complete the hours attributable to their 2nd academic year in order to retain payment eligibility for the 2nd Pell Grant Scheduled Award.

Payments for a payment period are calculated in the same way as you have done for awards in the past for both awards, with an eligible student receiving payments that include his or her second Scheduled Award when the first award is exhausted. You must assign a payment period to the award year in which the student would receive the greater payment, based on the information you have when you initially calculate Pell. For more detail on crossover and transfer 2nd Scheduled Award scenarios, see the crossover and transfer sections later in this chapter.

## Additional Aid Eligibility for Children of Soldiers: Zero EFC treatment or Iraq & Afghanistan Service Grant



*HEA Sec. 420R; 20 USC 1070h,  
May 13, 2010 E-Announcement,  
July 30, 2010 E-Announcement*

An otherwise-Pell eligible student whose parent or guardian died as a result 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—

- 23 years of age or younger when the parent or guardian died; or
- enrolled at an institution of higher education at the time of the parent or guardian's death.

There are two different provisions for such students, depending on whether the student has an EFC that falls within the range for Pell eligibility or not.

### ***Zero EFC treatment for children of soldiers***

A school must use an EFC of 0 to package Federal Student Aid if the 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.

Beginning in the 2010-11 academic year, a student with an EFC that is not Pell eligible is potentially eligible to receive an award under the new Iraq & Afghanistan Service Grant program (see next topic).

### ***Iraq and Afghanistan Service Grant***

To receive the Iraq & Afghanistan Service Grant, the student must have an EFC that is not Pell eligible. (The student must meet the other criteria for Pell eligibility.)

The maximum award is equal to the maximum Pell Grant that is available for each award year, adjusted for enrollment status. The award may not exceed the student's cost of attendance. Iraq and Afghanistan Service Grants are not considered Estimated Financial Assistance for packaging purposes. For more detail on packaging awards, see Chapter 8 of this Volume.

Iraq & Afghanistan Service Grants are made under the same terms and conditions as Pell, and disbursements for each payment period are calculated in the same manner as described in this chapter for Pell.

Check the IFAP Web site for the most recent guidance on awarding Iraq & Afghanistan Service Grants and submitting records to the COD system.

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### ***Identification of eligible students & notification by ED:***

The Department will notify schools when a student appears to meet the criteria for Zero EFC treatment for the Iraq & Afghanistan Service Grant, based on a match with a Department of Defense (DoD) 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, ED 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, and the parent or guardian's date of death.

Use the flag and date of the parent or guardian's death, along with the student's calculated EFC, to determine if the student is eligible for either Zero EFC treatment for children of soldiers, or an award under the Iraq & Afghanistan Service Grant program. ED will also send a letter to each matched student that informs the student of his or her possible increase in eligibility for FSA funds. The letter advises the student to contact his or her financial aid administrator for more information.

### Pell Grant Administrative Cost Allowance

34 CFR 690.10

HEA Sec. 489(a)

For each student that receives a Pell Grant at your school each award year, your school is paid \$5 to help pay the associated administrative costs. This money must be used solely to pay for the costs of administering the Federal Pell Grant, Federal Perkins Loan, Federal Work-Study, and FSEOG programs.

### Minimum Pell Grant

HEOA Section 401

The HEOA eliminated the \$400 minimum award and instead set a new minimum award at 10% of the maximum award appropriated each year. Students who are eligible for between 5 and 10% of the maximum award will receive 10% of the maximum award appropriated each year.

## Ground rules for Pell

### Fractions

When using fractions, be careful to multiply first, and then divide to avoid an incorrect result. For example, here's 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.

$$\$2,150 \times \frac{10}{30} \text{ is multiplied as } \frac{2,150 \times 10}{30} = 716.67$$

In this case, if you divide the fraction to get a decimal (.33333...) and then round the decimal either down (.33) or up (.34), your calculation will result in a number that's too low (709.50) or too high (731).

### Rounding

The Common Origination and Disbursement System (COD) accepts cents in payment amounts. Schools are not required to round disbursements to the nearest dollar, but can if they choose. Your school's policy of rounding, whether to the nearest dollar or cent, must be applied consistently to all students. Note that COD has very specific format requirements for payment amounts.

## TERMS AND PAYMENT METHODS FOR CALCULATING PELL

Generally, if all the coursework is scheduled to be completed within a specific time frame, the program can be considered term-based. Term-based programs can have either standard terms or nonstandard terms. Generally, Pell Grants are 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.

### Standard terms

Standard terms are semesters, trimesters, or quarters, as these words are traditionally used. In traditional usage, an individual semester or trimester provides about 14 to 17 weeks of instructional time and full-time is defined as at least 12 semester or trimester hours. The program's academic calendar generally consists of three terms, one each in fall, spring, and summer. In traditional usage of the term "quarter," an individual quarter provides about 10 to 12 weeks of instructional time, and full-time is defined as at least 12 quarter hours. The program's academic calendar generally includes three quarters in the fall, winter, and spring and often a summer quarter as well.

### Nonstandard terms

Any term that isn't one of the standard terms described above is a nonstandard term. Sometimes schools refer to terms by standard names when they are, in fact, nonstandard terms. For example, a program may be made up of terms called quarters but progress is measured in semester hours.

## Nonterm programs

Nonterm programs may be measured in either clock hours or credit hours. If the courses of a program are not offered in an academic calendar requiring the completion within the beginning and end dates of the terms, it is likely a nonterm program.

## CREDIT-HOUR TERM-BASED PROGRAMS

### Annual award based on enrollment status

In a term-based program, academic progress is always measured in credit hours, and the student's annual award depends on his or her enrollment status. Your school's standards for enrollment status must meet the minimum regulatory requirements, which are discussed in further detail in *Volume I: Student Eligibility (Chapter 1)*.

For standard terms, 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 3/4-time, 1/2-time, or less than 1/2-time disbursement schedules, depending on the number of credit hours in which the student enrolls. 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 Chapter 2). *Schools do not have the discretion to refuse to pay an eligible part-time student, including during a summer term or intersession.*

On the appropriate full-time or part-time Payment or Disbursement schedules, use the student's Cost of Attendance and EFC to look up the Pell annual award for the year at that enrollment status. Most student aid software programs, such as EDEXpress, will do this for you automatically, but you can also refer to the Pell schedules online at the IFAP website in Dear Colleague Letter P-010-03.

### Pell Grant payments by term

Pell Grants must be paid in installments over the course of a program of study to help meet the student's cost in each payment period. The payment period affects when Pell funds are disbursed and the exact amount to be disbursed. For credit-hour term programs, the payment period is the term. If the student doesn't enroll in one of the terms, he or she won't receive a portion of the award for that payment period. If the student's enrollment status changes in the next term, his or her annual award will be different for that term. (See discussion of terms and payment methods.)

## Academic calendar & 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, since they 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. At the end of this chapter we'll discuss when a school is required to recalculate due to a change in enrollment status.

34 CFR 690.63

34 CFR 690.80(b)

## Enrollment status under consortium agreement

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 institution.

The disbursing school may have to make some adjustments if the coursework at the other school is measured in different units.

## 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.

## Including remedial coursework in enrollment status

When determining enrollment status, your school must include any reduced-credit or noncredit remedial coursework designed to increase the student's ability to pursue his or her program of study. See the discussion of "Enrollment Status" in *Volume I: Student Eligibility (Chapter 1)*.

### Consortium Different Units Example

Chris is taking 6 semester hours at Dalaran University, the home institution, and 9 quarter hours at Sarven Technical Institute. To determine his enrollment status, Dalaran needs to convert the hours at Sarven into semester hours. Because a quarter hour is about two-thirds of a semester hour, Dalaran multiplies the number of quarter hours by two-thirds:

$$9 \text{ quarter hours} \times \frac{2}{3} = 6 \text{ semester hours}$$

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

$$\begin{array}{l} 6 \text{ semester hrs. at Dalaran} \\ + 6 \text{ semester hrs. at Sarven} \\ \hline 12 \text{ semester hours} \end{array}$$

Linda is also taking 6 semester hours at Dalaran University and 9 quarter hours at Sarven Technical Institute, but her home institution is Sarven Technical Institute. Because Sarven is paying her, it needs to convert the semester hours taken at Dalaran into quarter hours:

$$6 \text{ semester hours} \times \frac{3}{2} = 9 \text{ quarter hours}$$

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

$$\begin{array}{l} 9 \text{ quarter hrs. at Sarven} \\ + 9 \text{ quarter hrs. at Dalaran} \\ \hline 18 \text{ quarter hours} \end{array}$$

### Variations in enrollment status standards

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 3/4-time status and a 6-hour minimum for 1/2-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 may define full-time as six hours during the summer; however, the financial aid office uses 12 hours as full-time 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.

### Enrollment status for students taking 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 his or her 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.

If the student is taking at least a half-time load of correspondence courses, the student would 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 6 credit hours or the appropriate equivalent of half-time.

Enrollment Status for Enrollment in Correspondence and Regular Coursework			
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

This chart assumes that the school defines full-time enrollment as 12 credit hours per term, and half-time enrollment as 6 credit hours per term. As you can see in the second and third examples, 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 example, the student is eligible for payment based on half-time enrollment in correspondence courses, despite the fact that the student only took 2 credit hours of regular coursework.

## FORMULA 1: STANDARD TERM PROGRAMS WITH ACADEMIC CALENDARS OF 30+ WEEKS

For you to be able to use Formula 1, the program must meet one of two sets of requirements.

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 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.
- 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.

For formula 1, the term is the payment period, and you divide the student's award by the number of terms in the program's FSA academic year.

### Requirements to be able to use Formula 1

34 CFR 690.63(a)(1)

### Basic Pell calculations

Pell payment schedules: 34 CFR 690.62

Pell formulas: 34 CFR 690.63

"Crossover" payment periods (e.g., summer sessions):

34 CFR 690.64

### Consistent use of formula

You must use the same formula for a program for all payment periods in an award year.

### Standard term composed of shorter terms or modules

Remember that you can combine shorter terms or modules into a standard term that meets the requirements for Formula 1. See the discussion of academic calendars in Chapter 1 for examples.

## Formula 1: Basic Calculation

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.

Take the case of Jeff, who is enrolled full-time in a program that has an academic year of 30 weeks of instructional time and 24 semester hours. The program has fall and spring semesters that provide a total of 30 weeks of instruction and a 12 week summer nonstandard term with 12 semester hours as full-time. Jeff has a Scheduled Award of \$3,040, and since he is enrolled full-time, that is also his annual award. Since the fall through spring has standard terms, it doesn't matter that the summer term is nonstandard; you still calculate summer payment based on Formula 1.

$$\frac{\$3,040}{2} = \$1,520 \text{ disbursement for a quarter}$$

The same formula would be used if Jeff enrolled in a program that has fall, winter, and spring quarters that provide at least 30 weeks of instruction and has a summer term with 12 quarter hours as full-time. The only difference is that Jeff's annual award of \$3,040 is divided by 3.

$$\frac{\$3,040}{3} = \$1,013.33 \text{ disbursement for each payment period}$$

Note that Jeff is receiving a full Scheduled Award because he is attending for two semesters or three quarters as a full-time student and has no remaining eligibility for the summer payment period included in the award year (unless he enrolls as an at least half-time student and may receive a disbursement from his 2nd Scheduled Award. If Jeff enrolled full-time for summer he would receive another payment of \$1,520 in the semester-based program, or \$1,013.33 in the quarter-based program, from his second Scheduled Award).

## Formula 1: Basic Calculation Nontraditional Academic Calendar

Majel is enrolled full-time at Roddenberry University in 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 36 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 for a quarter. Majel has a Scheduled Award of \$5,550, and since she is enrolled full-time, that is also her annual award.

Because any three quarters is at least 30 weeks of instructional time and the academic year encompasses three quarters, Majel's payment for each payment period is calculated by dividing the annual award by 3:

$$\frac{\$5,550}{3} = \$1,850$$

Note that Majel is receiving a full Scheduled Award because she is attending for three terms as a full-time student and has no remaining eligibility for the next payment period if it is included in the same award year, unless she attends at least half-time and is eligible for a payment from her 2nd Scheduled Award.

## Formula 1: Enrollment status change

Micki enrolls full-time in the fall semester. She has a cost of \$10,000 and EFC of 100, so her Scheduled Award, taken from the full-time payment schedule, is \$5,500. Since she's attending full-time, this is also her annual award. If your school defines its academic year as 30 weeks of instructional time and 24 semester hours, Micki's annual award is divided by 2 to arrive at the disbursement for the fall semester.

$$\frac{\$5,500}{2} = \$2,750 \text{ for Fall}$$

Micki decides that a full-time schedule is too ambitious, so she enrolls in the spring term as a 3/4-time student. Her EFC is the same, and even though her tuition is slightly less, the Pell award is still based on full-time costs. However, her annual award is now based on the 3/4-time disbursement schedule, so her spring payment will be less than her fall payment.

$$\frac{\$4,125}{2} = \$2,062.50 \text{ for Spring}$$

Note that Micki's Scheduled Award is still \$5,500, and she has only received \$4,812.50. This means that she is still eligible for up to \$687.50 in Pell funds from this award year's first Scheduled Award if she attends a summer term that is part of the same award year. If the summer payment is greater than \$687.50 and she is enrolled at least half-time, the balance of her payment would be from her second Scheduled Award (we'll discuss other summer term payment options later in this chapter).

## FORMULA 2: STANDARD-TERM PROGRAMS WITH LESS THAN 30 WEEKS IN THE FALL THROUGH SPRING

Formula 2 may be used for programs that would qualify for Formula 1 except that the program's academic calendar provides less than 30 weeks of instructional time in the fall through spring terms. Like Formula 1, it simplifies the calculation payments by providing for the same calculation for all payment periods in the award year. Only a small number of schools use Formula 2; therefore, it is covered in Appendix A of this chapter.

## 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 or disbursement schedule. Unlike the term calculation in Formula 1, the annual award can't simply be divided evenly among the terms. Instead, you must multiply the annual award by a fraction that represents the weeks of instructional time in the term divided by the weeks of instructional time in the program's academic year.

$$\frac{\text{weeks* in term}}{\text{weeks* in academic year (at least 30)}}$$

If the resulting amount is more than 50% of the annual award, your school generally (see exception in sidebar) must 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. A single disbursement for a payment period can generally not be for more than 50% of the annual award. 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.

### 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. The full-time enrollment status is determined for a nonstandard term based on the length of the term in relation to the academic year\*\*

$$\text{Credit hours in academic year} \times \frac{\text{weeks* in nonstandard term}}{\text{weeks* in academic year (at least 30)}}$$

\*\* If the resulting number isn't a whole number, it is rounded up to the next whole number. For example, 3.3 is rounded up to 4, if the program's coursework is offered in whole credits. 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.

## Disbursing more than 1/2 the annual award and the 50% Requirement

34 CFR 690.63(f)

If the disbursement for the payment period results in more than 1/2 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.

For example, your school has a program that must use Formula 3. The program has 3 terms with 17, 14, and 6 weeks of instructional time and defines its academic year as 30 weeks of instructional time and 24 semester hours. Debbie is attending half-time for all three terms. Her payments for each payment period are 17/30, 14/30, and 6/30 of her half-time annual award. For the first term, you may disburse 15/30 of her 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 Debbie establishes eligibility in the 16th week of the term, you can make a disbursement of 17/30 of the annual award at that time. Her award for the 2nd and 3rd terms may be disbursed in a single disbursement.

## When to use Formula 3

- If a term program uses only nonstandard terms, or if a term program has standard terms, but does not qualify for formulas 1 or 2, you must use Formula 3 for Pell calculations.
- Any term program can opt to use Formula 3. However, standard term programs that qualify for Formula 1 or 2 generally prefer to use that formula because it is simpler.

## Regulatory citations

Formula 3 described: 34 CFR 690.63(a)(3)

Enrollment status for nonstandard terms:

34 CFR 690.63(d)(1)(ii)

Disbursement cannot exceed 50% of the annual award:

34 CFR 690.63(f)

## Fractions

Remember when using fractions, multiply first, and then divide.

Dividing the fraction first to produce a decimal can cause an error if you need to round the decimal up or down.

\*These fractions use weeks of instructional time as defined in Chapter 1, which are not necessarily the same number as the calendar weeks in an 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:

$$\frac{\text{Credit hours student takes in the nonstandard term}}{\text{Credit hours required for full-time enrollment in the nonstandard term}}$$

### Formula 3: Payments for standard terms

Hodge College has a semester-based program with a 2-semester 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. If both semesters are 14 weeks in length, the Pell payment for a full-time student with a Scheduled Award of \$4,540 would be calculated as follows:

$$\frac{14 \text{ weeks}^* \text{ in term}}{30 \text{ weeks}^* \text{ in academic year}} \times \$4,540 = \$2,118.66$$

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

Just a few miles down the road from Hodge, Greenway University has a program that consists of four 8-week terms. Greenway University defines the academic year as 40 quarter hours and 32 weeks of instructional time. Because this program does not use standard terms (semesters, trimesters, or quarters), Greenway University must use Formula 3 to calculate Pell disbursements for students in the program. Let's use the example of a student who attends all four terms for 10 quarter hours each term in the 2010-2011 award year, and has a Scheduled Award of \$3,740.

Because the program has nonstandard terms, Greenway University must determine the number of credit hours required for full-time enrollment in each term, as follows:

$$\frac{8 \text{ weeks}^* \text{ in term}}{32 \text{ weeks}^* \text{ in academic year}} \times 40 \text{ quarter hours} = 10 \text{ quarter hours}$$

A student enrolled for 7 hours could be paid as a half-time student ( $7/10 = .7$ , which is less than  $3/4$  [.75] but greater than  $1/2$  [.5]). Since the student in our example will be enrolled for 10 hours each term, she is a full-time student and her annual award is the same as her Scheduled Award. This is a term-based, credit-hour program, so the payment period is the term.

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

$$\frac{8 \text{ weeks}^* \text{ in term}}{32 \text{ weeks}^* \text{ in academic year}} \times \$3,740 = \$935$$

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

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

Bob is enrolled in a semester-hour program at Dalaran University that 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. Dalaran must use Formula 3 to calculate Pell Grant payments for students in this program. He enrolls for 6 semester hours in each of the three terms. Because the program has nonstandard terms, Dalaran must determine the number of credit hours required for full-time enrollment in each term, as follows.

For the first and third term:

$$\frac{12 \text{ weeks}^* \text{ in term}}{34 \text{ weeks}^* \text{ in academic year}} \times 24 \text{ semester hours} = 8.47 \text{ (round up to 9)}$$

For the second term:

$$\frac{10 \text{ weeks}^* \text{ in term}}{34 \text{ weeks}^* \text{ in academic year}} \times 24 \text{ semester hours} = 7.06 \text{ (round up to 8)}$$

A student must enroll in 9 semester hours (rounded up from 8.47) in the first and third terms, and 8 semester hours (rounded up from 7.06) in the second term, to be full-time. Bob is enrolled half-time in the first and third terms (6 semester hours/9 semester hours = .67). He is enrolled three-quarter time in the second term (6 semester hours/8 semester hours = .75). The cost of attendance does not need to be prorated because the fall through spring terms provide the same number of weeks of instructional time as in the academic year definition. Further, the school has determined the costs for a full-time student for a full academic year.

The half-time disbursement schedule shows that Bob is eligible for an annual award of \$2,050. Because this is a term-based credit-hour program, the payment period is the term. To calculate Bob's payment for the first and third terms, the school uses the fraction 12/34:

$$\frac{12 \text{ weeks}^* \text{ in term}}{34 \text{ weeks}^* \text{ in academic year}} \times \$2,050 = \$723.53$$

Bob's payment for each of the first and third terms will be \$723.53.

Since Bob's enrollment status for the middle term is three-quarter time, the payment for that term is based on a three-quarter-time annual award of \$3,075. To calculate the payment for the middle term, the school uses the fraction 10/34:

$$\frac{10 \text{ weeks}^* \text{ in term}}{34 \text{ weeks}^* \text{ in academic year}} \times \$3,075 = \$904.41$$

Bob's payment for the middle term (the second payment period) is \$904.41.

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

**Formula 4 requirements**

34 CFR 690.63(a) and (e). All clock-hour and nonterm credit-hour programs must use Formula 4.

**Enrollment status standards for clock-hour and other nonterm programs**

For nonterm 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 1/2-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.

**Coursework completion requirement & withdrawal/re-entry**

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

**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

**FORMULA 4: CLOCK-HOUR AND NONTERM CREDIT-HOUR PROGRAMS****Checking 1/2-time enrollment status**

For clock-hour programs and for nonterm 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 cost of attendance are used. (See discussion in Chapter 2.)

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

**Calculating payment amounts**

Pell Grants must be paid in installments over the course of the academic year or program of study to help meet the student's cost 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 to determine the payment periods for clock-hour and nonterm credit-hour programs.

In nonterm 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 cost of attendance must be adjusted. However, if the program is less than an academic year (in either clock/credit hours or weeks of instructional time), students enrolled in that 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:

$$\frac{\text{Number of credit/clock hours in the payment period}}{\text{Number of credit/clock hours in the program's academic year}}$$

or

$$\frac{\text{Weeks* in the payment period}}{\text{Weeks* in the program's academic year (at least 30 for credit-hour, at least 26 for clock-hour)}}$$

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

### Payments for credit-hour nonterm program (Formula 4)

Chance is enrolled at Tinkers Technical Institute (TTI) and has a Scheduled Award of \$4,190. His program 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. TTI has established two payment periods of 12 quarter hours and 10 weeks\* each for Chance's program. To determine the disbursement for the payment period, TTI 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, or the fraction comparing the weeks in the payment period to the weeks in the academic year. The two possible calculations would be as follows:

- 1)  $\frac{12 \text{ quarter hours in payment period}}{36 \text{ quarter hours in academic year}} \times \$4,190 = \$1,396.67$ ; or
- 2)  $\frac{10 \text{ weeks* in payment period}}{30 \text{ weeks* in program's academic year}} \times \$4,190 = \$1,396.67$

Since the two resulting fractions (12/36 and 10/30) are the same, there technically is no "lesser" fraction and you use either to get \$1,396.67. Thus, Chance's payment for the first payment period will be \$1,396.67. Chance can receive this payment when he begins the program. Because students don't earn any of the 24 quarter hours until they complete the entire program, TTI can make the payments of \$1,396.67 for the second payment period after TTI has determined that Chance has successfully completed 12 quarters hours and 10 weeks of instructional time of the program.

### Payments for clock-hour program (Formula 4)

Chance is enrolled in a program 900 clock-hours and 22 weeks of instructional time in length at Evers Technical Institute (ETI) and is eligible for a Scheduled Award of \$2,640. ETI defines the academic year for the program based on the regulatory minimums: 900 clock hours and 26 weeks of instructional time. To calculate Chance's payment, ETI calculates the payment for each payment period as follows: It multiplies the Scheduled Award (\$2,640) by the lesser of the fraction comparing the hours in the payment period to the hours in the academic year, or the fraction comparing the weeks in the payment period to the weeks in the academic year. The two possible calculations would be as follows:

- 1)  $\frac{450 \text{ clock hours in the payment period}}{900 \text{ clock hours in the academic year}} \times \$2,640 = \$1,320$ ; or
- 2)  $\frac{11 \text{ weeks* in the payment period}}{26 \text{ weeks* in the program's academic year}} \times \$2,640 = \$1,118.23$

Chance's payment for the first payment period will be \$1,118.23. He can get this payment when she begins the program. He can receive his second payment of \$1,118.23 after he successfully completes the 450 clock hours in the first payment period.

\*The fractions in these examples use weeks of instructional time as defined in Chapter 1, which will not necessarily be same number as the calendar weeks in an academic year.

**Formula 5: Correspondence Study**

Formulas 5A & 5B are formulas that must be used for correspondence students. Because there are only a small number of Pell Grants made to correspondence students, the formula for correspondence study programs is covered in Appendix B of this chapter.

**Alternate calculation that includes summer term**

If you're working with a standard-term program that meets the rules for Formula 1 or Formula 2, you may divide the annual award by the number of all the terms (including the summer term) in the award year. The advantages and disadvantages of this approach were discussed in the examples accompanying Formula 1.

**Crossover payment periods and Multiple Scheduled Awards** 

34 CFR 690.64

You must implement all Pell 2nd Scheduled Award guidance, including this guidance for assigning crossover payment periods to the award year in which the student would receive the greatest Pell grant, regardless of software limitations, including manual interventions as necessary.

**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 TERMS & OTHER "CROSSOVER PAYMENT PERIODS"**

Payment periods don't always fall neatly into one award year or another. When a payment period falls into two award years—that is, it begins before July 1 and ends on July 1 or later—it's 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. Remember that this may effect eligibility for a payment from either a 1st or 2nd Pell Scheduled Award.

**Crossover payment from the proper award year** 

For Pell purposes, you must consider a crossover payment period to occur within one award year and calculate the student's Pell award and disburse Pell funds from the award year selected. You may assign two consecutive crossover payment periods to the same award year. You may assign the Pell 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 payment periods to the same award year. For example, you could treat summer 2010 and summer 2011 as both being in the 2010-2011 award year.

You must always assign the payment period to the award year in which the student would receive the greater payment (and must pay with funds from the corresponding award year), based on all of the information available when you initially calculate Pell for the student, (i.e., not based on EFC or Scheduled Award alone), keeping in mind that:

- prior enrollment during the same award year will reduce the student's remaining Pell eligibility (as measured as a percentage of the 1st Scheduled Award), and
- the student may be eligible for a 2nd scheduled award during the award year.

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 SAR/ISIR pertains.

If, after the initial Pell calculation on or before the deadline date for the first award year (for 2010 crossover periods, September 10, 2010), you receive information that would change the initial assessment of which award year would result in a greater Pell award, you **must** reassign the student's payment to the award year in which they would receive a greater Pell award.

You **may** reassign the payment period to the other award year if you receive information that would mean a higher payment for a student after the deadline date but not later than the date for administrative relief for the first award year (February 1, 2011 for the 2010-2011 crossover payment period), but you are not required to.

Besides these considerations, the decision about which award year to use is usually based on the student's remaining eligibility in the earlier award year, but with the addition of the possibility of a second Scheduled Pell award, this assessment will often be different than in the past, when only one Scheduled Award was available.

Also note that enrollment status for purposes of a potential second Pell Grant Scheduled Award (at least half-time is required for a 2nd Scheduled Award) is not based solely on hours attributable to the 2nd academic year; enrollment status is always based on all hours attended in the term. For example, if a student has already completed 22 of 24 hours of his or her first academic year and later enrolls for a further 6 hours in the award year, with only 4 hours attributable to the 2nd academic year, the student is paid from the 2nd Scheduled Award (assuming they are otherwise eligible) based on half-time enrollment status.

You must assign the payment period to the award year in which the student would receive the greatest Pell payment, after taking into account all factors that may effect payment from either award year. For instance, if a student had already been paid for two semesters as a full-time student for a full 30-week academic year in the 2010-11 award year, the student would have been paid a full Scheduled Award for that year. In this case, for further enrollment in 2010-11, if the student was enrolled at least 1/2-time, you could then pay the student for the crossover payment period out of the second Scheduled Award 2010-11 for the award year, provided the student is eligible for the second Pell Scheduled Award.

### ***Term schools: using the right formula for summer session***

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.) With regard to enrollment status, your school must apply its definition of full-time status for the summer term consistently for *all* FSA program purposes.

### ***The cost of attendance 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 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.

## Scheduled Award(s) progression for Semester programs NEW

Dave enrolls at Arneson University for the 2010-11 award year. Arneson has a traditional semester-based calendar and has fall and spring semesters and a 12 hour nonstandard summer term. Arneson defines the academic year for Dave’s program as 24 semester hours and 30 weeks of instructional time.

Dave earns 12 hours in the fall and 10 hours in the spring. After the spring semester, Dave has earned a total of 22 hours. He has not yet completed the 1st academic year in the 2010-11 award year. However, if Dave enrolls for 6 hours in Arneson’s nonstandard summer term, Arneson will consider 4 hours of summer to be attributable to his second academic year (24 hours minus 22 already earned = 2, 6 minus 2 = 4). Since Dave is enrolled for 6 hours, his enrollment status is considered to be half-time, despite the fact that only 4 hours of the term are attributable to his second academic year in the award year.

As an alternative, or if Dave did not qualify for a second Pell Scheduled Award (for example, being enrolled less than half-time), Arneson could also pay Dave a Pell disbursement for the summer term as a header from the 2011-2012 award year. This may reduce the amount of Pell that Dave can receive for subsequent 2010-11 terms if he is not eligible for a 2nd Scheduled Award. Dave’s Scheduled Awards for both 2010-11 and 2011-2012 are \$3,000, and his eligibility (from his 1st Scheduled Award) would be truncated in the Spring term (i.e, reduced below the level normally calculated for the term), since he has already used some eligibility up in the Summer header term. Arneson could then pay the remaining amount that Dave was calculated to be eligible for out of a second Pell Scheduled Award for 2011-2012, if Dave is eligible for a 2nd Pell Scheduled Award (this is not shown in this example).

### Option 1: Pay Summer from 2nd 2010-11 Scheduled Award

Fall 10 = \$1,500 (1/2-time)	Spring 11 = \$1,125 (3/4-time)	Summer 11 = \$750 (1/2-time) Remaining 1st Scheduled Award + funds from 2nd Scheduled Award
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### Option 2: Pay Summer from 1st 2011-12 Scheduled Award (if/when school determines this would result in the higher payment)

Summer 11 = \$750 (1/2-time)	Fall 11 = \$1,500 (full-time)	Spring 12 = \$750** (full-time, remaining eligibility of 2010-2011 1st Scheduled Award)
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\*\*Truncated in this example; Dave could also potentially be paid remaining eligibility for spring out of a 2nd Pell Scheduled Award for 2011-2012.

## Scheduled Award(s) progression for Clock hour programs NEW

Rick enrolls at Drew University in a clock hour program. Drew's program has an academic calendar of 1,350 clock hours over 39 weeks of instructional time in the 2010-11 award year. Drew divides the program into 3 payment periods, each comprised of 450 clock hours and 13 weeks of instructional time. The Title IV academic year is defined as 900 clock hours and 26 weeks of instructional time.

Rick is paid his first Scheduled Award over the first two payment periods, and completes the first academic year (900 clock hours). In assessing academic year progression in their clock-hour program, Drew University knows that it only considers the hours in the current award year, and does not consider weeks of instructional time or hours in prior award years.

The hours in Rick's 3rd payment period are attributable to his second academic year in the 2010-11 award year, and he is eligible for payment from his second Scheduled Award for the 3rd payment period.

### 2010-2011 Award Year

Payment period 1: 450 clock hours 1st 1/2 of 1st Scheduled Award	Payment period 2: 450 clock hours 2nd 1/2 of 1st Scheduled Award	Payment period 3: 450 clock hours 1st 1/2 of 2nd Scheduled Award
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## 2nd Scheduled Award for crossover: greater benefit scenarios

### Case 1: Carver assigns Chuck's Pell Grant to be the award year which would result in the greatest Pell Grant

Chuck attends Carver University beginning with the summer term, which begins May 15th, and runs through August 15th. Because the term is a crossover payment period, Carver must assess whether Chuck would receive a greater Pell award if his crossover payment period was sourced from Pell 2010-2011 funds, or from 2011-2012 funds. For purposes of this example, let's say Chuck would receive a greater award from 2011-2012, because the maximum Scheduled Award went up, but other factors remained the same. Carver must then take Chuck's crossover payment period Pell funds from Chuck's 2011-2012 1st Scheduled Award.

### Case 2: Carver receives new information that would result in higher Pell award after initial Pell calculation but before deadline date:

If, after the initial Pell calculation but **before** the Pell deadline date as published in the Federal Register, Carver receives new information that would cause Chuck to receive a higher Pell Grant award if his award was sourced from a different award year than was used initially for Chuck, Carver must reassign Chuck's Pell to be considered to come from funds from the award year for which the greater award would result. For example, after Carver calculates Chuck's Pell, they receive a corrected ISIR for 2011-12 that reduces the 2011-12 Scheduled Award to less than the 2010/11 Scheduled Award.

### Case 3: Carver receives new information that would result in higher Pell award after initial Pell calculation and after the deadline date, but before the date for Administrative Relief (February 1, 2011 for the 2010-2011 award year):

If, after the initial Pell calculation and **after** the Pell deadline date as published in the Federal Register, but before the date for Administrative Relief (February 1, 2011 for 2010-2011) Carver receives new information that would cause Chuck to receive a higher Pell Grant award if his award was sourced from a different award year than was used initially for Chuck, Carver **may** reassign Chuck's Pell to be considered to come from funds from the award year for which the greater award would result, but they are not required to.

If the student was previously enrolled in the award year, you may be able to use the same cost of attendance for the summer term that it 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 you are required to recalculate the cost of attendance. (See the end of this chapter for information on when recalculations are required.) If it's necessary to base the student's cost of attendance on the summer term, you must prorate the summer costs to the length of an academic year to establish the cost for an academic year. (See Chapter 2 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 2010 term from the 2010-11 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.

### Summer minisessions

If a term-based school offers a series of minisessions that overlap two award years (by “crossing over” the June 30 end date for one award year), these minisessions may be combined and treated as one term. However, schools are not required to combine these minisessions unless they overlap each other.

When you combine minisessions 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 minisession to the date the last minisession 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 sessions. You must project the enrollment status for a student on the basis of the credits the student has:

- pre-registered or registered to take for all sessions;
- committed to take for all sessions in an academic plan or enrollment contract; or
- committed to take for all sessions in some other document.

When you combine the minisessions into a single term, a student cannot be paid more than the amount for one payment period for completing any combination of the minisessions. If the minisessions are not combined into a single payment period, you must treat each minisession as a separate nonstandard term and generally must use Formula 3 to calculate Pell Grant payments. If for each minisession 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 minisession term crosses over the June 30-July 1 date, the combined term must be treated as a crossover payment period, regardless of what classes students attend. If your program has 2 summer sessions and only 1 of the sessions crosses over the award year date boundary and you do not combine the sessions into a larger term, then only the term that actually spans the award year boundary is considered a crossover payment period.

If the minisessions are combined in a single term and a student does not begin attendance in all of the minisessions, recalculation of prior disbursements is required based on the resulting changed enrollment status as discussed later in this chapter.

### Minisession Enrollment Status Example

Bob is enrolled in a summer session with three-week minisessions that his school, Falcon University, has combined into 1 term. Falcon U. is using Formula 1 to calculate Bob’s combined term, and knows as such they must define full-time enrollment as at least 12 credit hours, even though the individual component minisessions may have originally considered full-time to be something less than 12 credit hours. Bob is enrolled for 6 credits during the combined summer minisession term. Bob’s enrollment status is equal to the proportion of his credits to the school’s definition of full-time for the combined term. Therefore, Bob should be credited with half-time enrollment status for the combined summer term.

### Formula 3 minisessions and other nonstandard terms

If you use Formula 3 for any of the summer minisessions, 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.

## Combined minisessions into standard term

Gary enrolls part time at Jackson University which defines its academic year as 24 semester hours and 30 weeks of instructional time. In addition to fall and spring semesters, Jackson offers three summer minisessions. Each minisession provides 4 weeks of instructional time. Jackson can either combine the minisessions into a single nonstandard term, or treat each session as a separate nonstandard term. The school chooses to combine the sessions into a single payment period providing 12 weeks of instructional time with full-time enrollment in this period defined as 12 semester hours. If Jackson meets the conditions for use of Formula 1 in its fall and spring semesters, it can use Formula 1 to calculate Pell payments for this summer session.



Gary enrolls for 3 semester hours in each of the minisessions, so he's enrolled three-quarter time (9 hours total in the combined term). His applicable Scheduled Award is \$3,540 and his annual award (from the 3/4-time disbursement schedule) is \$2,655. To calculate Gary's payment, Jackson simply divides the annual award by 2, the number of terms in the fall through spring:  $\$2,655 / 2 = \$1,327.50$ .

## Minisessions treated as nonstandard terms

Suppose Jackson didn't combine these minisessions. If it defined full-time enrollment for each 4-week minisession as less than 12 semester hours, it would have to calculate all Pell payments for the program using Formula 3. Because these are nonstandard terms, Jackson would have to determine Gary's enrollment status for each mini-session by prorating the standard for full-time enrollment in a full academic year (24 semester hours):

$$24 \text{ semester hours} \times \frac{4 \text{ weeks}^* \text{ in term}}{30 \text{ weeks}^* \text{ in academic year}} = 3.2 \text{ semester hours (round up to 4)**}$$

For each of the 4-week terms, a full-time student must enroll in 4 semester hours, and based on that standard, the 3 semester hours that Gary is attending in each minisession counts as 3/4 time enrollment status. Note that Jackson would use the Pell cost of attendance for a full-time student attending a full academic year. Jackson would determine his payment for each minisession (assuming his Scheduled Award remains unchanged across both award years and that he is not receiving a 2nd Scheduled Award within 1 award year) using the following calculation:

$$\frac{4 \text{ weeks}^* \text{ in term}}{30 \text{ weeks}^* \text{ in academic year}} \times \$2,655 = \$345.15.$$

Gary would receive \$345.15 for each of the minisessions, for a total of \$1,035.45 for the summer. Again, these payments for one or more minisessions that are in the prior award year may need to be reduced if Gary had previously received payments for the fall and spring semesters in the same award year.

\*\* since Jackson only offers courses in whole credits

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

## TRANSFER STUDENTS

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 this chapter. 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 his or her Financial Aid History in NSLDS (see sidebar).

### *Calculating remaining eligibility*

Once you've identified the Pell amounts that a transfer student has already received for the ongoing award year, you must calculate the percentage of the Scheduled Award (remember there may now be more than 1 Scheduled Award in an award year) 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.

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

Then subtract this percentage from 100%. 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 (100% of a Scheduled Award) is reached. You 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 may be eligible for a second Pell Grant Scheduled Award after he or she has received all of his or her first Scheduled Award.

### *Payment period for a transfer student at a nonterm school*

When a student transfers into a nonterm credit-hour or clock-hour program at a new school, that student is starting a new payment period. For nonterm programs, you must use the payment period rules described in 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.

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### Transfer student

34 CFR 690.65

Mid-year transfer: "Dear Colleague" Letter GEN-00-12

Percent of remaining eligibility: 34 CFR 690.65(d)

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### 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 tell you if the student is ineligible for any FSA aid due to default or overpayment, or if the student has reached annual or aggregate limits for Stafford loans.

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### Why percentages are used

The reason for using percentages is that a transfer student may have different Scheduled Awards, for example, the costs of attendance 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.)

**Transfer Students and Two Pell Grants in an award year** 

34 CFR 690.67(b)

**Second Pell Scheduled Award progression for transfer students** 

When assessing a transfer student’s eligibility for a second Scheduled Award in an award year, you must measure the student’s past enrollment to ensure they don’t receive their 2nd Pell Scheduled Award before they have exhausted eligibility for their 1st Pell Scheduled Award. You have two options for measuring their progression through their Scheduled Award: the assumption method and the hours-earned method. You may choose which method to use on a student-by-student basis or apply the same method to all students. Under each method, convert credits earned at previous schools to the type used at your school for the student in question.

Under the **assumption method**, you may assume that a student has completed the credit or clock hours in the first academic year of the award year if the first Scheduled Award was disbursed at other schools during the award year. If less than the first Scheduled Award has been disbursed at prior schools during the award year, you must determine the credit or clock hours the student is considered to have previously earned in the award year by performing the following calculation:

$$\frac{\text{Student's Scheduled Award disbursed at prior school during the award year}}{\text{the number of credit/clock hours in the school's academic year}} \times$$

**The amount of the Scheduled Award at the prior school.**

Round down any fractions of a credit or clock hour. If courses are offered in fractions of a credit or clock hour, you may retain the fractional hours. If the student previously attended more than one school in the award year, simply add the amounts to calculate the denominator of the above calculation. Hours earned at another school aren’t considered conflicting information.

If you have specific information about actual hours earned at other schools, you may use the **hours-earned method** of measuring Scheduled Award progression at other schools. To use the hours-earned method, you must know the time periods when the credit or clock hours were earned. You must exclude any credits or clock hours from Advanced Placement (AP) Programs, International Baccalaureate Programs (IB), testing out, life experience, or similar competency measures. Do not count reduced credit and noncredit remedial coursework if the hours do not count toward determining Title IV eligibility. Hours earned, for this purpose, need not have been earned in an eligible program, nor is it required that the hours earned be acceptable for transfer into the current program.

If you receive additional information concerning Pell Grant disbursements for the assumption method (for example, a payment is reported late to NSLDS), or credit or clock hours earned at other schools for the hours-earned method (for example, a transcript is received indicating student earned additional hours in the award year at another school), after a prior payment period in which you disbursed a payment of a second Scheduled Award in the award year, you don’t have to apply the information to the prior payment period.

**“Special Circumstances” and Pell Scheduled Awards in same payment period** 

34 CFR 691.67(c)

In a payment period in which there is insufficient remaining eligibility from a student’s 1st Scheduled Award to provide full payment for the payment period, you may pay the student out of the 2nd Scheduled Award (possibly in combination with funds from the 1st Scheduled Award), if you determine that the student, due to circumstances beyond his/her control, was unable to complete the credit or clock-hours that are attributable to the second academic year. You must determine and document this on an individual, not cohort, basis. Special circumstances may include, for example, protracted illness or classes not being available. Special circumstances may NOT include withdrawing to avoid a failing grade, or failing to register for offered classes(s).

**Receipt of additional information**

34 CFR 690.67(b)(4)



## 2nd Scheduled Award example using assumption method NEW

### Assumption Method Case 1: When all of 1st Scheduled Award received at prior school

Sally enrolls at Greenwood University in the summer of 2011 in the 2010–2011 award year. Greenwood knows that Sally was previously enrolled at Sash College for Fall and Spring in 2010–11, and received all of her 1st Scheduled Award at Sash. If Sally is enrolled at least half-time in the Summer at Greenwood and is otherwise Pell eligible, Greenwood may begin paying Sally out of her 2nd Scheduled Award for the 2010–2011 award year.

### Assumption Method Case 2: When not all of 1st Scheduled Award received at prior school

Kate enrolls at Greenwood University in the summer of 2011 in the 2010–2011 award year. Greenwood knows that Kate was previously enrolled at another school during 2010–2011, but has not received all of her 1st Scheduled Award. Greenwood must enter Sally's relevant data into the calculation below in order to determine the number of credit or clock hours earned at the previous school(s). Sally received \$2,000 from the prior school, where there were 900 clock hours in the academic year, and her Scheduled Award had been calculated at \$4,000.

$$\begin{array}{r}
 \text{Student's Scheduled Award} \\
 \text{disbursed at prior school during} \\
 \text{the award year } (\$2,000)
 \end{array}
 \times
 \begin{array}{r}
 \text{the number of credit/clock hours} \\
 \text{in the school's academic year (900)}
 \end{array}
 =
 \begin{array}{r}
 \text{450 hours} \\
 \text{earned}
 \end{array}$$


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The amount of the Scheduled Award at the prior school (\$4,000)

For purposes of assessing Pell Scheduled Award progression, Greenwood then compares the 450 hours earned against the definition of Kate's academic year at Greenwood in order to determine if she has already completed her 1st academic year.

## 2nd Scheduled Award example using hours-earned method NEW

Marvin enrolls at Kasper College for a Summer term in 2011, after having been enrolled previously at Horton School of Design. Kasper's program has a defined academic year of 24 semester hours and 30 weeks of instructional time.

Kasper College knows that Marvin was previously enrolled for:

- 6 semester hours in a crossover Summer term in 2009–2010;
- 12 semester hours in the Fall Semester in 2010 at Horton; and
- 3 semester hours in the 2011 Spring Semester, based on an evaluation for “life experience,” also at Horton.

Kasper knows that International Baccalaureate enrollment is one of the “nonapplicable” types of credit, so does not count them towards credits previously earned, and that any credit or clock hours earned in a summer crossover payment period must be attributed to the current award year. Therefore, for 2010–2011, Kasper counts 18 semester hours towards Marvin's Pell Grant Scheduled Award progression.

Because this is less than the defined academic year at Kasper College, Kasper knows that Marvin will be paid Pell, if eligible for the Summer 2011 term, out of his remaining eligibility on his 1st Scheduled Award for 2010–2011. Note that Marvin could still receive, in addition to whatever Pell eligibility remains from his 1st Scheduled Award, Pell funds for the Summer 2011 term out of his 2nd Scheduled Award if his enrollment takes him beyond the 24 hours (the defined academic year at Kasper) and he is enrolled at least half-time and is otherwise eligible for a 2nd Pell Grant Scheduled Award.

## RETAKING COURSEWORK

For term-based credit-hour programs, students may generally receive FSA funds for retaking coursework and the credits may be included in the total number of credits that the student is taking when determining enrollment status as long as your school gives the student additional credit for the repeated course and the student is making satisfactory academic progress. Generally, schools do not give a student credit for repeating a course to earn a better grade, unless the student fails a course the first time and receives no credit for the failure. The treatment of repeated coursework is different for students in nonterm credit-hour and clock-hour programs. For more details and examples on retaking coursework, see the full discussion in Chapter 1 of this volume.

## AWARDING REMAINING PELL ELIGIBILITY

Consider a student who is eligible for Federal Pell Grant funds and who transfers from one school (school A) to another school (school B) within the same award year. Before paying any Pell funds to the student, school B must determine the percentage of eligibility remaining to the student. After transferring, a student's remaining Pell Grant eligibility for a Pell Scheduled Award (they may be eligible for a second Scheduled Award for 2010-11 2009-2010) 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 unless the student is eligible for a second Scheduled Award.

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 (again, for 2010-11 they may be eligible for a second Pell Scheduled Award within an award year). This avoids a school having to ration the remaining amount by splitting it evenly across the remaining terms.

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. On the student's current ISIR, on the Financial Aid History Page, in a section headed ***Pell Payment Data***, school B will find an entry for **% Sch. Used**. School B subtracts the percentage listed under **% Sch. Used** from 100%.

### Transfers and remaining eligibility

34 CFR 690.65 

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 times the Scheduled Award at the new school. The result is the maximum amount of Federal Pell Grant funds the student may receive for their first Scheduled Award (see sidebar) at school B during the balance of the award year.

When assessing eligibility for a second Pell Scheduled Award, one measures whether the student has received 100 percent of the first Scheduled Award.

**Note:** Following the appropriate procedures relative to the figure reported in % *Sch. Used* will ensure that a transfer student does not receive more than 100% of the student's Scheduled Award. Therefore, school B may ignore the actual grant and overpayment amounts from school A in school B's calculations.

## RECALCULATIONS

In certain cases, you may have to recalculate the student's Pell Grant after the initial calculation or disbursement, to account for changes to the student's costs, EFC, or enrollment status. For more information on how to resolve overawards, see Volume 5, Chapter 1.

### **Change in the EFC (recalculation required)**

If the student's EFC changes due to corrections, updating, 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, as a result of the recalculation, the student has received more than his or her award amount, 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 in the same award year. However, if the overpayment can't be eliminated, you must follow the procedures in Volume 5 of the *FSA Handbook*.

A student selected for verification can't *increase* his or her eligibility based on a corrected output document that you receive during the "verification extension" (120 days after the student's last day of enrollment, not to extend beyond the deadline date established by a Federal Register notice). For example, if the student submits a reprocessed SAR during the extension period and the SAR has a lower EFC than the previous SAR (increasing the student's eligibility), you may not recalculate the student's Pell Grant based on the later SAR. The student would be paid based on the *higher* EFC on the SAR that was submitted earlier. However, if the corrections *reduce* the student's eligibility (that is, if the reprocessed SAR had a higher EFC), then the award must be calculated based on the reprocessed SAR.

### Initial Calculation

An initial calculation is the first calculation that is made on or after the date the school has received an ED-product EFC\* such as the student's initial SAR or ISIR with an official EFC and uses the enrollment status at the time of the initial calculation. If you've estimated the student's eligibility prior to receiving a SAR or ISIR for the student, you must confirm that prior estimated eligibility or determine the student's eligibility at the time the SAR or ISIR is received.

You should document the date that you initially calculate a student's Pell Grant. The earliest date is the date of receipt of an ED-product EFC\*, such as on a SAR or ISIR (assuming the school has a documented or projected enrollment status for the student). If you fail to document the date of the initial calculation, you must use the later of (a) the date that the SAR or ISIR is first received and the student's enrollment status as of that date or (b) 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."

\*Note: An ED-product EFC may be an EFC from a SAR/ISIR, FAA Access, or FAFSA on the Web.

### Changes to the EFC

There are three ways that a student's EFC can change:

1. Corrections. The student may have to correct a mistake that was reported on the original FAFSA or SAR/ISIR. This frequently occurs as a result of verification, but it may also be a result of the student's own review of the SAR/ISIR.
2. Updating. In some cases, a student is required to update changes to dependency status, household size, and the number in college (see Volume 1: Student Eligibility for details).
3. Professional judgment. You may, on a case-by-case basis, adjust one or more of the data elements used to calculate the EFC. In some cases, you might make an adjustment during the award year to reflect a student's changed circumstances. For example, if a wage-earning parent dies after the student's first semester, you could adjust the adjusted gross income in the EFC formula to reflect the loss of income. You may also determine that a dependent student should be considered independent.

If the student has already been paid based on the original EFC, the award will have to be recalculated.

**SAR/ISIR with different EFC**

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, and 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*.

**Enrollment change: required recalculation example**

Ryne registers for a full-time course load (15 credit hours), and Auberline College makes a first-term disbursement on that basis 10 days before the term starts. When the term starts, Ryne only begins attendance in three classes (9 credit hours). Auberline must recalculate Ryne's Pell award based on the lower enrollment status. Any difference between the amount Ryne received and his new recalculated award is an overpayment.

See Volume 5 for a discussion of overpayments.

**Change in enrollment status for 2nd Pell Grant Scheduled Award**

You must recalculate regardless of census date if a student drops classes before they begin attendance required to put them into 2nd Pell Scheduled Award eligibility in a payment period with both 1st and 2nd Pell funds.

**Change in enrollment status between terms (recalculation required)**

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.

**Student doesn't begin attendance in all classes within a term (recalculation required)**

If the student doesn't begin attendance in *all* of his or her classes, resulting in a change in the student's enrollment status, you must recalculate the student's award based on the lower enrollment status. A student is considered to have begun attendance in all of his or her classes if the student attends at least one day of class for each course in which that student's enrollment status was determined for Federal Pell Grant eligibility. Your school must have a procedure in place to know whether a student has begun attendance in all classes for purposes of the Federal 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.

**Change in enrollment status within a term (optional recalculations)**

The regulations don't require any recalculation for changes in enrollment status after the student has begun attendance in all of his or her classes. However, your school can have a policy of recalculating an award if a student's enrollment status changes within a term. If such a policy is established, it must be applied consistently to all students in a program. For example, if the school chooses to recalculate for a student whose enrollment status increases from half-time to full-time, it must also recalculate for a student whose enrollment status decreases. If the school establishes a policy allowing optional recalculations for an educational program, this policy must be in writing.

Your school's policy may set a date after which Pell Grants will not be recalculated for enrollment status changes. For example, a school can establish a policy that it will recalculate Pell awards only for enrollment changes that occur up to the "add/drop" date of a term. This policy is true regardless of whether there is compressed coursework. The initial calculation of a student's Pell Grant may occur subsequent to the "add/drop" date of the term, including terms with compressed coursework. If that is the case, you must use the student's effective enrollment status on the date of the initial calculation, and there would be no recalculations of the student's Pell Grant for the term due to a subsequent change in enrollment status, assuming the student began attendance in each class. 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.

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

If a school doesn't establish a policy for recalculation within a term, a student who begins attendance in all classes would be paid based on the initial calculation, even if his or her enrollment status changes before the disbursement is made.

If the student withdraws from all of his or her classes (or doesn't begin attending any classes), you must follow the procedures discussed in Volume 5.

***Change in cost of attendance (recalculation required if you are recalculating for an enrollment status change; otherwise optional)***

You're not required to recalculate Pell awards for cost changes during the award year. For instance, if the student gets accepted into on-campus housing after the fall term and your student budget for on-campus housing is lower, you're not required to recalculate the student's Pell award. If you choose to recalculate for changes in costs, you have to consistently apply that recalculation policy.

If you recalculate a Pell award because the student's enrollment status has changed, you must also take into account 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 1/2-time during that semester, the student's costs will change, because only certain cost components are allowed for less than 1/2-time students. If your school's policy is to recalculate for the enrollment change, you must use the cost for a less-than-half-time student *for a full year* to calculate the student's less-than-half-time award. You must not combine the two costs or average them.

### Tuition and fee charges and recalculation

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

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

### Enrollment change within payment period

Juan registers for a full-time course load at Coulton College, and Coulton initially calculates a full-time award for her. He begins attending all of his classes but subsequently drops to half-time. Depending on Coulton's recalculation policy, Juan may still be paid based on full-time enrollment as long as he's otherwise eligible for payment. On the other hand, if Coulton did not receive Juan's first processed SAR or ISIR with an official EFC until after he dropped to half-time enrollment, the Pell initial calculation would be based on his enrollment status at the time the output document was received (half-time).

### COA changes between payment periods

A school may have a policy of recalculating awards when the cost of attendance changes from one payment period to the next—for example, because of changes to the student's tuition and fee costs, or because a student's living situation changes (such as when a student moves off campus). Schools also have the option to establish a policy to recalculate financial aid awards when a student's costs change *within* an award year, as long as the recalculation policy is carried out for all students whose costs change.

### COA changes within a payment period

You may establish a policy of recalculating for cost changes from one payment period to the next, and at the same time, have a policy not to recalculate for cost changes *within* a payment period. You also have the option to establish a policy to recalculate financial aid awards when a student's costs change within a payment period. For instance, if a student with no dependents moves from a dormitory to off-campus housing at midterm, the school may wish to recalculate the student's award for that payment period.

For Pell purposes, such a policy is acceptable if its carried out for all students whose costs change within the payment period.

You may not recalculate the payment for a payment period that took place *before* the cost change. For instance, in the example above, if the student lives in the dormitory during the first quarter and then moves off campus for the second and third quarters, the recalculation would only affect the payments for the second and third quarters.

# Chapter 3 Appendices:

**APPENDIX A: FORMULA 2: CALCULATIONS FOR  
STANDARD TERM PROGRAMS WITH LESS THAN 30 WEEKS  
IN FALL THROUGH SPRING**

**APPENDIX B: FORMULA 5: CALCULATIONS FOR  
CORRESPONDENCE STUDY PROGRAMS**

**APPENDIX C: PELL FORMULA SUMMARIES**

## APPENDIX A

### FORMULA 2: CALCULATIONS FOR STANDARD TERM PROGRAMS WITH LESS THAN 30 WEEKS IN 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. 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.

#### Using Formula 2

34 CFR 690.63(a)(2), 690.63(c)

#### Formula 2 Alternative 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. See the example for alternate calculation under the discussion of Formula 1 earlier in this chapter.

### Formula 2: calculation for standard terms with Fall through Spring terms less than 30 weeks

The regulations offer an alternative formula for standard term programs with fall through spring standard terms that provide less than 30 weeks of instructional time. The significant effect of this formula is to allow you to pay the same Pell amount for the summer term as you would for one of your traditional fall through spring terms. To use this formula, the program must have two semesters or trimesters (in the fall through the following spring) or three quarters (in the fall, winter, and spring), with no overlapping terms, and define full-time enrollment for each term in the award year as at least 12 credit hours.

Let's take the example of Juan, who is attending Coulton College (Coulton), which has fall and spring semesters of 14 and 15 weeks, and a summer term of 10 weeks. Coulton defines the academic year of Juan's program as 24 semester hours and 30 weeks.\* His Scheduled Award is \$3,390, and he is attending as a full-time student. Because the fall and spring terms provide less than the minimum 30 weeks of instructional time for an academic year, Juan's full-time award is prorated as follows:

$$\frac{29 \text{ weeks}^* \text{ in term}^{**}}{30 \text{ weeks}^* \text{ in academic year}} \times \$3,390 = \$3,277$$

This prorated amount is then divided by the number of terms:  $\frac{\$3,277}{2} = \$1,638.50$

Juan will receive \$3,277 for his attendance in both semesters. Note that this is less than his Scheduled Award; he may be able to receive the remaining \$113 if he enrolls in a summer term.

The difference between Formula 2 and Formula 3 lies in whether you must make a separate calculation for each term. Under Formula 2, you do not have to perform a separate calculation based on the length of each term. Juan's Pell eligibility as a full-time student would be \$1,638.50 under Formula 2. If Coulton used Formula 3, the annual award would be prorated based on the length of each term: 14 weeks (14/30), 15 weeks (15/30), and 10 weeks (10/30), and Juan's payments for the payment periods would be \$1,582, \$1,695, and \$1,130 respectively.

Juan only has \$113 in remaining Pell eligibility for the summer term under both formulas. His summer payment would only be different for each formula if Coulton chose to pay the summer term out of the subsequent award year. (Note that Juan's Scheduled Award and his summer payment would then be based on the EFC for the following award year.)

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

\*\*Fall through spring.

**Correspondence program highlights**

- Pell cost of attendance limited to tuition and fees (and in some cases, books and supplies)
- The enrollment status for correspondence students can never be more than 1/2-time
- The enrollment status for a student who is taking both correspondence and regular coursework may be greater than 1/2-time
- Timing of payments within payment periods is different for correspondence students
- Formula 5A or 5B used to calculate awards for correspondence students

**Enrollment status cites for correspondence**

Term classes — 34 CFR 690.66(c)(2)

Combined with regular study — 34 CFR 690.8

**Academic coursework**

The term academic coursework does not necessarily refer to credits. If a student does not earn any credits until the end of the program, it 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.

**Annual award**

The annual award for a student in a nonterm correspondence program is always taken from the half-time Disbursement Schedule because a correspondence student can't receive more than half a Scheduled Award. For a student in a term correspondence program, the annual award is determined from the half-time Disbursement Schedule or the less-than-half-time Disbursement Schedule, as appropriate.

34 CFR 690.66(a)(1) and (2)

**APPENDIX B****FORMULA 5: CALCULATIONS 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, a bachelor's, or a graduate degree. Also, to be eligible, a correspondence program must meet the criteria for an eligible program (see the Volume 2 of the *FSA Handbook: Institutional Eligibility and Participation*).

**PELL COST OF ATTENDANCE (CORRESPONDENCE)**

The cost of attendance for correspondence programs is limited to tuition and fees, and in certain cases, books and supplies. Traditionally, books and supplies have been included as part of the correspondence program's tuition. If books and supplies are not included in the program's tuition, they may be counted as costs, for either a residential or nonresidential period of enrollment. As always, the cost of attendance must be based on the costs for a full-time student for a full academic year for the relevant component (for correspondence COA, there would be no room and board, etc.). 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 cost of attendance for the nonresidential component only includes costs associated with credit hours, your school always uses the credit hour-related fraction to prorate the cost of attendance as follows (because there are no costs associated with weeks of instructional time in the correspondence cost of attendance, your school has to 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. When there is a residential portion in a correspondence student's program, Formula 3 or 4 (whichever applies) is used to calculate the student's payment for a payment period for a residential portion. Refer to Formula 3 or 4 guidelines, including cost of attendance determinations, for this circumstance.

## PELL ENROLLMENT STATUS (CORRESPONDENCE)

Students enrolled in programs of correspondence study are considered to be no more than half-time students, even if they're 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.

A student enrolled only in a nonterm correspondence program always has his or her award calculated based on the half-time Disbursement Schedule. For a student enrolled in a term-based correspondence program, your school must determine whether the student is enrolled half-time (6 or more credit hours in a term) or less than half-time (less than 6 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.

## PELL CORRESPONDENCE PAYMENT PERIODS & TIMING OF PAYMENTS

For a *nonterm* 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. It 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 the 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.

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 two 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: Formula 5A (which is similar to Formula 4) is used for nonterm programs, and Formula 5B (which is similar to Formula 3) is used for term-based programs. For a residential component of a correspondence program, your school must use either Formula 3 or Formula 4. If the residential component is a term, your school uses Formula 3; otherwise, it uses Formula 4.

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### Correspondence Payment Periods Cites

Nonterm — 34 CFR 690.66(b)

Term — 34 CFR 690.66(c)(3),(c)(4)

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### 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 would use two different formulas for determining a student's payment for each payment period. This instance is the only one in which a school would use two different Pell formulas within the same award year for students in the same program.

For nonterm correspondence programs, this step of the calculation is similar to the step under Formula 4. For term 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 nonterm 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.

### ***Nonterm correspondence program—Formula 5A***

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

$$\frac{\text{Number of credit hours in the payment period}}{\text{Credit hours in program's academic year definition}}$$

or

$$\frac{\text{Weeks* in the payment period}}{\text{Weeks* in program's academic year definition}}$$

### ***Term correspondence program—Formula 5B***

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

$$\frac{\text{Weeks* in term}}{\text{Weeks in program's academic year definition}}$$

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 period of time in the payment period that equals 50% of the weeks of instructional time in the program's academic year definition.

\*Note: The fractions on this page use weeks of instructional time as defined in Chapter 1, which are not necessarily the same number as the calendar weeks in an academic year.

## APPENDIX C FORMULA SUMMARIES

### Formula 1 Summary

Standard-term, credit-hour 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 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.
- 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 3/4-time, 1/2-time, or less-than-1/2 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; 3 for programs with quarters

**OR**

For alternate calculation:

Annual Award

Number of terms in the award year

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## Formula 2 Summary

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Standard-term, credit-hour 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 2 semesters/trimesters (fall and spring) or 3 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 3/4-time, 1/2-time, or less-than-1/2 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**

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

**OR**

For alternate calculation:

$$\frac{\text{Annual Award}}{\text{Number of terms in the award year}}$$


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## Formula 3 Summary

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Any term-based, credit-hour programs; may include those qualifying 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:

$$\frac{\text{Hours in program's definition of academic year}}{\text{Hours to which the costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time in the enrollment period to which the costs apply}}$$

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 3/4-time, 1/2-time, or less-than-1/2-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**

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

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

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## Formula 4 Summary

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Clock-hour programs and credit-hour programs without terms, residential portion of nonterm 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:

$$\frac{\text{Hours in program's definition of academic year}}{\text{Hours to which the costs apply}}$$

$$\frac{\text{Weeks of instructional time in program's definition of academic year}}{\text{Weeks of instructional time in the enrollment period to which the costs apply}}$$

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 are always considered full-time

### **Step 4: Determine Payment Periods**

Length of payment period measured in credit or clock hours. Minimum of 2 equal payment periods required for programs shorter than an academic year, or 2 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:**

$$\frac{\text{The number of credit or clock hours in the payment period}}{\text{The number of credit or clock hours in the program's academic year}}$$

**OR**

$$\frac{\text{The number of weeks of instructional time in the payment period}}{\text{The number of weeks of instructional time in the program's academic year}}$$

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

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## Formula 5A Summary

Correspondence programs nonterm 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:

$$\text{Costs} \times \frac{\text{Credit hours in program's definition of academic year}}{\text{Credit hours to which costs apply}}$$

### 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:

$$\frac{\text{Number of credit hours in the payment period}}{\text{Number of credit hours in the program's academic year}}$$

**OR**

$$\frac{\text{Weeks of instructional time in the payment period}}{\text{Weeks of instructional time in the program's academic year}}$$

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

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## Formula 5B Summary

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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:

$$\text{Costs} \times \frac{\text{Credit hours in program's definition of academic year}}{\text{Credit hours to which costs apply}}$$

### ***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:

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

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.

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

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