

Academic Calendar & Payment Periods

Award limits are generally connected to a period of time and to credit or clock-hours attended. For instance, all of the programs except Federal Work-Study have a maximum amount that can be awarded for an academic year or award year. Measurement of time is important for another reason. In most cases, awards from the Federal Student Aid (FSA) programs must be paid in at least two installments. For most programs, the amount and timing of the payments is based on the academic terms or payment periods in the program.

ACADEMIC YEAR REQUIREMENTS

Every eligible program, including graduate programs, must have a defined academic year. The academic year is used to determine the student's eligibility for FSA grant and loan awards. In addition, the student's academic year status determines, in part, whether he or she is eligible for a first or second-year ACG award, or a third or fourth-year National SMART grant.

A school may have different academic years for different academic programs. For example, a school may choose to define the academic year for a term-based program differently from a nonterm program. In some cases the definition *must* be different, such as in the case of a clock-hour program and a credit-hour program. For FSA purposes, the academic year is defined in weeks of instructional time and for undergraduate programs in credit or clock hours. The program's academic year need not coincide with a program's academic calendar.

A school may treat two versions of the same academic program (day and night, for example) as separate programs and define different academic years for each version. If your school establishes separate versions of a program, with different academic years, but allows individual students to take courses from both versions, your school must be able to demonstrate which program the student is actually enrolled in. Generally, to be considered enrolled in a particular program or version of a program, a student must be taking at least 50% of his or her coursework in that program.

A school may have different academic years for different programs, but must use the same academic year definition for **all** FSA awards for students enrolled in a particular program, and for all other FSA program purposes.

CHAPTER 1 HIGHLIGHTS:

Academic Year requirements

Academic calendars & terms

Payment Periods ***NEW***

Grant and Perkins Loan programs

- Standard and nonstandard terms
- Clock-hour and nonterm credit-hour

FFEL and Direct Loan programs

- Standard terms and substantially equal nonstandard terms
- Clock-hour, nonterm credit-hour, and nonstandard terms not substantially equal in length

"Successfully complete" ***NEW***

"Substantially equal" terms ***NEW***

Clock-hour/Credit-hour conversion

Direct Assessment payment periods

Related topics

- Completion requirements for nonterm programs—see Vol. 4, Chapters 1 & 2.
- Timing of Stafford disbursements for nonterm/nonstandard term programs—see Vol. 4, Chapters 1 & 2.
- Payment periods when student reenters a program after withdrawing—see Vol. 5
- Annual loan limit progression—see Vol. 3, Chapter 5.

FSA Assessments

To assess your school's compliance with the provisions of this chapter see the FSA Assessment module for "Institutional Eligibility," at:

FSA Assessment: Fiscal Management (All Programs) <http://ifap.ed.gov/qahome/qassessments/fiscalmanagement.html>

Citations

Award Year: 34 CFR 600.2

Academic Year: 34 CFR 668.3

Payment Period: 34 CFR 668.4

Weeks of instructional time: 34 CFR 668.3(b)

Weeks of instructional time are used in the Pell, ACG/SMART, and Stafford calculations (Chapters 3, 4, and 5 of this Volume).

Note that the Department has not set a regulatory standard for the number of hours of instructional time that make up one day of instruction. This has been left to the reasonable interpretation of schools and their accrediting agencies.

Reductions in academic year length

Schools that provide 2- or 4-year associate or baccalaureate degree programs may apply to ED if they want to establish a full academic year of less than 30 weeks of instructional time. ED is permitted to grant a reduction to no less than 26 weeks of instructional time.

For further details on submitting such a request, see 34 CFR 668.3 (c).

Appendix A: Nonterm payment period examples

NEW

For examples on nonterm payment period progression, see Appendix A to this Chapter (separate PDF on IFAP)

Weeks of instructional time in an academic year

An academic year for a credit-hour or direct assessment program must be defined as at least 30 weeks of instructional time, and for a clock-hour program, at least 26 weeks of instructional time.

The number of weeks of instructional time is based on the period that begins on the first day of classes in the academic year and ends on the last day of classes or examinations. For all FSA programs, a week of instructional time is any period of 7 consecutive days in which at least 1 day of regularly scheduled instruction, examination, or (after the last day of classes) at least 1 scheduled day of study for examinations occurs. Instructional time does not include periods of orientation, counseling, homework, vacation, or other activity not related to class preparation or examination. Therefore, the weeks of instructional time may be less than the number of calendar weeks that elapse between the first day of classes and the last day of classes or examinations.

Credit or clock hours in an academic year

The law and regulations set the following minimum standards for coursework earned by a full-time student in an academic year in an *undergraduate* educational program (including direct assessment programs):

- 24 semester or trimester credit hours or 36 quarter credit hours for a program measured in credit hours; or
- 900 clock hours for a program measured in clock hours

There is no minimum hours component to the definition of an academic year for *graduate and professional* programs. For purposes of FFEL and DL programs, a loan period certified for an academic year in a graduate or professional program would include the weeks of instructional time in the academic year and the hours a full-time student is expected to complete in those weeks. See Chapter 5 for more details on monitoring annual loan limits.

Awards affected when a program does not meet one of the academic year standards

The FSA academic year that a school defines for a program has to meet the regulatory minimums for both clock or credit hours AND weeks of instructional time. In some instances, the academic year may not coincide with the academic calendar of the school. These cases may affect Pell and loan disbursements, and, in FFEL and Direct Loans, annual loan limits and annual loan limit progression.

For example, awards would be affected if a program is an academic year in length in credit or clock hours but not in weeks of instructional time. Also, for a program greater than an academic year in length, awards would be affected if the completion of the credit or clock hours in the program's academic year do not coincide with completing the weeks of instructional time in the academic year.

Counting weeks of instructional time

August						
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

September						
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

October						
				1	2	
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

November						
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

December						
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

This graphic illustrates how you would count weeks of instructional time in a term where classes are held Monday through Friday. In this hypothetical term, August 1st is a Sunday, and classes begin on August 23rd and end December 3rd, with examinations held December 6th-10th.

Note that the school holds no classes on Labor Day (September 6th) on this calendar, Veterans Day (November 12th), and Thanksgiving break (November 24th-26th). The circles indicate the points at which each of the weeks of instructional time begin.

*Note that this example is not meant to illustrate any specific calendar year.

Typical length of standard terms

For additional information on this topic, this issue was addressed in the preamble to the General Provisions regulations published on November 29, 1996 (Federal Register, Volume 61, No. 231, Page 60581).

Credits and nonstandard terms

Remember, just because progress in a program is measured in semester or quarter credits, this does not necessarily mean that the program is offered in semester or quarter terms. Also, even though a school may label a term as a quarter, semester, or trimester it may be considered a nonstandard term for Federal Student Aid purposes if it does not conform to the Federal Student Aid standards for a semester, trimester, or quarter.

Combining terms examples

See the example on the next page for guidance on combining concurrent and consecutive terms.

ACADEMIC CALENDARS & TERMS

Schools offer programs with many kinds of academic calendars that differ from the traditional Fall-Spring school year. For purposes of the FSA programs, there are three basic types of academic calendars: standard term, nonstandard term, and nonterm.

Generally, a term is a period in which all classes are scheduled to begin and end within a set time frame, and academic progress is measured in credit hours. However, if these periods overlap within a program, they may not be treated as a term-based program for FSA purposes. Term-based programs can have either standard terms or nonstandard terms.

Standard terms: semesters, trimesters, and quarters

Semesters and trimesters are terms that are generally 14 to 17 weeks long. An academic calendar that uses semesters traditionally has two terms, in the fall and spring, and a trimester academic calendar traditionally has three terms, in the fall, spring, and summer. Academic progress is measured in semester credit hours, and full time is at least 12 semester credits.

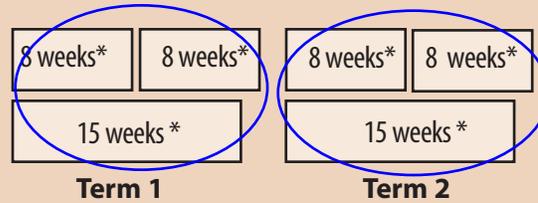
Similarly, quarter terms are approximately 10 to 12 weeks in length and the academic calendar includes three quarters in the fall, winter, spring, and often a summer term. Academic progress is measured in quarter credit hours, and full time is at least 12 quarter credits.

You may combine shorter terms or modules to meet the requirements of a standard term such as a semester. For example: a program is offered in 8 nonstandard terms, each 6 weeks in length, and students earn 6 quarter credits in each term. The school may choose to combine each consecutive pair of nonstandard terms and consider the program to be offered in 4 quarters.

In certain limited cases for academic programs offered in standard terms, a short nonstandard term may be treated as part of one of the standard terms, and the combined terms may be considered to be a single standard term. For example, a program is offered in a calendar consisting of two 15-week semesters and a 4-week intersession. To consider the program as consisting only of semesters, the intersession may be treated as part of one of the two semesters as long as the same treatment is applied for all FSA purposes to all students enrolled in the program. In addition, hours taken in the intersession must count towards a student's enrollment status for the combined term and costs for the intersession must be appropriately included in the cost of attendance.

Combining concurrent terms

Clark University offers a program in both 15-week terms and 8-week terms. Clark University combined two 8-week terms with a 15-week term to make each semester; each semester provides 16 weeks of instructional time*.



Combining consecutive terms

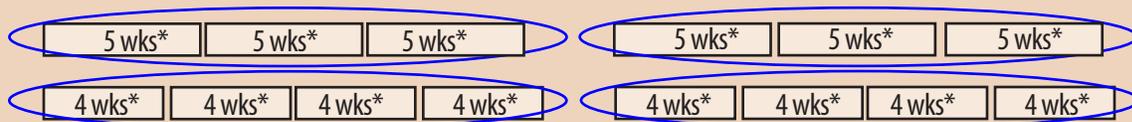
Sanders College offers a separate degree program in education with a short 4-week* term between two 15-week* semesters. The terms don't overlap. Sanders College has defined the academic year for this program as 24 semester hours and 34 weeks of instructional time. Sanders College could combine the short term with one of the standard terms and for purposes of FSA programs treat the program as being offered in two semesters:



Sanders College can also choose not to combine the terms. In this case, the program would have a 4-week term and two semesters. For certain FSA program requirements, this may mean you will treat all terms in a nonstandard manner. For more details on nonstandard terms, see discussion on previous pages.

Treatment of modules

A school may choose to group modules together and treat the entire period as a term. (For example, grouping three five-week* modules together may create a 15-week* semester; or grouping four one-month modules into a 16-week semester would be acceptable.)



On the other hand, programs that are offered in modules may sometimes be counted as programs measured in nonstandard terms. For example, in a program that offers six 5-week modules, each module could be treated as a nonstandard term. In addition, a school may choose to consider a program that consists of consecutive modules as a nonterm program. Whatever academic calendar your school adopts for a program, you must apply it to all students enrolled in that program and document the program's treatment in your policies and procedures manual.

*Weeks in these examples are weeks of instructional time, as defined earlier in this chapter

Nonstandard terms

Nonstandard terms are terms (where all coursework is expected to begin and end within a set period of time) that are not semester, trimester, or quarter terms. In some cases, the terms may be of unequal length, though it is also possible for programs with terms of equal length to be considered nonstandard. For instance, a school could offer a program with six consecutive 5-week modules, with each module counting as a nonstandard term.

Unlike standard terms, the length of the term is not necessarily associated with the type of credit hours awarded. Some nonstandard terms are the length of a semester (14-17 weeks) but award quarter credits. Others are the length of a quarter (10-12 weeks) but award semester credits.

Nonterm characteristics

If a program measures progress in clock hours, it is always treated as a nonterm program. A program that measures progress in credit hours is considered to be using a nonterm calendar if it has:

- courses that do not begin and end within a set period of time,
- courses that overlap terms,
- self-paced and independent study courses that overlap terms,
or
- sequential courses that do not begin and end within a term.

Payment periods **NEW**

Changes to payment period rules published in Federal Register November 1, 2007

→ Definition of payment periods

34 CFR 668.4

→ Disburse FSA funds by payment periods

Vol. 4, Chapter 2

PAYMENT PERIODS **NEW**

The definition of a payment period is applicable to all FSA programs except FWS. The common definition is integral to requirements for the administration of FSA funds. For example, FSA program disbursements (except FWS payments) must be made on a payment period basis (for more information on making disbursements, see *Volume 4, Chapter 2*).

Beginning in the 2008-2009 award year, there are significant changes to the payment period rules:

For clock-hour programs, the payment period is defined not only in clock hours but also in weeks of instructional time. A student must successfully complete the clock hours and weeks of instructional time in a payment period to progress to the next payment period.

For FFEL and Direct Loans, the payment period for clock-hour programs, nonterm credit-hour programs and nonstandard term programs with terms not substantially equal in length are defined in clock or credit hours and weeks of instructional time (as has been the case for the other FSA programs). Previously for such programs, second disbursements in loan periods were based on the calendar midpoint of the academic year. A student must successfully complete the clock hours and weeks of instructional time in a payment period to progress to the next payment period (as has been the case for

annual loan limit progression and for grant and Perkins loan payment period progression in clock-hour and nonterm credit-hour programs).

For FSA purposes, you will use either “term-based” payment periods (the payment period is the term), or payment periods based on the completion of credit or clock hours and weeks of instructional time. The payment period you use depends on the kind of academic calendar your school uses, as described below.

Programs using standard terms or substantially equal nonstandard terms (term-based) *NEW*

For credit-hour programs that use standard terms, or that use nonstandard terms that are substantially equal in length (see sidebar), the payment period is the term itself.

Programs with nonstandard terms not substantially equal in length *NEW*

For purposes of Pell Grants, ACG/SMART Grants, FSEOG Grants, and Perkins Loans, if the program uses nonstandard terms, the payment period is the term.

For FFEL and Direct Loans, if a credit-hour program has nonstandard terms that are not substantially equal in length, use the coursework-based payment periods described below (under “Clock-hour programs and nonterm programs”).

Clock-hour and nonterm programs (coursework-based) *NEW*

The following types of programs must use payment periods that are based on the time it takes for the student to complete the credit or clock hours and weeks of instructional time in the payment period:

- Nonterm credit-hour programs
- Clock-hour programs
- For FFEL or DL purposes, nonstandard term credit-hour programs with terms not substantially equal in length.

If you are determining the payment periods for a program for which one of the measures (either clock or credit hours or length of instructional time) is less than an academic year and the other measurement is not, the program is considered less than an academic year in length, and you follow the payment period rules for a program that is less than an academic year.

Similarly, when determining whether a remainder of a program greater than one academic year, but less than two academic years in length should be considered $\frac{1}{2}$ or less than $\frac{1}{2}$ an academic year, the remainder of the program is considered $\frac{1}{2}$ or less if one of the measures (either clock or credit hours, or weeks of instructional time) are $\frac{1}{2}$ or less of an academic year, and the single payment period rules apply.

Two payment period limit in an academic year or program *NEW*

Clock-hour and nonterm programs and, for FFEL and Direct Loan, programs with terms not substantially equal in length:

These programs are *no longer allowed to have* more than the defined 2 payment periods in the lesser of the program, the academic year, or the remainder of the program. You may make multiple disbursements within a single payment period, however, schools should note that making multiple disbursements within a payment period does not create a new or additional payment period.

“Successfully Completes” *NEW*

34 CFR 668.4(h)(1),(2)

A student “successfully completes” credit or clock-hours if your school considers the student to have passed the coursework associated with those hours.

“Substantially Equal” *NEW*

34 CFR 668.4(h)(1),(2)

For purposes of measuring payment periods in programs offered in nonstandard terms, “substantially equal” means that no term in the program is more than 2 weeks of instructional time longer than any other term in that program. “Not substantially equal in length” means nonstandard terms that have at least 1 term more than 2 weeks of instructional time longer than another in the same program

Clock-hour payment period progression and weeks of instructional time *NEW*

Beginning in the 2008-2009 award year, payment period progression in clock-hour programs now requires that the student complete both the clock-hours and weeks of instructional time.

FFEL/DL payment periods for graduate/professional students (clock-hour, nonterm, etc.) **NEW**

For a graduate or professional student in a clock-hour or nonterm program, or a program with terms not substantially equal in length, the FFEL/DL payment period is 1/2 of what a full-time student would be expected to complete, in both weeks of instructional time and credit or clock-hours. This policy also relates to annual loan limit progression for graduate or professional students (for more on loan limits, see Chapter 5 of this Volume).

Unable to determine completion of hours in payment period

If your school is tracking progress by clock or credit hours (rather than terms), and is unable to determine when a student has successfully completed half of the credit or clock hours in a program, academic year, or remainder of a program, the student is considered to have begun the second payment period of the program, academic year, or remainder of a program at the later of the date (identified by the school) that the student has successfully completed:

- 1) half of the academic coursework in the program, academic year, or the remainder of the program; or
- 2) half of the number of weeks of instructional time in the program, academic year, or the remainder of the program

If the program is one academic year or less, the academic year or program is divided into two payment periods. The first payment period is the period in which the student successfully completes ½ the credit or clock hours AND ½ the weeks of instructional time in the program. The second payment period is the period in which the student completes the remainder of the program.

If the program is more than one academic year in length—

- Use the rule for one academic year (above) for each full academic year in the program.
- For any remaining portion of a program that is ½ an academic year or less, the remaining portion is treated as a single payment period.
- For any remaining portion of a program that is more than ½ an academic year but less than a full academic year, the remaining portion is divided into 2 payment periods and the first payment period is the period in which the student successfully completes ½ of the credit or clock hours AND ½ of the weeks of instructional time in the remaining portion.

*Progression based on completion of hours and weeks (rather than term-based progression) **NEW***

As described in the previous sections, there are two cases where you must use credit or clock hours and weeks of instructional time to determine the length of the payment period:

- clock-hour and nonterm programs, and,
- for FFEL/DL, programs with terms not substantially equal in length.

For these programs, each subsequent payment period cannot begin until the student successfully completes the credit or clock-hours and weeks of instruction in the previous payment period.

Except for a second or subsequent loan period in FFEL/DL, if a student completes additional weeks of instructional time or hours while completing the other measure of a payment period, these additional weeks or hours count towards completing the next payment period. For FFEL/DL, the first payment period of a second or subsequent loan period includes only the weeks of instructional time and hours that begin on the first calendar day of the new loan period.

Academic Calendars & payment periods *NEW*

Academic Calendar	Payment Period	Pell Formula [Chapter 3]	SAY/BBAY [Chapter 5]
Standard Term Programs w/ Credit Hours [semester, trimester, quarter; for FFEL and DL, SE9W]	Payment period = term.....	1,2, or 3***	SAY/BBAY1 or BBAY2***
Nonstandard Term Programs w/ Credit Hours [terms of substantially equal length, but not at least 9 weeks in length]	Payment period = term	3	BBAY 3
Nonstandard Term Programs w/ Credit Hours [terms not substantially equal in length] For Pell, ACG/SMART, FSEOG, Perkins:	Payment period** = term	3	
For DL and FFEL:.....	Payment period** = hours and weeks*		BBAY3
Nonterm Programs	Payment period ** = hours and weeks*	4	BBAY3
Clock Hour Programs	Payment period ** = hours and weeks*	4	BBAY3
Correspondence Programs	Payment period ** = hours and weeks*	5	

*weeks of instructional time

**To progress to the next payment period, must complete the credit or clock hours and weeks of instructional time in the current payment period

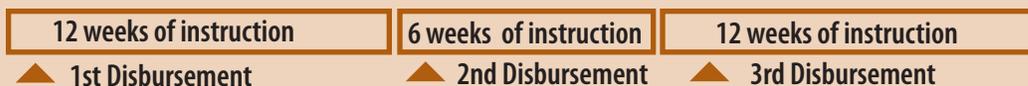
***Depends on academic calendar

Nonstandard Term Example: Terms not substantially equal *NEW*

For a nonstandard term program, you may have to use different payment periods for Stafford/PLUS loans than the ones you use for FSA grants and Perkins loans. In this example, we show how the payment periods for a Pell Grant and a Stafford Loan can differ in a program that has nonstandard terms that are not substantially equal in length. In this program, the payment periods for Pell Grants are the terms, while the payment periods for the Stafford loan are the nonterm payment periods. A student earns at least 23 semester hours at the end of the 6-week term.

Academic Year =
24 semester hours, 30 weeks of instructional time

Pell Grant: Payment periods are the nonstandard terms (3 disbursements)

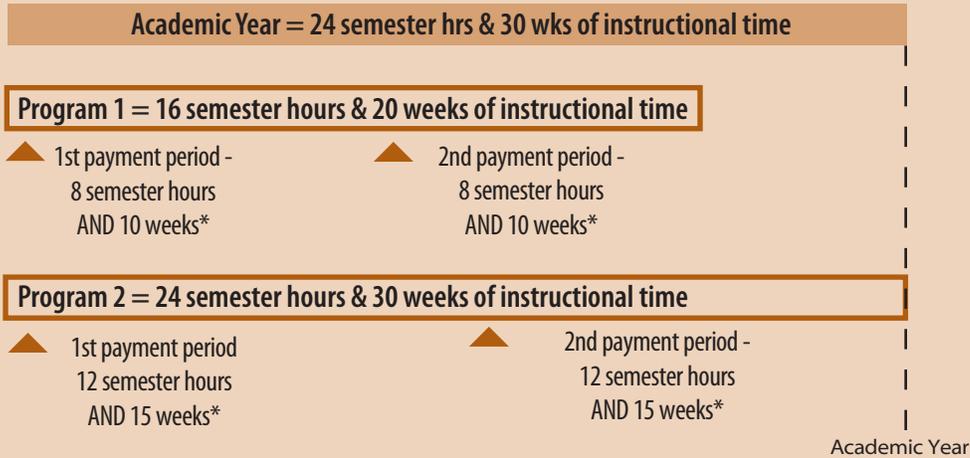


Stafford: Payment periods are determined by credit hours and weeks (2 disbursements)



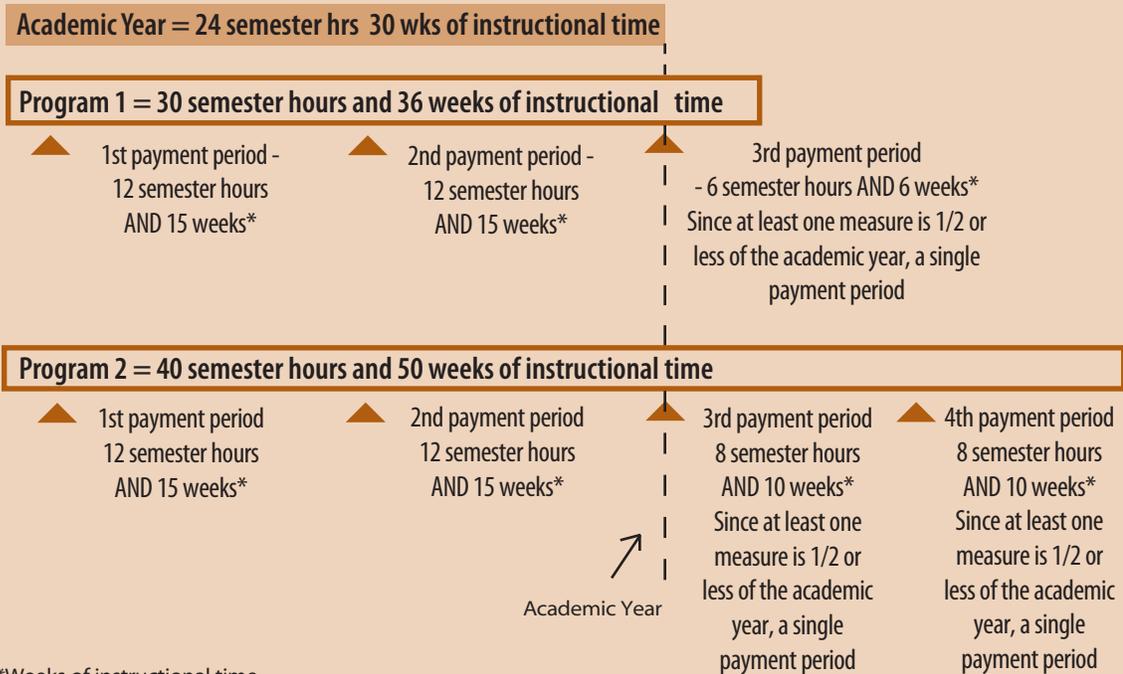
Nonterm Programs—One Academic Year or Less

In both of these examples, the school defines the academic year for the program as 24 semester hours and 30 weeks of instructional time. The first program is less than an academic year; the second program is a full academic year.



Nonterm Programs—More than an Academic Year

In both of these examples, the school defines the academic year for the program as 24 semester hours and 30 weeks of instructional time. The first program is an academic year with a remaining portion less than 1/2 an academic year; the second program is an academic year with a remaining portion greater than 1/2 an academic year.



Payment period & disbursement issues *NEW*

FSA regulations generally permit schools to pay FSA funds at such times and in such installments *within* each payment period as will best meet students' needs. This gives schools the ability to apportion the payment if doing so will be in the best interest of the student. For example, if a payment period is particularly long, a school might choose to pay in multiple installments to the extent program requirements permit to ensure that a student will have funds to pay rent later in the payment period.

However, schools should recognize that making Pell disbursements over different periods than loan disbursements may complicate the Return of Title IV aid calculation if a student withdraws. To avoid such complications, we recommend that, whenever possible, schools disburse all FSA funds in the same payment periods. See *Volume 4, Chapter 2* for more detail on the timing of disbursements.

Also bear in mind that FSA funds must be provided to students in a timely manner to best assist them in paying their educational expenses. Consequently, a school may not delay the disbursement of funds until after the 60% point, for example, to avoid the administrative burden of performing a Return of Title IV Funds calculation and the requirements that go along with it, or to prevent the student from having to return funds upon withdrawal.

FFEL & Direct Loans for one payment period

When a FFEL or Direct Loan is made for one payment period, the loan generally must be disbursed in two payments.

In a credit-hour program that uses a semester, trimester, or quarter system, or is SE9W, the second disbursement may not be made until the student reaches the calendar midpoint between the first and last scheduled days of class of the loan period.

For clock-hour and nonterm programs, and nonstandard term programs that are non-SE9W, the school may not make the second disbursement until the student successfully completes 1/2 of the credit or clock hours AND 1/2 the weeks of instructional time in the payment period.

34 CFR 682.604(c)(6)

Note that there are exemptions to this requirement for schools with low default rates; see *Volume 4, Chapter 2*.

Reentry/transfer cites

Reentry or transfer within 180 days cite
34 CFR 668.4(f)

Reentry or transfer after 180 days cite
34 CFR 668.4(g)

When you must do credit-hour to clock-hour
conversion
34 CFR 668.8(k),(l)

Transfer or reentry for clock-hour and nonterm credit-hour programs, and, for FFEL & Direct Loan, nonstandard term programs with terms not substantially equal

Reentry within 180 days

A student who withdraws from a clock-hour or credit-hour nonterm program and then re-enters within 180 days is considered to remain in the same payment period when he/she returns and, subject to conditions imposed by ED or the FFEL lender or guarantor, is eligible to receive FSA funds for which he/she was eligible prior to withdrawal, including funds that were returned under the R2T4 rules in *Volume 5, Chapter 2*.

Reentry after 180 days and transfer students

Generally, you must calculate new payment periods for a clock-hour or credit-hour nonterm program for:

- a student who withdraws and then reenters the same program at the same school *after 180 days*, or
- a student who withdraws from a program and enrolls in a new program at your school, or at another school within *any time period*.

For purposes of calculating payment periods ONLY, the length of the program is the number of credit or clock hours and weeks of instructional time the student has remaining in the program he/she reenters or transfers into. If the remaining hours and weeks constitute half of an academic year or less, the remaining hours constitute one payment period.

However, you may consider a student who transfers from one program to another at your school to remain in the same payment period if all of the following conditions apply:

- the student is continuously enrolled at your school;
- the coursework in the payment period the student is transferring out of is substantially similar to the coursework the student will be taking in the program into which he/she is transferring;
- the payment periods are substantially equal in length in weeks of instruction and credit or clock hours;
- there are little or no changes in school charges associated with the payment period; and
- the credits from the payment period the student is transferring out of are accepted for credit in the new program.

Payment periods for a Direct or FFEL loan for a transfer student with hours accepted from prior school *NEW*

If a school accepts a student's credit or clock hours earned at a prior school, and the period of enrollment for the loan at the first school overlaps the period of enrollment at the new school, the new school may certify or originate a loan for the remaining portion of the program or academic year. You must determine the new payment periods for that reduced loan period. These payment periods generally will coincide with the payment periods for grants and Perkins loans.

The loan at the new school may not exceed the remaining balance of the student's loan limit at the new school, after the disbursements at the first school are taken into account. In addition, the loan period at the new school must cover the remaining hours and time-frame of the overlapping prior loan period. (See example below.)

Transfer students with no hours accepted at new school

34 CFR 682.603(f)(1)(ii) and 685.301(a)(9)(ii)

Prior to the changes made to the regulations published on November 1, 2007, as described to the left, if a transfer student had an overlapping loan period from a prior school, the new school was required to certify or originate a loan for an academic year, or the remaining balance of a program if less than an academic year. The applicable annual loan limit difference between the amount disbursed at the prior institution and the student's new applicable annual loan limit. This requirement still applies to a student if the new school has not accepted any credits on transfer.

Transfer student with overlapping loan periods *NEW*

For example, Jenny Micah transfers on September 15 into Feldspar Technical College, which accepts 200 hours from Jenny's prior school towards a 3-year program that has an academic year of 26 weeks and 900 clock hours.

Jenny says that she received a Stafford Loan at the prior school, but she doesn't remember the exact dates. The financial aid administrator at Feldspar checks NSLDS and finds that the loan period began July 15 and was to end January 15. Jenny earned the 200 clock hours at the beginning of this loan period, between July 15th and August 30, and Feldspar accepted these hours on transfer.

The aid administrator at Feldspar may certify a loan for the period during which Jenny is expected to complete at least the remaining 700 hours of Feldspar's academic year, September 15 through January 15. During this period, which comprises 20 weeks of instructional time, Jenny will be eligible for her remaining annual loan limit (after deducting the amount received at the prior school).

The 20-week loan period is divided into two payment periods, each comprised of 350 clock-hours and 10 weeks of instructional time. On February 1, Jenny will be able to start a new BBAY and loan period at Feldspar with a new annual loan limit. Note that the payment periods for the new BBAY will be 450 clock hours and 13 weeks of instructional time, and this will continue through the end of the program.

In the case of grants and Perkins Loans, Jenny's initial payment periods will be half of the program's academic year: 450 clock-hours and 13 weeks of instructional time. Note that the second payment period for the Pell Grant begins three weeks later (in weeks of instructional time) than the second payment period for the Stafford Loan. The difference between the start dates of the Pell and the Stafford payment periods will vary throughout the rest of the program at Feldspar. Also note that the last academic year, for purposes of grants and Perkins Loans, will only be 700 clock hours and 20 weeks of instructional time. Thus, her last two Pell Grant disbursements will be reduced on the basis of payment periods of 350 hours and 10 weeks of instructional time.

Exemption for programs counted for full credit to degree program at school

The program is exempt from use of the conversion formula if each course within the program is acceptable for full credit toward that school's associate degree, bachelor's degree, professional degree, and the degree offered by the school requires at least two academic years of study.

34 CFR 668.8(k),(l)

*Payment periods for a Direct or FFEL loan for a student starting a new program at same school in same academic year *NEW**

For a student who completes a program at a school, where the student's last loan to complete that program had been for less than an academic year, and the student then begins a new program at the same school, the school may certify a loan for the remainder of the academic year. In this case the school may certify a loan for an amount that does not exceed the remaining balance of the student's annual loan limit at the loan level associated with the new program. You must determine the new payment periods for that reduced loan period. The payment periods may not coincide with the payment periods for grants and Perkins loans.

CREDIT OR CLOCK-HOUR CONVERSION FORMULA

A school must use a conversion formula to evaluate the enrollment status in a credit-hour undergraduate program, if it is less than 2 academic years in length *or* it does not lead to an associate, bachelor's, or professional degree. You must continue to offer the program with the clock hours that make up converted credit hours. You must also provide that upon completing the program's credit hours, the student has also completed all academic requirements including any required seat time and received the certificate for completing the program. (A program is exempted from use of the formula if all the coursework is acceptable towards a qualifying degree at the school—see sidebar.)

To determine the number of credit hours needed for full-time, 3/4-time, and 1/2-time enrollment, the school must use one of the following formulas.

For a semester or trimester hour program:

Clock hours in the payment period

30

For a quarter hour program:

Clock hours in the payment period

20

The product of either calculation must be at least 12 to qualify for full-time enrollment, 9 for 3/4-time enrollment, and 6 for 1/2-time enrollment. (A student must be enrolled at least 1/2-time for Stafford/PLUS loans, and the amount of the Pell Grant is determined by enrollment status.)

For an example of how the clock-hour/credit-hour formula is used to determine enrollment status, see the following page. For a discussion of how the credit-hour/clock-hour conversion is used to determine if a program is eligible, see *Volume 2, Chapter 4*.

Clock-Hour/Credit-Hour Conversion Example

Sternberg University (SU) offers a two-year nondegree program measured in semester credit hours. Courses within the program are not creditable toward a degree at SU. Students in the program earn 16 credit hours per semester.

By applying the conversion formula, Sternberg determines that the number of credit hours for Federal Student Aid purposes is 11 for the first two semesters, and 13 for the last two semesters.

STEP 1

SU determines that there are 1,440 clock hours of instruction in the program. There are 330 clock hours of instruction in the first and second semesters (660 first-year total), and 390 clock hours of instruction in the third and fourth semesters (780 second-year total).

Total number of clock hours of instruction in the program: $(2 \times 330) + (2 \times 390) = 1,440$

STEP 2

$\frac{330 \text{ clock hours}}{30} = 11$ credit hours in semesters one and two

$\frac{390 \text{ clock hours}}{30} = 13$ credit hours in semesters three and four

STEP 3

For the first two semesters of the program, students are eligible for payment for only 11 credit hours of instruction (see Step 2). Because this is less than the full-time student minimum of 12 credit hours, students who attend the first two semesters are eligible to be paid for only 3/4 time attendance.

In the third and fourth semesters of the program, students are eligible to be paid for 13 credit hours of instruction (see Step 2). Students attending the third and fourth semesters can be paid as full-time students.

To see how this school determines the eligibility of the program,
see *Volume 2 — Chapter 4*.

Direct Assessment

34 CFR 668.10

DIRECT ASSESSMENT PROGRAM PAYMENT PERIODS

Because Direct Assessment programs don't use credit or clock hours as measures of learning, you must establish a method to reasonably equate the Direct Assessment program (or Direct Assessment portion of any program) to credit or clock hours for the purpose of determining the payment periods in the program. You must provide a reasonable written description that supports your claim that the program or portion of a program is equivalent to a specific number of credit or clock hours (note that any credits awarded for "life experience" are not counted for FSA purposes).

Once you have established credit or clock-hour equivalencies, Direct Assessment program payment periods are measured in the same manner as other programs, according to the payment period rules described earlier in this chapter.