

Calculating Pell Grant Awards

Pell Grant awards are based on the 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 Payment Schedules released by the Department prior to each award year. For term schools, awards for part-time students are also based on enrollment status, using the part-time charts in the Pell Grant Payment Schedules.

In this chapter, we'll show you how to take the award amount for the year and calculate Pell Grant payments for your students, using the appropriate formula for the term or non-term calendar in the academic program.

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 2004-2005 award year begins July 1, 2004, and ends June 30, 2005.

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 Payment Schedule is usually incorporated in Pell payment software, so awards can be calculated automatically -- a printed copy is included at the end of this chapter for your reference.)

The Scheduled Award is a maximum that can't be exceeded, even if the student transfers to another school or attends for a period longer than one academic year during the award year. For example, if a full-time student attends Fall and Spring semesters, and those terms encompass an academic year, the student would have no remaining eligibility in that award year for a summer term. (However, you can use the student's Pell Grant eligibility for the coming award year to pay a student for a summer term or other crossover payment period, as described later in this chapter.)

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.

CHAPTER 3 HIGHLIGHTS

Pell Grant calculations for:

- Credit-hour term programs with fall through spring standard terms that provide 30+ weeks of instructional time (Formula 1)
- Credit-hour term programs with fall through spring standard terms that provide less than 30 weeks of instructional time (Formula 2 or Formula 3)
- Credit-hour term programs with nonstandard terms (Formula 3)
- Clock hour programs and all other non-term 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

- 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

Multiple award provision

The law and regulations allow for the possibility of a second Scheduled Award during an award year under certain conditions, subject to available funding. If funds are available, we will inform you through a *Federal Register* notice and electronic announcement.

HEA Sec. 401(A)(6), 34 CFR 690.67

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 \$4,050, but the student is enrolled as a 1/2-time student in a term program, the student’s annual award would only be \$2,025.

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 different schools is measured in different units.

Cost	Full-Time Payment Schedule	Cost	Half-Time Disbursement Schedule
	Expected Family Contribution		Expected Family Contribution
	0 500 1000 1500 2500 3000		0 500 1000 1500 2500 3000
1,000		1,000	
2,000		2,000	
3,000		3,000	
\$4,500 +	4050	\$4,500 +	2025

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.

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. Note that if a student only attended half of an academic year, the student could receive no more than one-half of the annual award.

TERMS AND PAYMENT METHODS

Generally, if all the coursework can 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. Pell Grants are calculated differently for the two types of terms.

Consortium Different Units Example

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

9 quarter hours X 2/3 = 6 semester hours

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

6 semester hrs. at Hart
 + 6 semester hrs. at Sarven
 12 semester hours

Linda is also taking 6 semester hours at Hart 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 Hart into quarter hours:

6 semester hours X 3/2 = 9 quarter hours

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

9 quarter hrs. at Sarven
 + 9 quarter hrs. at Hart
 18 quarter hours

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 15 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.

Non-standard terms

Any term that isn’t one of the standard terms described above is a nonstandard term. Nonstandard term has sometimes been used to refer only to terms on unequal length, but under this definition terms of equal length can be nonstandard terms.

Non-term programs

If a program is not designed to be completed within a set amount of time, it is likely a non-term program. There are two main types of non-term program, clock hours and non-term credit hours.

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

Ground rules for Pell calculations

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 \$2,130 Scheduled Award for a payment period that is a nonstandard term of 10 weeks of instructional time.

$$\$2,130 \times \frac{10}{30} \quad \text{is multiplied as} \quad \frac{\$2,130 \times 10}{30} = 710$$

In this case, if you divided the fraction to get a decimal ($300/900 = .333333\dots$) and then round the decimal either down (.33) or up (.34), your calculation will result in a number that's too low (703) or too high (724).

Rounding

Previously, schools were required to round to the nearest dollar when making disbursements. However, 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. See Volume 4, Chapter for more on the COD reporting requirements. Note that COD has very specific format requirements for payment amounts.

When rounding disbursements, round up if the decimal is .50 or higher; round down if it's less than .50. For instance, if a calculation results in a payment of \$516.50, round up to \$517. If the calculation result is \$516.49, round down to \$516.

If you're rounding disbursements for a student who is expected to be enrolled for more than one payment period in the award year, you have to alternate rounding up and rounding down to ensure that the student receives the correct amount for the year. For example, if a student had a Scheduled Award of \$1,025 to be paid in two payment periods, the first payment would be \$513 (rounded up from \$512.50), and the second payment would be \$512 (rounded down to ensure that the student isn't overpaid for the year).

The same principle applies when there are three or more payment periods in the award year. For instance, if the student has a Scheduled Award of \$1,100 and enrolls as a full-time student at a school using quarter terms, the payment for each term would come to \$366.66. If the school is rounding disbursements, the first two payments would be rounded up to \$367, and the last payment would be rounded down to \$366 to reach the total of \$1,100.

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

Variations in enrollment status standards

If a 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 enrollment standards consistently to all students enrolled in the same program of study for all FSA purposes.

34 CFR 668.2

Including remedial coursework in enrollment status

When figuring 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)*.

Alternate schedules for low tuition costs

Use the alternate schedules to look up the annual award for students whose:

- Tuition plus dependent care and/or disability expenses are less than \$675 (based on full-time full-year costs),
- Total cost of attendance is \$3,400 or higher, and
- EFC is 700 or less.

In addition, the law now specifically provides that schools that charged only fees in lieu of tuition as of October 1, 1998, can count those fees as tuition for this calculation.

CREDIT-HOUR TERM-BASED PROGRAMS (FORMULAS 1 - 3)

The first three Pell Grant formulas are for 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/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 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.

For nonstandard term/enrollment standards, see p. 3-22. 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.*

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 amount for the year at that enrollment status. This is the annual award. Most student aid software programs, such as EDEXpress, will do this for you automatically, but we have included a printed version of the 04-05 schedules at the end of this chapter for your reference.

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/she won't receive the portion of the award for that payment period. If the student's enrollment status changes in the next term, his/her annual award will be different. (See discussion of payment periods and standard/nonstandard

terms in Chapter 1 if you are unsure of the payment periods in your program.)

Requirements to be able to use Formula 1
34 CFR 690.63(b)

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

For you to be able to use Formula 1, the program:

- must have an academic calendar that consists of standard terms—two semesters or trimesters, or three quarters,
- must have at least 30 weeks of instructional time
- must not have overlapping terms, and
- must define full-time enrollment for each term in the award year as at least 12 credit hours.

The most common Pell Grant calculation is for standard term programs that provide at least 30 weeks of instructional time in the fall through spring terms. Remember that a program must use credit hours to measure progress -- if the program uses clock hours, you must always use Formula 4 to calculate Pell Grant awards. The nice thing about Formula 1 is that it's very simple. The term is the payment period, and you divide the student's award by the number of terms in the program's academic year.

Alternate calculation

If your school has a summer term, you may wish to use an alternate calculation that spreads the award over the summer term as well.

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

To qualify for Formula 1, the program must use standard terms and have an academic year of 2 semesters or trimesters, or 3 quarters, and full-time enrollment must be at least 12 credit hours. In Formula 1, the annual award is simply divided by the number of terms in the fall through spring.

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 \$3,000, and since he is enrolled full-time, that is also his annual award.

$$\frac{\$3,000}{2} = \$1,500 \text{ disbursement for each payment period}$$

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. The only difference is that Jeff's annual award of \$3,000 is divided by 3.

$$\frac{\$3,000}{3} = \$1,000 \text{ disbursement for a quarter}$$

Note that Jeff is receiving a full Scheduled Award because he is attending for two terms as a full-time student and has no remaining eligibility for the summer payment period included in the award year. In subsequent examples, we'll show other situations where a student might have remaining eligibility for a summer term, or can be paid for the summer term out of the Scheduled Award for the next award year.

Example of enrollment status change

Let's say that one of your students, 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 \$4,000. 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.

$$\frac{\$4,000}{2} = \$2,000 \text{ for Fall}$$

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.

$$\frac{\$3,000}{2} = \$1,500 \text{ for Spring}$$

Note that Micki's Scheduled Award is still \$4,000, and she has only received \$3,500. This means that she is still eligible for up to \$500 in Pell funds from this award year if she attends a summer term. (We'll discuss other summer term payment options later in this chapter.)

Formula 1: Alternate calculation

If you're working with a standard-term program that meets the rules for Formula 1, the regulations give you an option to divide the annual award by the number of all the terms (including the summer term) in the award year. Schools that use this alternate calculation have programs where full-time students attend year round. The alternate calculation ensures that students get Pell payments in all terms in the award year. The disadvantage is that a student who misses one of the terms (such as a summer term), won't get a full Scheduled Award for that year.

34 CFR 690.63(b)(3)(ii)

If you choose to use this alternate calculation, you must:

- use the alternate calculation for *all* students enrolled in the same program of study,
- use the alternate calculation for all payment periods in the award year,
- increase the number of weeks of instructional time in the academic year defined for the student's program to include the number of weeks of instructional time in the summer term, and
- include the costs for the additional term in the Pell cost of attendance.

Your school may also include the number of credit hours for the additional term in your definition of the academic year for the student's program.

For example: Kevin enrolls as a full-time student in a 2-year associate degree program at Ivers College (IC). The academic calendar consists of two 15-week semesters. The program also has a summer semester that is the same length.

IC decides to use the alternate calculation to distribute the award over all three terms, as its students attend full-time throughout the award year. IC defines the academic year as 36 semester hours and 44 weeks of instructional time (both the weeks and the credit hours for the summer term are included in the academic year). Kevin's Scheduled Award is \$3,600. He's attending full-time, and so his annual award is the same. Using the alternate calculation, ICC divides the annual award by the payment periods in the award year.

$$\frac{\$3,600}{3} = \$1,200 \text{ disbursement for term}$$

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 certain types of term programs, 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 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 never be more than 50% of the annual award. You may not disburse more than 50% of the annual award until 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 has standard terms, the minimum enrollment standards previously discussed would still apply for the standard terms. However, if the program uses non-standard terms, the enrollment standard must be calculated for the nonstandard terms:

The full-time enrollment status is determined for a non-standard term based on the length of the term in relation to the academic year.

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

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.

When to use Formula 3

- If a term program uses non-standard terms, you must use Formula 3 for Pell calculations.
- If a term program or has an academic year that provides less than 30 weeks of instructional time, you may be required to use Formula 3, unless the program qualifies for Formula 2 (see below).
- Any term program can opt to use Formula 3. However, standard term programs that qualify for Formula 1 generally prefer to use that formula because it predates the other formulas and is simpler.)

Lump Sum Payment and the 50% Requirement

If the initial disbursement for the payment period occurs after half of the weeks of instructional time have passed during the payment period, you can make a lump-sum disbursement of the full payment for the payment period.

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. Her award for the 2nd and 3rd terms may be disbursed in a single disbursement. 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. If Debbie establishes eligibility in the 16th week of the term, you can make a lump-sum disbursement of 17/30 of the annual award at that time.

Regulatory citations

Formula 3 described: 34 CFR 690.63(d)
 Enrollment status for nonstandard terms:
 34 CFR 690.63(d)(1)(ii)
 Disbursement cannot exceed 50% of 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 be the same number as the calendar weeks in an academic year. 34 CFR 690.63(d)(1)(ii)

After your school has determined the number of credit hours required for full-time enrollment, your school 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

Hope 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 \$4,050 would be calculated as follows:

$$\frac{14 \text{ weeks}^* \text{ in term}}{30 \text{ weeks}^* \text{ in academic year}} \times \$4050 = \$1,890$$

Formula 3: Payments for non-standard terms of equal length

Just a few miles down Rio Road from Hope, Crosby University has a program that consists of four 8-week terms. Crosby 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), Crosby 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 2004-05 award year, and has a Scheduled Award of \$3,700.

Because the program has nonstandard terms, Crosby 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 non-standard term compared to the length of the academic year:

$$\frac{8 \text{ weeks}^* \text{ in term}}{32 \text{ weeks}^* \text{ in academic year}} \times \$3,700 = \$925$$

*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 non-standard terms of unequal length

Owen is enrolled in a semester-hour program at Hart 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. Hart must use formula 3 to calculate Pell Grant payments for students in this program. Owen's Scheduled Award is \$2,800. He enrolls for 6 semester hours in the first and third terms and 3 semester hours in the second term. Because the program has nonstandard terms, Hart must determine the number of credit hours required for full-time enrollment in each term, as follows. For the first and third term:

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

For the second term:

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

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. Owen 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.

Based on a cost of attendance of \$8,745 and an EFC of 1214, the half-time disbursement schedule shows that Owen is eligible for an annual award of \$1,400. Because this is a term-based credit-hour program, the payment period is the term. To calculate Owen's payment for the first and third terms, the school uses the fraction 12/34:

$$\frac{12 \text{ weeks}^* \text{ in term}}{34 \text{ weeks}^* \text{ in academic year}} \quad \times \quad \$1,400 = \$494.12$$

Owen's payment for each of the first and third terms will be \$494.12.

Since Owen's enrollment status for the middle term is three-quarter-time, the payment for that term is based on a full-time annual award of \$2,100. To calculate the payment for the one-month middle term, the school uses the fraction 4/34:

$$\frac{10 \text{ weeks}^* \text{ in term}}{34 \text{ weeks}^* \text{ in academic year}} \quad \times \quad \$2,100 = \$617.65$$

Owen's payment for the middle term (the second payment period) is \$617.65

*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.

Requirements for using Formula 4

All non-term programs must use Formula 4, including all clock hour programs and non-term programs that measure progress in credit hours.

Formula 4: 34 CFR 690.63(a) and (e)

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

For non-term programs, the enrollment minimums are:

Full-time in credit hours: 24 semester hours, 24 trimester hours, or 36 quarter hours per academic year.

Less than 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.

FORMULA 4: CLOCK HOUR AND NON-TERM CREDIT-HOUR PROGRAMS

Checking 1/2-time enrollment status

For clock-hour programs and for credit-hour programs without terms, 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.) A student attending less than 1/2-time is not eligible for a Stafford or PLUS Loan.

The annual award for a student in a clock-hour or non-term credit-hour program is taken from the full-time Payment Schedule, even if the student is attending less than full-time. This requirement includes using the full-time Payment Schedule for certain low-cost students (see sidebar on p. 3-19).

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 that discussed in Chapter 1 to determine the payment periods for clock hour and non-term credit-hour programs.

In non-term programs, the student's Pell award is not reduced for part-time enrollment unless the student is enrolled less than half-time in which case the student's 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. 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.

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 weeks of instructional time most full-time students are attending and the credit/clock hours in the payment period as the compare to the defined academic year. The first step in determining the payment for a payment period involves prorating the Scheduled Award by the least of:

$\frac{\text{Weeks* for a full-time student to complete hours in program}}{\text{Weeks in program's academic year (at least 30)}}$

or

or

One

*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.

Coursework completion requirement & withdrawal/re-entry

Note that students in non-term programs must successfully complete a payment period to receive subsequent payments. This will be discussed in Volume 4 as one of the disbursement rules.

We'll discuss the effect of withdrawal and re-entry into a program in Volume 5.

Note that the result of this multiplication won't ever be greater than the Scheduled Award. Because the Scheduled Award is the amount for a full-time student, the numerators of the fractions use the weeks of instructional time needed for most full-time students to complete the lesser of the hours in the program or academic year. You must determine the weeks of instructional time it takes most full-time students to complete the hours in the program or the academic year.

The next step is to take into account the clock/credit hours in the payment period. To account for the hours, you must multiply the result of the first step by the following fraction, the result of which is the payment for the payment period.:

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

Payments for credit-hour non-term program (Formula 4)

Evers is enrolled at Tinkers Technical Institute (TTI) and has a Scheduled Award of \$3,900. His program is 24 quarter hours and most full-time students complete the program in 20 weeks of instructional time. 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 each for Evers' program. To determine the disbursement for the payment period, TTI must first multiply the Scheduled Award by a fraction representing the proportion of weeks of instructional time for most full-time students to complete the hours in the program:

$$\frac{20 \text{ weeks* in program}}{30 \text{ weeks* in academic year}} \quad X \quad \$3,900 = \$2,600$$

TTI then multiplies the result by a fraction representing the proportion of credit hours for the payment period compared to the academic year:

$$\frac{12 \text{ quarter hours in payment period}}{36 \text{ quarter hours in academic year}} \quad X \quad \$2,600 = \$866.67$$

Evers' payment for the first payment period will be \$866.67. Evers can receive this payment when he begins the program. Because students don't earn any of the 24 quarter hours in the program until they complete the entire program, TTI can make the payment of \$866.67 for the second payment period after Allen has completed half of the academic coursework of the program and the tenth week of instructional time of the program.

Chance is enrolled in a 650-clock-hour program at Tinkers Technical Institute and is eligible for a Scheduled Award of \$2,150. Most of the students in the program finish it within 27 weeks of instructional time. TTI defines the academic year for the program based on the regulatory minimums: 900 clock hours and 30 weeks of instructional time. To calculate Chance's payment, TTI calculates the payment for each payment period as follows:

$$\frac{27 \text{ weeks* in program}}{30 \text{ weeks* in academic year}} \quad X \quad \$2,150 = \$1,935$$

$$\frac{325 \text{ clock hrs in payment period}}{900 \text{ clock hours in academic year}} \quad X \quad \$1,935 = \$698.75$$

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

Chance's payment for the first payment period will be \$698.75. She can get this payment when she begins the program. She can receive her second payment of \$698.75 after she completes the 325 clock hours in the first payment period.

FORMULA 5: CORRESPONDENCE STUDY

Formulas 5A & 5b are formulas that must be used for correspondence students. Less than 1/10% of Pell Grants are made to correspondence students; therefore, the formula for correspondence study programs is covered in Appendix B of this chapter.

Scheduled Award limit and crossover payment periods

In most cases, the Pell Grant calculations assure that a student doesn't receive more than a Scheduled Award, but for some students, you will need to check the student's remaining eligibility before paying the student. In particular, if the student is attending more than an academic year's worth of courses in the same award year, the student could run out of eligibility for Pell. This most commonly happens with summer terms or crossover payment periods.

34 CFR 690.64

Alternate calculation that includes summer term

As noted earlier, 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.

SUMMER TERMS & OTHER "CROSSOVER PAYMENT PERIODS"

Payment periods don't always fall neatly into one award year or another. A new award year starts every July 1. 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. However, you must check the student's remaining eligibility if a student has already received payments for previous payment periods in the award year and the crossover period is assigned to the earlier award year.

Payment from either award year

You can make a payment for a crossover payment period out of either award year, if the student has a valid output document for the award year selected. However, if more than six months of the payment period are in a given award year, the Pell payment must be made from that award year.

The decision about which award year to use is usually based on the student's remaining eligibility in the earlier award year. You can assign the crossover payment period to either award year, on a student-by-student basis—you do not have to attribute the crossover period to a particular award year for all students. 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 2004-2005 award year, the student would have been paid a full Scheduled Award for that year. In this case you might choose to pay the student for the crossover payment period out of the 2005-06 award year, provided the student is eligible for Pell based on a SAR or ISIR for that year (if the student attended part-time or didn't attend for a full academic year, the student might be eligible for at least a portion of the normal disbursement from the 2004-2005 award year for the crossover period).

You may also attribute the crossover payment period to a particular award year for all of students enrolled in that period. For instance, you could attribute your summer session to the 2004-05 award year for the purposes of all Pell payments for that period. However, if you attribute the crossover period to the 04-05 award year for all students, you must pay Pell awards to all students enrolled in that payment period who have remaining Pell eligibility in the 04-05 award year.

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.)

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 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 limit for summer term

Peter enrolls three-quarter time in the fall, spring, and summer terms at Hildebrand University. His Scheduled Award is \$3,000 and his three-quarter time annual award is \$2,250. Using Formula 1, Hildebrand determines that Peter can receive \$1,125 for each semester term.

For the fall and spring semesters, he'll receive a total of \$2,250. If Hildebrand wants to pay him for summer from the 2004-2005 award year as well, it needs to see how much eligibility he has left. Subtracting the amount already received from the \$3,000 Scheduled Award, Hildebrand discovers that Peter only has \$750 of Pell eligibility left. Therefore, Peter can only receive \$750, instead of \$1,125, for the summer term.

As an alternative, Hildebrand could also pay Peter a full Pell disbursement for the summer term from the 2005-2006 award year, but that would reduce the amount of Pell that Peter could get for subsequent 05-06 terms. In the example below, Peter's 05-06 eligibility would be exhausted in the Spring term, even though he qualified for a higher Scheduled Award in 05-06.

Option 1: Pay Summer from 04-05 Scheduled Award (\$3,000)

Fall 04 = \$1,125 (3/4-time)	Spring 05 = \$1,125 (3/4-time)	Summer 05 = \$750 (remaining eligibility)
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Option 2: Pay Summer from 05-06 Scheduled Award (\$2,400)

Summer 05 = \$1,200 (3/4-time)	Fall 05 = \$1,200 (3/4-time)	Spring 06 = \$1600 (remaining eligibility)
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Minisession Enrollment Status - Example

Bob is enrolled in a summer session with 3 3-week minisessions that his school, Hawkeye University, has combined into 1 term. Hawkeye 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.

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 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 2003 term from the 2003-2004 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.

When you combine minisessions into a single term (i.e. payment period), the weeks of instructional time in the combined term are the weeks 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:

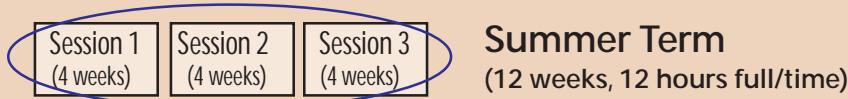
- pre-registered or registered to take for all sessions,
- committed to take for all sessions in an academic plan or enrollment contract, or
- committed to take for all sessions in some other document.

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 using Formula 3 to calculate Pell Grant awards. You also must use Formula 3 for each of the minisessions if your school doesn't define full-time attendance in each of the minisessions as at least 12 credit hours. (If you use Formula 3 for the crossover term, remember that you must also use it for all other terms in the award year, including Fall through Spring.)

Combined minisessions into standard term

Brian enrolls part time at Hildebrand University which defines its academic year as 24 semester hours and 30 weeks of instructional time. In addition to Fall and Spring semesters, Hildebrand offers three summer minisessions. Each minisession provides 4 weeks of instructional time. Hildebrand 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 Hildebrand 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.



Brian 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 Scheduled Award is \$3,500 and his annual award (from the 3/4-time disbursement schedule) is \$2,475. To calculate Brian's payment, Hildebrand simply divides the annual award by 2, the number of terms in the fall through spring: $\$2,475 / 2 = \$1,237.50$.

Brian can receive \$1,237.50 for the combined summer session if it's the first term of the award year, or if he had \$1,237.50 left in eligibility for that award year. If he received payments for the fall and spring semesters from the same award year, the school would need to check his remaining eligibility to see how much he could be paid for the summer session. (See the earlier example of the Scheduled Award limit for a summer term.)

Minisessions treated as non-standard terms

Suppose Hildebrand 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, Hildebrand would have to determine Brian'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 Brian is attending in each minisession counts as 3/4 time enrollment status. Note that Hildebrand would use the Pell cost of attendance for a full-time student attending a full academic year. Hildebrand would determine his payment for each minisession using the following calculation:

$$\frac{4 \text{ weeks}^* \text{ in term}}{30 \text{ weeks}^* \text{ in academic year}} \times \$2,475 = \$330.00$$

Brian would receive \$330 for each of the minisessions, for a total of \$990 for the summer. Again, these payments may need to be reduced if Brian had previously received payments for the fall and spring semesters in the same 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.

Transfer student cites

- 34 CFR 690.65
- Mid-year transfer
- “Dear Colleague” Letter GEN-00-12
- Percent of remaining eligibility
- 34 CFR 690.65(d)

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. See Volume 1, Chapter 3, for a more detailed discussion of these requirements.

Why percentages are used

The reason for using percentages is that a transfer student may have different Scheduled Awards because, for example, the costs of attendance at the two schools may be different. The percentages are 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.)

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

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 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 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.

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

When a student transfers into a non-term credit hour or clock-hour program at a new school, that student is starting a new payment period. For non-term programs, you must use the payment period rules described in 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 credit or clock hours and the number of weeks, that the student will be required to complete in the new program. If the remaining hours in a clock hour program are half an academic year or less, then the remaining hours constitute one payment period. For a non-term credit hour program using if the remaining credit hours *or weeks* are half an academic year or less, then the remaining hours and weeks constitute one payment period.

Reentry after 180 days

For clock-hour and nonterm credit hour programs, the same requirements as for a transfer student apply if the student reenters your school after 180 days.

Reentry after 180 Days

34 CFR 668.4(f)

Transfer student example (one remaining term at new school)

Luna attends fall and winter terms at Lewis College in St. Louis using nonstandard terms. She then transfers to Clark University in Omaha for the spring semester. The aid administrator at Clark University checks NSLDS, which shows that Luna received \$1,003 in Pell payments and had a \$1,700 Scheduled Award. Luna is eligible for a \$2,100 Scheduled Award at Clark. To determine how much Luna can be paid, the aid administrator at Clark first figures out what percentage of the Scheduled Award she received at her first school:

$$\frac{\$1,003 \text{ disbursed at Lewis}}{\$1,700 \text{ Scheduled Award at Lewis}} = 59\%$$

Subtracting this percentage from 100%, the aid administrator finds that Luna is eligible for 41% of her Scheduled Award at Clark. The Scheduled Award is multiplied by this percentage to find the dollar amount of Luna's remaining eligibility.

$$41\% \times \$2,100 \text{ Scheduled Award} = \$861 \text{ remaining Pell eligibility}$$

A student with a \$2,100 Scheduled Award would ordinarily receive a \$1,050 payment for one semester (if enrolled full-time). However, Luna can't be paid more than \$861, because she has received 59% of the Scheduled Award at the Lewis College.

Transfer student example (two remaining terms at new school)

Dmitri transfers to Bylsma Conservatory during the award year and enrolls for two terms. He would ordinarily receive a \$500 payment for each term. However, his remaining eligibility, based on payments at the previous school, is only \$600. Rather than "rationing" this amount by splitting it into two \$300 payments for the two terms, Bylsma must pay Dmitri \$500 for the first term and the remainder (\$100) for the second term. In this way, Dmitri will receive the full payment he's entitled to for the first term, even if he doesn't return for the second term.

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 the *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 valid information, in most cases you must recalculate the student's Pell award for the entire award year based on the new EFC.

Enrollment change: required recalculation example

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

See Volume 5 for a discussion of overpayments.

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.

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 August 31, 2005). 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.

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: For example, if the school chooses to recalculate for a student whose enrollment status 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. Note that in the case of a term with compressed coursework, the initial calculation of a student's Pell Grant may occur subsequent to the "add/drop" date of the term. 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. 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 drop/add 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 drop/add 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 enrollment status changes; 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

Enrollment change within payment period example

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

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.

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* a payment period.

Note 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.

For Pell purposes, these policies are acceptable if they are carried out consistently for all students whose costs change.

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.

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. (See example on page 3-25)

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
- 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)(c)

Formula 2 Alternative Calculation

Under Formula 2, you can perform the same alternate calculation as performed under Formula 1 (p. 3-21) 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.

Formula 2: calculation for standard terms with Fall through Spring terms < 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 Emma, who is attending Woodhouse College, which has Fall and Spring semesters of 14 weeks each, and a summer term of 10 weeks. Her Scheduled Award is \$3,300, and she 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, Susan's full-time award is prorated as follows:

$$\frac{29 \text{ weeks* in term}}{30 \text{ weeks* in academic year}} \times \$3,300 = \$3,190$$

This prorated amount is then divided by the number of terms: $\frac{\$3,190}{2} = \$1,595$

Therefore, Emma's payment for each term in the award year is \$1,595, the same as it would have been under Formula 3. Emma will receive \$3,080 for her attendance in both semesters. Note that this is less than her Scheduled Award; she may be able to receive the remaining \$220 if she 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. Emma's Pell eligibility as a full-time student would be \$1,595 under Formula 2. If Woodhouse 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 Emma's eligibility would be \$1540, \$1650, and \$1100 respectively.

Emma only has \$110 in remaining Pell eligibility for the summer term under both formulas. Her summer payment would only be different for each formula if Woodhouse chose to pay the summer term out of the subsequent award year. (Note that Emma's Scheduled Award and her 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 be the same number as the calendar weeks in an academic year.

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. 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 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 completing the first 20 lessons, the second payment period does not begin until the student 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 668.4(d)

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 *FSA Handbook: Institutional Eligibility and Participation [Volume 2]*).

PELL COST OF ATTENDANCE

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. 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):

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

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

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 is always enrolled half time. For a student enrolled in a term 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.

Correspondence study combined with regular study

If 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.

When combining the number of credit hours of correspondence work with the number of credit hours of regular coursework to determine the student's enrollment status for a Pell Grant, 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. However, 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.

Correspondence Payment Periods Cites

Nonterm — 34 CFR 690.66(b)

Term — 34 CFR 690.66(c)(4)

PAYMENT PERIODS & TIMING OF PAYMENTS

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

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 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 least of:

$$\frac{\text{Weeks for a student to complete credit hours in program}}{\text{Weeks in program's academic year definition}}$$

or

$$\frac{\text{Weeks for a student to complete credit hours in academic year}}{\text{Weeks in program's academic year definition}}$$

or

One

You then multiply the result by the following fraction:

$$\frac{\text{Credit hours in a payment period}}{\text{Credit hours in program's academic year definition}}$$

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:

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

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, in terms of weeks of instructional time, 50% of the weeks of instructional time in the program's academic year definition. A single disbursement for a payment period can never be more than 50% of the annual award.

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.

APPENDIX C

FORMULA SUMMARIES

Formula 1 Summary

Standard-term, credit-hour programs, with 30 weeks of instructional time (or waiver applies)

- *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 equal at least 30 weeks of instructional time, or at least 26 weeks of instructional time if the program was granted a waiver of the minimum 30-week academic year requirement*

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

$$\frac{\text{Annual award}}{\text{Number of payment periods in the program's academic year definition}}$$

OR

For alternate calculation:

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

Formula 2 Summary

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 nonprorated 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

Proration required unless alternate calculation is used

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

OR

For alternate calculation:

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

Formula 3 Summary

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 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

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

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

Formula 4 Summary

Clock-hour programs and credit-hour programs without terms

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)

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 is multiplied by two fractions :

(1) Annual award x the least of:

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a full-time student to complete hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

One (1)

(2) the results of (1) are multiplied by:

$$\frac{\text{Clock/credit hours in payment period}}{\text{Clock/credit hours in program's academic year definition}}$$

Formula 5A Summary

*Programs of study by correspondence, nonterm correspondence component.
The written 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:

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

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

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 may be made only after the student has completed 25% of lessons or otherwise completed 25% of the work scheduled, whichever comes last.)

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 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 two fractions:

1) Annual award x the least of

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

1 (one)

(2) The results of (1) are then multiplied by

$$\frac{\text{Credit hours in a payment period}}{\text{Credit hours in program's academic year definition}}$$

Formula 5B Summary

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

Step 1: Determine Enrollment Status

Enrollment status is never more than half time

Step 2: Calculate Pell COA

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

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

For tuition and fees:

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

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

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 may be made only after the student has completed 25% of lessons or otherwise completed 25% of the work scheduled, whichever comes last.)

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 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 two fractions:

1) Annual award x the lessor of

$$\frac{\text{Weeks of instructional time for student to complete credit hours in program}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

$$\frac{\text{Weeks of instructional time for a student to complete credit hours in academic year}}{\text{Weeks of instructional time in program's academic year definition}}$$

OR

One(1)

(2) the results of (1) are then multiplied by

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

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