The Proration Chart

Look at the first column of the chart. You will use this column when dealing with first-year students and some second-year students.

Looking again at Michael's situation, he is attending a program of 600 clock hours and 15 weeks. You already know that proration is required. Now you must determine what fraction of an academic year his program is.

To determine the fraction, you take the lesser of:

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

OR

$$\frac{\text{Weeks in the program}}{\text{Weeks in an academic year}}$$

For Michael, compare:

$$\frac{600}{900}\left(\frac{2}{3}\right) \quad \text{to} \quad \frac{15}{30}\left(\frac{1}{2}\right)$$

Since 1/2 is less than 2/3, 1/2 is used.

Back on the chart, find 1/2 in the first column. Notice that it falls under the third choice, which is less than 2/3 but greater than 1/3 of an academic year.

Now, you can easily determine Michael's base and additional loan amounts by looking at the second column, which is for first-year students.

Q: What are Michael's base amount and additional amount?

A: $875 and $1,500

Moving on to Charlene's situation, you know that if she completes her program by December, her final period of enrollment will be less than one award year, and proration will be needed. Because she is a second-year student, you will use the third column of the chart.

To determine her base loan amount, you will have to calculate what is labeled as "Proportional Proration."

- For this calculation, the first column will not be used.

Her additional loan amount can be calculated the same way Michael's loan amount was calculated.

18 credits	or	15 weeks
24 credits		30 weeks

Use 1/2, so additional = $1,500

- Now, back to Base Amount.
  - For Proportional Proration, you take the fraction of the year to be completed using clock or credit hours and multiply it by the regular loan limit.

Q: For Charlene, what is the fraction?

A: 18 credits / 24 credits = 2/3

Then take 2/3 x $3,500, which is $2,333.

Q: Assume Charlene is a third-year student with only 8 credits to go, which she will complete during the fall semester. What would both her base and additional amounts be?

A: Base = $1,833

Additional = $1,667

There are worksheets following this section that take you through proration one step at a time. Feel free to duplicate and use these in your financial aid office.

The attached case studies contain practice of both fixed and proportional proration.

APPENDIX
LOAN PRORATION