

(David): Welcome to the Department of Education's Webinar on Pell Grant Calculations for Clock Hour Programs. Today's session will be broken into three parts. Part 1 will be conducted by myself, David Bartnicki, a training officer within Federal Student Aid or FSA. Part 2 will be conducted by Yolanda Adams, a fellow training officer. And Part 3 will be conducted by Mike Roberts, a federal training officer as well.

We want to thank you for joining us today. Please note, you may print the handout for this Webinar by clicking on a picture of three pages that appear at the top of this screen. You may stop this presentation at any time and return later. Please be sure to write down the time where you stopped so you can return without missing any information.

This session has been developed to familiarize or re-familiarize you with basic concepts and terms associated with clock hour programs. In addition, we will focus a great deal of time on how to establish proper payment periods and how to correctly calculate Pell awards.

Finally, we will highlight some of the new changes to Pell as a result of the passage of the Higher Education Opportunity Act, HEOA, which became law on August 14, 2008.

So with that in mind, let's begin with a quick walk through of the agenda and begin our training session.

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As you can see, we will be going over some basic concepts and terms you need to be familiar with in order to award Pell. Student eligibility - both general and Pell related - become the foundation for beginning the Pell process.

In addition, you need to insure that your school has Title IV eligible programs as well as have an understanding of what a clock hour is, an academic year, an award year, Scheduled and Annual Awards and Cost of Attendance. All of these are key components within Pell calculations.

Next, we will discuss payment periods; what they are, how they are determined and how they are utilized in determining Pell Grant disbursement amounts.

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Once we have an understanding of the basic concepts and terms, we are ready to conduct Pell Grant calculations. In order to do this, we will provide a step-by-step instructional lesson of the Pell Grant formula, otherwise known as Formula 4. This formula determines how much Pell to award a student each payment period.

And finally, we will go over some important changes within the Pell Grant program, such as your (round Pell), as the result of the HEOA and provide some resources to further assist you. With all that said, let's begin our training.

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Student eligibility – as mentioned, student eligibility is the cornerstone for Title IV delivery. A school must insure that a student is eligible in order to award and disburse Pell. Over the next few slides, we will provide a brief overview of general student eligibility requirements as well as Pell-related eligibility requirements.

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General student eligibility requirements include the following; a student in most cases must be a regular student. A regular student is someone who is enrolled or is accepted for enrollment in an eligible institution for the purpose of obtaining a degree or certificate offered by the school.

Students enrolled in elementary or secondary school are not eligible for aid from the FSA programs, even if they are simultaneously enrolled in an eligible post-secondary program.

Students must also meet certain academic qualifications when entering an institution. They must have a high school diploma or equivalent, pass an approved ability to benefit test, satisfactorily complete 225 clock hours applicable toward a degree or a certificate offered by the institution or have been properly home schooled.

Students must be satisfactorily progressing towards program completion. In order to insure this, schools must periodically check the student's progress within a program, both quantitatively and qualitatively.

A student must also be a citizen or eligible non-citizen. Eligible non-citizens are individuals in the U. S. for other than a temporary purpose, with the intention of becoming a citizen or lawful permanent resident.

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Additional requirements include:

Enrollment status – For Pell purposes in a clock hour environment, a student's enrollment status of full-time versus less than half time may affect the amount of Pell a student receives.

Federal or state drug convictions that occur during a period of enrollment for which the student was receiving Title IV aid can disqualify a student for FSA purposes.

An incarcerated student is ineligible for Pell Grants if incarcerated in a federal or state penal institution.

A student in default on an FSA loan or that owes a Title IV grant overpayment cannot receive further Title IV aid until they resolve the default or overpayment.

And finally, men residing in the United States who are or were U. S. citizens or non-citizens aged 18 through 25 must have properly registered with Selective Service in order to be Title IV eligible, unless they meet certain exemptions.

For a more in-depth discussion with regard to student eligibility, please see the FSA Handbook, Volume 1.

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In addition to general student eligibility requirements, there are a few important Pell-related requirements as well.

In general, a student must be enrolled in an undergraduate course of study to receive a Pell Grant. A student has earned a baccalaureate degree or a first professional degree is not considered to be an undergraduate and therefore cannot receive a Pell Grant.

The one exception to this requirement is when a student is enrolled at least half time in a post-baccalaureate teacher certification or licensure program. This program must meet additional criteria to be a Pell eligible program.

Though we will be discussing some HEOA changes later in this training session, we decided to include an HEOA modification in the last bullet, since it was directly related to Pell eligibility. The HEOA states that a student who is subject to an involuntary civil commitment after completing a period of incarceration for a forcible or non-forcible sexual offense is ineligible to receive a Pell Grant. Please note that there is no database match for this and schools are not required to check for this situation unless they have reason to believe that a student may fall into this category. This new provision was effective July 1, 2009.

For a more detailed discussion around Pell eligibility, please go to the FSA Handbook, Volume 1, Chapter 7.

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Clock hour basics:

Now that we know that our student is Pell eligible, let's talk about some of the clock hour basics necessary to insure proper Pell awards and disbursements.

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The basics:

Before we actually calculate proper Pell Grant disbursement, it is always a good idea to go over the basics of Pell and explain some common terms and concepts important within the program; eligible programs, clock hour definition, academic year, award year, Scheduled and Annual Awards and Cost of Attendance.

So at this point, let's move on to the following slides, where we will discuss each topic separately.

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Program eligibility:

Aside from student eligibility, the student must insure that their programs are eligible.

Though schools can offer clock hour programs that lead to recognized degrees, such as an Associate's Degree, most clock hour programs are defined as non-degree certificate or diploma programs.

For these types of programs, the following minimums must be met for Title IV eligibility:

One type of eligible non-degree program, certificates and diplomas, must have at least 15 weeks of instruction, be at least 600 clock hours in length and may admit regular students who have not completed the equivalent of an Associate degree.

Another type of an eligible non-degree program must have at least ten weeks of instruction, be at least 300 clock hours in length and must be a graduate or professional program or admit only regular students who have completed the equivalent of an Associate degree.

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The last type of eligible non-degree program is known as the short term program.

Short term programs must have at least ten weeks of instruction and consist of 300 to 599 clock hours, which cannot exceed more than 50% of state required minimum hours. Additional criteria include 70% completion and placement rates and must have been in existence for one year. However, for our

purposes today, the most important point to remember is that short term programs are not eligible for Pell Grants. They qualify for (FFEL and direct) loans only.

Finally, for all the non-degree programs discussed, they must provide training that prepares the student for gainful employment in a recognized occupation and receive accrediting and state approvals. And if approvable, be approved by the Department of Education.

For more information about program eligibility, please see the FSA Handbook, Volume 2, Chapter 4.

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Now let's talk about clock hours. What is a clock hour?

Though this sounds simple for Title IV purposes, one clock hour contains at least 50 minutes of instruction in a 60 minute period of time. Instruction includes class, lecture, recitation, faculty supervised labs, shop training, internships and correspondence preparation. A clock hour, therefore, is based on an actual hour of attendance, though each hour may include a ten-minute break.

However, you may not accrue the ten minutes of non-instruction in each hour to provide for longer breaks. For example, you cannot provide a 30-minute lunch break after three hours of instruction and indicate that the student completed three and a half clock hours.

In addition, a school is not permitted to count more than one clock hour per 60-minute period. In other words, a school may not schedule several hours of instruction without breaks and then count clock hours in 50-minute increments.

For example, if a school provided seven hours of consecutive instruction, which would equal 420 minutes but divided the minutes by 50, you would get 8.4 clock hours. However, seven 60-minute periods of instruction may not count for more than seven clock hours.

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For every Title IV program, you must understand the significance of an academic year.

Each eligible program must have a defined academic year. The academic year is used to determine the student's eligibility for FSA grants and loan awards. It may be the same for all programs or it may be different for some or all programs.

Though a school may have different academic years for different programs, it must use the same academic year definition for all FSA awards for students enrolled in a particular program.

For FSA purposes, the academic year for undergraduate programs is defined in weeks of instructional time and clock hours. (Please note that this is an AND, not an OR). For an undergraduate clock hour program, the academic year must contain a minimum of 900 clock hours and 26 weeks of instructional time. A school, however, can define a program's academic year in longer terms than the minimal requirements. It's also important to remember that a week of instructional time is any seven consecutive days in which at least one day of instruction occurs. Instructional weeks need not correspond to a calendar week.

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For academic year purposes and program length, a school must define what full-time is for their students. The minimum full-time standard for undergraduate clock hour programs is 24 clock hours per week.

Your definition of a full-time workload for a program must be used for all students in that program and must be the same for all FSA-related purposes. However, the definition of full-time used for FSA purposes can differ from the definition used for other non-Title IV purposes at your school, such as the definition used by your Registrar's Office.

Some examples of full-time enrollment with weeks completed in a program include:

- A student attending 24 hours per week will complete 900 hours in 37.5 weeks.
- A student attending 30 hours per week will complete 900 hours in 30 weeks.
- A student attending 35 hours per week will complete 900 hours in 26 weeks.

Please note that this is up to the school to determine what full-time status is. However, it must meet the minimum standard.

In addition, it is important to be aware of when a student is enrolled half-time. A student is half-time when they are taking at least half of the course load of a full-time student. Since the minimum FSA full-time status is 24 clock hours per week, a half-time student must be taking at least 12 hours per week. Defining the half-time status is important for establishing the proper Cost of Attendance or COA when calculating Pell Grant awards. COA will be discussed a little later in this session.

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A few other things to remember about academic years is that programs may be longer than, or shorter than, the definition of the academic year. The academic year determines the period of time over which Title IV aid is calculated and disbursed. Academic years do not always correspond to a school's scheduled academic calendar.

Also, as we will see in a few minutes, academic years are broken up into payment periods, which are used to determine how much and when students will be paid Title IV aid.

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Before we move on, let's take a look of an example of a program with different academic years.

Let's assume that we have a program that is 1,200 clock hours and 40 weeks long.

In the first example, a school defined the academic year as 900 hours in 30 weeks for their program (note that the school's academic year definition for weeks and hours is equal to or greater than the FSA minimum requirements). In this situation, the first academic year is 900 hours in 30 weeks. However, since the program is longer than the school's academic year definition, the program enters a second academic year. The second academic year contains the remaining portion of the program, 300 hours and 10 weeks.

In the second example, the school defined an academic year for the program as 1,200 hours in 40 weeks. In this case, there would be only one academic year for the program since it resides entirely within the academic year definition.

We will further discuss academic years under the Payment Period section.

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Now let's talk about a new year.

Though we're not talking about ringing in a new year, aside from academic years, another critical year to be aware of is the award year.

An award year is defined as July 1 of one year to June 30 of the following year. For example, the 09/10 award year is July 1, 2009 to June 30, 2010.

For Pell purposes, the award year defines the time frame in which students may receive the maximum amount of Pell funds for a given period of time.

The Pell Grant amounts for an award year are established each year by Congress. Since the maximum amounts a student can receive may change each award year, it is very important to know what the Pell amounts are for each award year. The Department sends out a Dear Colleague Letter (around February each year) outlining the minimum and maximum Pell Grant amounts for the upcoming award year.

For the 09/10 award year, the minimum amount is \$486 and the maximum amount is \$5,350.

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Since we've been talking about Pell awards, it is important to note that there are two defined Pell awards.

One is the student's Scheduled Award. The Scheduled Award is the maximum amount the student can receive during the award year if he or she attends full-time for an academic year. The amount of the Scheduled Award is always

taken from the full-time payment schedule and is based on the student's expected family contribution or EFC and Cost of Attendance.

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. For the 09/10 award year, the department's Dear Colleague Letter P-09-01 was issued on February 20, 2009.

Scheduled Awards are maximums that cannot be exceeded. However, the HEOA has expanded the student's ability to receive up to two Scheduled Awards within one award year. This change will be covered a little later in this session.

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The other defined Pell award is a student's Annual Award.

The Annual Award is the maximum amount a student would receive during a full academic year in a given award year for a specific enrollment status, EFC and COA. For a full-time student, the Annual Award will be the same as the Scheduled Award. For enrollment statuses below full-time, a student will normally receive less Pell.

However, the Annual Award for a student in a clock hour program is always taken from the full-time payment schedule, even if the student is attending less than full-time. Therefore, for clock hour programs, the Scheduled Award always equals the Annual Award.

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The final term we will discuss is Cost of Attendance. This element determines the overall maximum amount of Title IV aid a student can receive for an academic year.

The Cost of Attendance for a student is an estimate of that student's educational expenses for a period of enrollment. For Pell Grants, the Cost of Attendance is always the full year cost for a full-time student.

Common COA components include tuition and fees, books, supplies, transportation, miscellaneous personal expenses, room and board, dependent care cost, expenses related to a student's disability and Title IV and private educational loan fees.

Students must be awarded on the basis of a COA comprised of allowable cost assessed all students carrying the same academic work load. Less than half time students have limited COA components.

The COA for students less than half-time only include tuition and fees, an allowance for books and supplies, transportation, dependent care expenses and a limited allowance for room and board. However, half time components must still be based on the cost incurred for a full-time student attending a full academic year.

For a detailed discussion regarding Cost of Attendance, please see the FSA Handbook, Volume 3, Chapter 2.

This concludes Part 1 of the Pell Grant Calculation for Clock Hour Programs.

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(Yolanda): Welcome to Part 2 of the Webinar recording of Pell Grant Calculations for Clock Hour Programs.

Now that we have an eligible student in an eligible program, what's a properly defined academic year and course of attendance? Let's explore the payment periods you will use to determine the Pell Grant amounts and timing of disbursements.

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The definition of a payment period is applicable to all Federal Student Aid programs except Federal Work Study. The common definition is integral to requirements for the administration of federal student aid funds. For example, Federal Student Aid Program disbursements except Federal Work Study payments must be made on a payment period basis.

For clock hour programs, the payment period is defined not only in clock hours but also in weeks of instructional time. Plus students must successfully complete the clock hours and weeks of instructional time in a payment period to progress to the next payment period. A student successfully completes clock hours if your school considers the student to have passed the coursework associated with those hours.

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If the program is one academic year or less, the academic year or program is the divided into two payments. A student must successfully complete the

clock hours and weeks of instructional time in a payment period to progress to the next payment period.

The first payment period is the period of time in which a student successfully completes half the clock hours and half the weeks of instructional time in the program.

The second payment period is the period of time in which a student successfully completes the remainder of the program.

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

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Here are some examples of payment periods with two programs of different lengths.

In the first example in this slide, there is an 840 clock hour program with 28 weeks of instructional time. Keep in mind that the school's definition of an academic year for clock hour programs is 900 clock hours and 30 weeks. The first payment period is 420 clock hours and 14 weeks. The second payment period is 420 clock hours and 14 weeks.

In the second example, there is a 900 clock hour program with 26 weeks of instructional time. This is exactly the school's academic year definition. So, the first payment period is 450 clock hours and 13 weeks, and the second payment period is 450 clock hours and 13 weeks.

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For programs greater than one academic year, the first academic year and any full academic year after that, the first payment period is the point at which a student completes half the clock hours and half the weeks of instructional time in the academic year. The second payment period is the point at which a student completes the remainder of the academic year.

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And here is an example of a program more than one academic year in length.

We have a program that is 1,800 clock hours and 52 weeks. The first academic year has a payment period that is 450 clock hours and 13 weeks. The second payment period has the same 450 clock hours and 13 weeks.

The second academic year has a third payment period that is 450 clock hours and 13 weeks. And the fourth payment period is also the same -- 450 clock hours and 13 weeks.

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Now, let's look at a program that is more than one academic year but less than two full academic years.

For the remainder of a program after the first academic year, if there is more than half of an academic year remaining that is 450 clock hours and 13 weeks, the third and fourth payment period are divided into two equal periods.

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And here is an example of a program greater than one academic year and the remainder of a program that is more than one-half of an academic year. The program is 1,390 clock hours and 40 weeks.

In the first academic year the first and second payment periods are equal with 450 hours and 13 weeks.

In the second academic year, the payment period which is the third payment period is 245 hours and seven weeks. And the fourth payment period is 245 hours and seven weeks.

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For a program greater than one academic year, and the remainder of a program after one academic year, that is equal to or less than half of the academic year or 450 clock hours, the payment period is the remainder of the program.

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And here is our example of a program that is greater than one academic year, and the remainder of a program is equal to or less than half of the academic year.

With a program length of 1,200 clock hours and 34 weeks the first and second payment periods are equal to 450 clock hours and 13 weeks.

The second academic year has the remaining 300 clock hours and eight weeks. So, if the remaining clock hours are less than 450 clock hours, the third payment period is 300 clock hours and 8 weeks.

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Crossover periods are payment awards or loan periods that overlap two award years. In general, you may choose which award year to use the EFC for the student.

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If a payment period occurs in two award years, the school can determine the award year in which the payment period will be placed unless:

There is more than 6 months of the payment period in a given award year, the Pell must be dispersed from that award year.

The entire payment period must be considered to occur within one award year. You are not allowed to split a disbursement between award years.

Remember you also need a valid output document for the award year selected.

Now, due to the ability for schools to offer Year-round Pell under the Higher Education Opportunity Act and the transition between the 08-09 and 09-10 award years, specific examples for crossover payments are discussed later in the HEOA section of this training.

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Although most clock hour programs are not offered in a term setting, some are. Those schools need to remember that terms are simply ignored for the purpose of determining payment periods and how much a student will be eligible to receive in the payment period.

So what do you do with this information? How do you apply it at your institution you may ask? Here are a few simple rules to assist you:

Rule 1 – Ignore the fact that you have terms.

Rule 2 – Terms do not apply.

Rule 3 – Regardless of terms track progression to the next payment period using clock hours and weeks of instruction not terms.

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We'll next cover transfer and reentry students.

A student who withdraws from a clock hour program and then reenters within 180 days is considered to remain in the same payment period when the student returns and is eligible to receive Pell for which the student was eligible prior to withdraw, including any Pell that was returned under the R2T4 rules.

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.

Please note that there is an optional procedure to calculate the remaining percentage for transfer students. It can be done from the student's current ISIR on the financial aid history page in the section headed Pell Payment Data.

For a reentry after 180 days in the same school or transfer from another school, the new school must calculate the new payment periods. The student may receive credit at the new school. If the remaining hours or weeks constitute half of an academic year or less, the remaining hours constitute one payment period. If the remaining hours are greater than one academic year, use the standard requirements for determining payment periods.

On another note, as discussed in the HEOA section on Year-round Pell later in this presentation, a student's Pell eligibility can possibly be increased to 200%. That is two full Scheduled Awards during one award year if the program, payment periods, and student eligibility meet specific criteria.

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Before we discuss new developments with the Higher Education Opportunity Act, there is one final piece regarding payment periods that we need to mention.

When dealing with payment periods and clock hour programs, it is important to remember that if a student completes additional weeks of instructional time or hours while completing the other measure of a payment period, the additional weeks or hours count towards completing the next payment period. This can occur if students increase or reduce the number of clock hours earned within a given week or over several weeks.

Let's look at an example on the next slide.

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Here we have a payment period of 450 hours and 15 weeks. If a student completes the 15 weeks but only completed 380 hours, Title IV funds cannot be disbursed until the student has successfully completed 450 hours.

The additional weeks earned completing the full 450 hours would count towards the week measurement in the next payment period.

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It's important to note that in order for clock hours to count towards disbursement increments, the student must actually attend school for the time the hours are being counted.

In a clock hour program, you are allowed to count a limited number of excused absences when deciding whether the school has completed the hours in a payment period. An excused absence may only be counted if the student is excused from hours that were actually scheduled, were missed, and do not

have to be made up for the student to receive the degree or certificate for the program.

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To be counted for Federal Student Aid purposes, excused absences must be permitted in your school's written policies. Under FSA regulations no more than 10% of the clock hours in a payment period may be considered excused absences.

For instance, a student in a program that has 450 clock hour payment periods might miss 20 clock hours and only have attended 430 clock hours at the point where 450 clock hours of instruction have been given. If your school has an excused absence policy and the hours missed are considered excused, this student could be paid the next disbursement.

If your school's accrediting agency or the state agency, that legally authorizes your school to operate, allows fewer hours to be counted as excused absences, you must follow the strictest standard rather than the FSA standard. For example, most cosmetology schools could not apply this exception because the states usually have specific seat time requirements in order to be licensed.

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

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

In addition, clock hour programs are no longer allowed to have more than the defined two payment periods in the length of the program, the academic year or the remainder of the program. You may make multiple disbursements within a single payment period. However, schools should note that making multiple disbursements within the payment period does not create a new or additional payment period.

This concludes Part 2 of Pell Calculations for Clock Hour Programs.

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(Mike): Welcome to Part 3 of the Pell Calculations for Clock Hour Programs. All clock hour programs must use Formula 4. The formula for calculating a payment for payment period was revised in 08-09. We will review that current formula.

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The Formula 4 summary is listed on this slide. We will take a close look at each step in the next slides.

As we have stated in previous slides, the Annual Award for a student in a clock hour program is taken from the full-time payment schedule even if the student is attending less than full-time.

Now let's review each of these steps.

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Step 1 – Determining the enrollment status of the student is the first step. For full-time use all Cost of Attendance components or COA.

As we discussed in Part 1 of this webinar, for enrollment above half-time, the common COA components include tuition and fees, books, supplies, transportation, miscellaneous and personal expenses, room and board, dependent care cost for students with dependents, expenses related to a student's disability, Title IV and private educational loan fees.

If the student is less than half-time, adjust COA components to include only tuition and fees and allowances for books and supplies, transportation, and dependent care expenses.

If any clock hour schools with students with room and board who are less than half time, the Higher Education Reconciliation Act specifies that schools may

include an allowance of up to three payment periods with no more than two of the payment periods being consecutive in any one school. Miscellaneous expenses and personal expenses may not be included for less than half-time.

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In Step 2, we calculate Pell COA. This is another one of the responsibilities of the financial aid office. Here is an example of a program at 1,325 clock hours and 38 weeks.

As you can see, the total program cost or COA is \$13,264.

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Continuing with our first example in Step 2, calculate Pell COA based on a comparison of fractions of an academic year and program length. Take the lesser fraction as indicated in this slide then multiply that fraction times the program cost for the Pell Grant COA for the academic year.

In this slide, the fraction of clock hours, 900 divided by 1,325, is smaller than the fraction for weeks, 26 divided by 38. Multiplying the smaller fraction and COA yields a Pell Grant COA of \$9,006. In calculating Pell COA for a full academic year, always use full-time COA regardless of the student's actual attendance or length of the program.

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Here is an example of a program at 800 clock hours and 24 weeks. Let's take a look at an example in Step 2 that is less than the defined academic year of 900 clock hours and 26 weeks.

As you can see, the total program cost or COA is \$9,025.

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As we did on the previous slide, start with a comparison of fractions in hours of defined academic year divided by program hours related to COA. Compare that fraction to the weeks of instructional time in an academic year divided by the weeks of instructional time in the enrollment period.

Take the lesser fraction, as indicated in this slide, then multiply that fraction times the program cost for Pell Grant COA for the academic year.

In this slide, the fraction of weeks, 26 divided by 24, is smaller than the fraction of clock hours, 900 divided by 800. Multiplying the smaller fraction and COA yields a Pell Grant COA of \$9,777.

Once again, in calculating Pell COA for a full academic year always use full-time COA regardless of the student's actual attendance or the length of the program.

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Step 3 – Determine the Annual Award.

The Annual Award is always taken from the full-time Federal Pell payment schedule. This does not mean that the student is always considered full-time. Of course, any enrollment less than full-time will take the student longer to complete the program. Full-time is at least 24 clock hours per week. Half-time is 12 clock hours per week. The result is called the Annual Award.

Use the Federal Pell Grant payment and disbursement schedule which usually comes out in February of each year. The 2009-10 schedule is Dear Colleague Letter P-09-01. As we stated on a previous slide for clock hour programs, the Annual Award always equals the Scheduled Award because the award is taken from the full-time Pell payment schedule.

On the Pell payment schedule, COA is on the left side with EFC across the top. Find the COA and EFC for the student and then connect the two amounts on the chart to determine the proper Pell Scheduled Award amount.

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Step 4 – Determine payment periods.

Remember, the length of a payment period is measured in clock hours and weeks. There are two equal payment periods required for programs shorter than an academic year. There are two equal payment periods for each full academic year.

For programs that are longer than an academic year with the final portion longer than half of a full academic year, that is 450 clock hours and 13 weeks, there are two additional equal payment periods making a total of four payment periods.

For programs that are longer than an academic year, with the final portion less than or equal to half of a full academic year, there is one additional payment period making a total of three payment periods.

Please note, a single disbursement cannot exceed 50% of the Annual Award.

Let's look at an example on the following slides.

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A program with 1,325 clock hours and 38 weeks will take more than one academic year to complete. The first academic year uses the minimum definition of 900 clock hours and 26 weeks.

Note that the second academic year has a payment period that is less than half of an academic year. The remaining portion of the program is the payment period. If the second academic year had been more than one half of the minimum academic year, there would have been two payment periods in the second academic year.

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Step 5 – Calculate payment for payment period.

This is the final step in Formula 4. Note that the total Pell received in an academic year does not exceed the maximum award or Scheduled Award amount of \$5,350.

For the first and second payment periods, the fraction calculated from clock hours (that is hours in the payment period divided by hours in the academic year) and weeks (that is weeks in the payment period divided by weeks in the academic year) is the same. One-half or 50% times a Scheduled Award is \$2,675 for each payment period. For the third payment period, the smaller fraction is the weeks (12 divided by 26 or 46.2%) times the Scheduled Award is \$2,472 for that period.

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For the next few slides, let's look at some recent HEOA changes which include:

Year-round Pell and crossover payments,
Maximum duration of Pell eligibility, and
Pell awards to children of veterans killed in Iraq or Afghanistan.

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Let's look at Year-round Pell first.

Beginning in the 09-10 award year, the HEOA makes it possible for students to receive two full Pell Grant Scheduled Awards during a single award year which is July 1 to June 30. This provision applies to students who have received the full amount of the first Scheduled Award and then continue attendance in at least a half-time basis for the second Scheduled Award.

Once the student has received the first Scheduled Award, the school will continue to calculate eligibility for payment periods in which the student is at least half-time until the student receives two full Scheduled Awards in a single academic year.

When discussing Year-round Pell, there are two important points to keep in mind.

First, Year-round PELL becomes effective with the 09-10 award year. This means that 09-10 is the first award year during which a student could receive two Scheduled Awards.

The Pell payments must be made using an 09-10 ISIR and funds must be drawn from the school's current funding level for 09-10. The first payment period in which a student could possibly receive a first disbursement for Year-round Pell is a payment period that includes July 1, 2009 and the student may be enrolled at any enrollment status.

Second, for payment periods and school clock hours, all eligible students may receive Pell disbursements for the first Scheduled Award from the full-time Pell award table while being enrolled at any enrollment status. However, in order to receive any portion of the Second Scheduled Award the student must be enrolled at least half-time.

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Within a single award year, the school will continue to use the appropriate Pell payment schedule and the student's enrollment status to calculate a student's award for each payment period. Payment of both Scheduled Awards is made from the same ISIR and drawn from the same award year's allocation.

Before we look at some examples of how Year-round Pell Grant provisions will work, it is important that we clarify crossover payment period once again and what the term Year-round PELL means for these payment periods.

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Often a school has a payment period that does not begin and end within the same award year. Remember that our award year is always from July 1 to June 30.

When a payment period starts in one award year and ends in the next, it is a crossover payment period. The school must decide from which award year the crossover payment will be made. It can be from the previous academic year or the upcoming academic year. It may be the same for all students or decided on a student-by-student basis.

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For a crossover payment period the school may decide to award Pell from the payment period with the higher Pell. For all other aid, the school may use either the prior ISIR or EFC or the upcoming ISIR or EFC.

Please note that for crossover periods, federal funds for the upcoming award year are not available to draw down from G5 until July 1.

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In this example, we will use a program of 1,500 clock hours and 42 weeks.
The standard academic year is 900 clock hours and 26 weeks.

Please note that HEOA and the Year-round Pell provisions make no changes to the way payment periods are determined for a clock hour program.

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In this example, it shows a July 08 start and an April 09 finish. Our student has a \$4,731 scheduled Pell Grant award with a zero EFC for 08-09.

This slide illustrates what our student's Pell award looked like under the old rule for one Scheduled Award per award year. The program of study, though, is longer than one academic year. However, it begins and ends within a single award year. The school may pay \$2,366, or one-half of the Scheduled Award, for the first 450 hours and 13 week payment period and the second \$2,365, or one-half of the Scheduled Award, for the next 450 clock hours and 13 week payment period.

Notice that we rounded up on the first payment period and down on the second so as to not exceed \$4,731. At this point our student has received 100% of the Scheduled Award even though the student still has 600 clock hours and 16 weeks to go in order to finish the program. There was no additional Pell eligibility under the old rule.

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Now, let's look at how the scenario will change with Year-round PELL in 09-10.

Remember that our academic year is defined as 900 clock hours and 26 weeks. Our student is in a 1,500 clock hour program and 42 weeks. With a zero EFC the Scheduled Award for 09-10 is \$5,350.

The school calculates and pays the Pell based upon a 450 clock hour and 13 week payment period. The student receives one-half of the Scheduled Award in each of the first two payment periods for a total of \$5,350. The student has now completed 900 clock hours and 26 weeks and has 600 clock hours and 16 weeks to go in order to complete the program.

At this point, the school will calculate the Pell payment for the next payment period of 300 clock hours and 8 weeks still using the 09-10 PELL funding. The Year-round PELL allows the student to receive more than one Scheduled Award in 09-10. The payment for a 300 clock hour and 8 week period is \$1,646.

Our student will receive two payments of that amount for the remainder of the program. The student will complete the program of study and use 161.5% of the 09-10 Pell award. This student receives a total of \$8,642 in Pell for the same program. As you can see, the Year-round Pell provision is beneficial to students in this program.

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What would happen if the student began attendance in the program in March 09? The first payment period, March to May, falls completely within the 08-09 award year. The student receives one-half of the Scheduled Award or \$2,366.

The second payment period begins in June 09 within the 08-09 award year and ends in August 09 within the 09-10 award year. Because it is a crossover payment period, the school may assign the payment period to either award year as long as the student is otherwise eligible. Notice that the crossover payment period is in green on your screen. In many cases, it will be more beneficial for the student to use the 09-10 award year since the Pell awards are

greater than in 08-09. However, it is possible that Pell eligibility could decrease due to a change in circumstances. Then, it would be more beneficial to pay the student from the 08-09 award year.

In our slide, we show what the student's Pell disbursements would be if the school chose to pay the second payment period from the 08-09 award year. The third and fourth payment periods are paid from 09-10, and prorated because the two payment periods together are less than one academic year.

For this example, our student received a total of \$8,023 for the entire program.

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Let's now review the same student where the school chooses to make the second payment from the 09-10 award year instead.

The first payment period, March to May, falls completely within the 08-09 award year. Consequently, the student receives one-half of the Scheduled Award or \$2,366. The last three payments are all from the 09-10. Again, we show the crossover payment period in green. One-half of the 09-10 Scheduled Award or \$2,675 is paid for that June to August period.

The award for the remaining 600 clock hours and 16 weeks is the same as our previous example. It is divided into two equal payment periods and the school pays \$1,646 in each of them.

In this example, the student receives a total of \$8,333 Pell for completion of the program. That is \$310 more than our previous example with the same enrollment dates and Pell eligibility.

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Another significant change to the Pell Grant program is a new limit on the duration of a student's eligibility. The law already provides that Pell eligibility ends upon receipt of the first Bachelor's or professional degree.

This new provision does not change that but sets an additional limit for students who are first time Pell recipients in the 08-09 award year or award years thereafter. These students will lose Pell eligibility at the earlier of their receipt of a first Bachelor's or professional degree or the equivalent of 9 Scheduled Awards or 900% Pell eligibility.

If a student enrolls in a clock hour program in a 08-09 award year and receives two full disbursements, that is 100% of the Scheduled Award, that student has 800% of the lifetime Pell eligibility remaining. If the student receives 50% to complete the program in 09-10, this student has used a total of 150% eligibility and has 750% remaining. If the student does not attend school during the 10-11 award year, the student will still have that 750% remaining.

COD will calculate a lifetime eligibility use percentage or LEU only for students who are first time Pell recipients in 08-09 or after. The LEU percentage will be calculated based upon accepted Pell disbursements and COD. You will see the LEU percentage reflected in both COD and NSLDS beginning in July of 09 and in the common record in 10-11. It is scheduled to appear on a student's ISIR in the 10-11 award year.

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Effective for the 09-10 award year, a student, whose parent or guardian was a member of the armed forces and died as a result of performing military service in Iraq or Afghanistan after 9-11-2001, may be eligible to receive the maximum scheduled Pell Grant if the student:

- is a child of the armed forces member that died, and

- was less than 24 years old or enrolled in college at the time the parent or guardian died, and
- is PELL eligible including having a Pell eligible EFC.

If the student meets these criteria, that student receives the maximum Pell Grant. As an example, a student with an EFC of \$1000 is Pell eligible but not for the maximum Pell. A student with an EFC of \$1000 who meets these criteria would be eligible for the maximum Pell Grant.

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The resources for information presented in this webinar can be found on the Department of Education's Information for Financial Aid Professionals website or ifap.ed.gov.

If you have more questions about the Pell calculations for clock hour programs please review Volume 3, Chapter 3 of the Federal Student Aid Handbook which is available on the Information for Aid Professionals Website at ifap.ed.gov. You may also contact your regional training officer or your school participation team. Thank you for viewing this recording. This concludes the Pell Grant Calculations for Clock Hour Programs webinar presentation recording.

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