

Pell Grant Calculations for Clock Hour Programs

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AGENDA

- Student Eligibility
- Clock Hour Basics
 - Academic Programs
 - Clock-hours
 - Academic Year
 - Award Year
 - Scheduled/Annual Awards
 - Cost of Attendance
- Payment Periods



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AGENDA

- Formula 4
- HEOA
 - Year-Round Pell
 - Maximum Duration of Pell
 - Dependents of Deceased Military
- Resources



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Student Eligibility



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General Student Eligibility

- Regular student in an eligible program
- Enrolled in elementary or secondary school
- High school diploma or equivalent, ability-to-benefit processes, properly homeschooled
- Satisfactory progress
- Citizenship/eligible noncitizen

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General Student Eligibility

- Enrollment status requirements
- Drug conviction issue
- Incarceration Limitations
- Default/overpayments
- Selective Service



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Pell Related Eligibility

- Undergraduate requirement
 - Baccalaureate degree or first professional degree
- Post-baccalaureate program exception
- Student who is subject to involuntary civil commitment upon completion of a period of incarceration for a forcible or non-forcible sexual offense is ineligible to receive a Pell Grant



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Clock Hour Basics



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The Basics

- Eligible Programs
- Clock-hours
- Academic Year
- Award Year
- Scheduled/Annual Awards
- Cost of Attendance (COA)
- Payment Periods



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Program Eligibility

- Eligible non-degree programs (certificate)
 - 15 weeks(instruction); at least 600 clock hours
 - May admit regular students who have not completed the equivalent of an associate degree
 - 10 weeks (instruction), at least 300 clock hours
 - 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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Program Eligibility

- Eligible non-degree programs (certificate)
 - Short Term Programs
 - 10 weeks (instruction), 300-599 clock hours
 - 70% completion rate *and* 70% placement rate in related job fields
 - cannot be more than 50% of state required minimum hours
 - Existence for one year
 - Qualifies for FFEL and Direct loans only

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Clock Hour

- Clock hour: a period of time consisting of -
 - (1) A 50 to 60-minute class, lecture, or recitation in a 60-minute period;
 - (2) A 50 to 60-minute faculty supervised laboratory, shop training, or internship in a 60-minute period;
 - (3) Sixty minutes of preparation in a correspondence course

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Academic Year



- Must be defined for each eligible program
 - May be the same for all programs
 - May be different for some or all programs
- Must contain at least 900 clock hours and 26 weeks of instructional time
 - A week of instructional time is any 7 consecutive days in which at least one day of instruction occurs
 - Need not correspond to a “calendar” week

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Academic Year

- Minimum full-time standard for undergraduate programs is 24 clock hours per week
 - 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
 - School defines full-time (at least minimum standard)
- Half-time is half full-time (minimum 12 hours)

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Academic Year

- Programs may be longer than, or shorter than, the definition of the AY
- The AY determines the period of time over which Title IV aid is calculated and disbursed
- Does not always correspond to a school's scheduled academic calendar

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Academic Year Example

- Program is 1200 clock hours and 40 weeks
 - Academic year is 900 hours and 30 weeks
 - First AY is 900 hours and 30 weeks
 - Second AY contains 300 hours and 10 weeks (AY definition is still 900 hours and 30 weeks)
 - Academic year is 1200 hours and 40 weeks
 - Program is only one AY in length

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Award Year

- The award year is July 1 of one year to June 30 of the following year
 - Example: July 1, 2009 to June 30, 2010
 - Defines the timeframe in which students may receive the maximum amount of Pell funds for a given period
 - Pell Grant amounts are established each award year by Congress
 - Maximum amounts may change each award

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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 a full academic year*.
- Established by the Pell Grant payment schedule that the Department issues prior to the start of each award year
- Scheduled Award is always taken from the Full-Time payment schedule, and is based on the student's EFC and COA

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Annual Award

- The maximum amount a student would receive during a full academic year for a given enrollment status, EFC, and COA.
- 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.
 - Therefore, the annual award will always equal the scheduled award

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Cost of Attendance

- The cost of attendance for a student is an estimate of that student's educational expenses for the period of enrollment.
- The cost of attendance used for Pell Grants is always the full-year costs for a full-time student
- Students must be awarded on the bases of a COA comprised of allowable costs assessed all students carrying the same academic workload.
 - Less than Half-time students have limited COA components

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Payment Periods



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Payment Periods

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

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Payment Periods

- Program of one AY or less
 - The academic year or program is divided into two payment periods
 - 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
 - Second payment period is the period of time in which a student successfully completes the remainder of the program

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Payment Period

- Examples:
 - 840 clock hour program with 28 weeks of instructional time (AY definition is 900/30)
 - First payment period = 420 clock hrs & 14 wks
 - Second payment period = 420 clock hrs & 14 wks
 - 900 clock hour program with 26 weeks of instructional time (AY definition is 900/26)
 - First payment period = 450 clock hrs & 13 wks
 - Second payment period = 450 clock hrs & 13 wks

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Payment Period

- Program greater than one AY
 - For first AY, and any full AY after that
 - First payment period is point at which a student completes half the clock hours and half the weeks of instructional time in the AY
 - Second payment period is point at which a student completes the remainder of the AY

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Payment Period

- Example (AY = 900 hrs/26 wks)
 - Program 1800 hrs and 52 wks
 - First AY
 - First payment period is 450 hrs and 13 wks
 - Second payment period is 450 hrs and 13 wks
 - Second AY
 - Third payment period is 450 hrs and 13 wks
 - Fourth payment period is 450 hrs and 13 wks

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Payment Period

- Program greater than one AY
 - For the remainder of a program that is more than ½ of an AY
 - Third payment period is ½ of the clock hours and ½ of the weeks of instructional time in that remaining period
 - Fourth payment period is the time necessary to complete the remainder of the program

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Payment Period

- Example (AY = 900 hrs/26 wks)
 - Program is 1390 hrs and 40 weeks
 - First AY
 - First payment period is 450 hrs and 13 wks
 - Second payment period is 450 hrs and 13 wks
 - Second AY
 - First payment period is 245 hrs and 7 wks
 - Second payment period is 245 hrs and 7 wks

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Payment Period

- Program greater than one AY
 - For the remainder of a program that is equal to or less than 1/2 of the AY
 - The payment period is the remainder of the program

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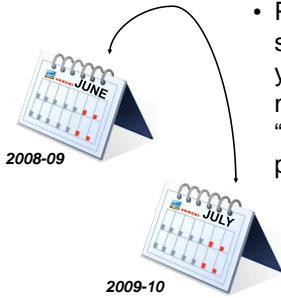
Payment Period

- Example (AY = 900 hrs/26 weeks)
 - Program is 1200 hrs and 34 weeks
 - First AY
 - First payment period is 450 hrs and 13 wks
 - Second payment period is 450 hrs and 13 wks
 - Second AY
 - Single payment period of 300 hrs and 8 wks

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Crossover Payment Periods



- Payment periods that start in one award year and finish in the next award year are “crossover” payment periods

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Crossover Payment Periods

- If a payment occurs in two award years, the school can determine the award year in which the payment period will be placed - UNLESS:
 - If more than 6 months of the payment period's in a given award year, the Pell disbursement must be made from that award year
- The entire payment period must be considered to occur within one award year (cannot split a disbursement between award years)
- Need a valid output document for the award year selected

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Clock Hours and Terms

- How does this work with your term structures?
 - 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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Transfer or Reentry Students

- Reentry within 180 days – Calculate the percentage used. Student eligible for any R2T4.
- Reentry after 180 days – The length of the program is the number of clock hours and weeks the student has remaining in the program.
- Reentry or transfer students may or may not receive credit for previous work based on institutional policy.

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Payment Period Progression

- Except for FFEL/DL, 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.*

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Payment Period Progression

Example:

- Payment period = 450 hrs/15 weeks
 - If a student completes the 15 weeks but only completed 380 hrs, TIV funds cannot be disbursed until the student has successfully completed 450 hrs
 - The additional weeks earned completing the full 450 hrs would count towards the week measurement in the next payment period

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Clock Hours – Excused Absences

- Clock hours must be attended to count toward disbursement increments
- Exception: EXCUSED ABSENCES
 - Hours actually scheduled
 - Hours missed
 - Do NOT have to be made up to receive degree/certificate

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Clock Hours – Excused Absences

For Title IV, excused absences allowed ONLY if:

- Permitted in school's written policies
- No more than 10% of clock hours in a payment period may be counted as excused absences
- State or accrediting agencies may allow fewer hours on excused absences

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Payment Period Disbursements

- At least one disbursement must be made in each payment period
- Disbursements must be made to best meet the needs of the student
 - Institution may not have a practice of delaying disbursement beyond the 60% point in time to avoid R2T4 calculation
- Two payment period limit in an academic year or program

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Pell Formula 4



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Formula 4

- Five steps in the formula
 1. Determine enrollment status
 2. Calculate Pell COA
 3. Determine annual award
 4. Determine payment periods
 5. Calculate payment for the payment period



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Formula 4 – Step 1

- Determine Enrollment Status
 - Always use full-time payment chart, but
 - Ask yourself:
 - Is student at least half-time?
 - At schools measuring progress by clock hours, "half-time" is at least 12 hours per week. Note that schools may choose to set higher minimums.
 - If not, then some COA components are removed when calculating Pell COA

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Formula 4 – Step 2 (Example 1)

- **Step 2 – Calculate Pell COA**
- **Program is 1325 clock hours and 38 weeks**
 - Academic year is 900 hrs and 26 weeks
 - Total program cost (1325 hours and 38 weeks)
 - Tuition and fees—\$1,764
 - Room & board—\$8,000
 - Books & supplies—\$1,000
 - Misc. & personal—\$1,500
 - Transportation—\$1,000
 - Total for program—\$13,264
- Student with -0- EFC attending full-time

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Formula 4 – Step 2 (Example 1)

- Calculate Pell COA by comparing two fractions for a program greater than one academic year:

Hours in program's definition of academic year

Hours to which the cost apply

(Example: $900/1325 = .679$)

Weeks of instructional time in

program's definition of academic yr

Weeks of instructional time in the enrollment period to which cost apply

(Example: $26/38 = .684$)

- Multiply total cost of program times lesser fraction
 - \$13,264 x 0.679 = \$9,006
 - **Pell Grant COA is \$9,006**

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Formula 4 – Step 2 (Example 2)

- **Program is 800 clock hours and 24 weeks**
 - Academic year is 900 hrs and 26 weeks
 - Total program cost (800 hours and 24 weeks)
 - Tuition and fees—\$1,325
 - Room & board—\$4,500
 - Books & supplies—\$1,000
 - Misc. & personal—\$1,200
 - Transportation—\$1,000
 - Total for program—\$9,025
- Student with -0- EFC attending full-time

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Formula 4 – Step 2 (Example 2)

- Calculate Pell COA by comparing two fractions for a program less than one academic year:

Hours in program's definition of academic year

Hours to which the cost apply

(Example: $900/800 = 1.125$)

Weeks of instructional time in

program's definition of academic year

Weeks of instructional time in the enrollment period to which cost apply

(Example: $26/24 = 1.083$)

- Multiply total cost of program times lesser fraction
 - $\$9,025 \times 1.083 = \$9,777$
 - **Pell Grant COA is \$9,777**

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Formula 4 – Step 3

- Determine Annual Award
 - The maximum award that a student is eligible for based on Pell COA of \$9,006 and student's EFC of 0
 - \$4,731 for -0- EFC for 2008-2009
 - \$5,350 for -0- EFC for 2009-2010
 - Note that the annual award for Pell COA of \$9,777 is the same (example 2)

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Formula 4 – Step 4

- Determine Payment Periods
 - Measured in weeks and 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

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Formula 4 – Step 4 cont.

- Program is 1325 clock hours and 38 weeks
 - First academic year
 - Payment period 1—450 hours and 13 weeks
 - Payment period 2—450 hours and 13 weeks
 - Second academic year
 - Payment period 3—425 hours and 12 weeks

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Formula 4 – Step 5

• Calculate payment for a payment periods

- First and second payment periods compare fractions (decimal)
 - Hours in pp/hours in AY is $450/900 = 0.5$ →
 - Weeks in pp/weeks in AY is $13/26 = 0.5$ →
 - **\$5,350 x 1/2 = \$2,675 each payment period for 2009/10**
- Third payment period compare fractions
 - Hours in pp/hours in AY is $425/900 = .472$ →
 - Weeks in pp/weeks in AY is $12/26 = .462$ →
 - **\$5,350 x .462 = \$2,472 for final payment period**

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HEOA Changes to Pell

- Year-Round Pell
 - Crossover payments
- Maximum Duration of Eligibility
- Dependents of deceased military killed in Iraq or Afghanistan



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Year-Round Pell Grant

- Effective with the 2009-2010 award year which began July 1, 2009
- Students may receive up to two scheduled Pell Grant awards during an award year
 - For receipt of the first scheduled award, student may be at any enrollment status
 - For receipt of any money beyond the first scheduled award, student must be enrolled at least half-time

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Year-Round Pell Grant

- Schools will continue to calculate the payment using scheduled award for award year
- Schools will be able to pay a student up to a maximum of 200% of the scheduled award for the award year

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Crossover Payment Periods

- Payment period that overlaps June 30/July 1 is a cross-over payment period
- Cross-over payment periods must be assigned to one award year
 - School may assign to either award year on individual student basis, as long as student has valid ISIR and is otherwise eligible

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Crossover Payment Periods and Packaging

- Except for Pell, use same EFC, COA and need for all programs
 - For Pell, use EFC for the award year from which the student will be paid
- Example: Summer payment period crosses over the prior and upcoming award years.
 - School may decide to use the upcoming ISIR/EFC for Pell
 - School may use either the prior ISIR/EFC or the upcoming ISIR/EFC for packaging all other aid
 - Take into account the amount of Pell received for determining need for other Title IV programs
 - Reference – 2008-09 FSAHB, page 3-125 for Handling Crossover Periods for FSA Programs

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Year-Round Pell Clock Hour Example

- School has program consisting of 1500 clock hours to be completed over 42 weeks
- School defines its academic year as 900 clock hours and 26 weeks
- Student is enrolled full-time and is eligible for a maximum Pell of \$4,731 for 2008-09 and \$5,350 for 2009-10.

★ **HEOA makes no change to payment period determinations**

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Clock Hour Calculation – Example 1

Old Rule - No Cross-over Payment Period
 Student begins in July 2008
 Program ends April 2009

| | | |
|---|---|--|
| (Jul/Sep 2008) 450 hours and 13 weeks \$2,366 | (Oct/Dec 2008) 450 hours and 13 weeks \$2,365 | 100% 2008-09 AY \$4,731 |
| 2008-09 Award Year | | |
| (Jan/Feb 2009) 300 hours and 8 weeks \$0.00 | (Mar/Apr 2009) 300 hours and 8 weeks \$0.00 | No eligibility remaining in 2008-09 AY |
| 2008-09 Award Year | | |

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Clock Hour Calculation – Example 2

New Rule - No Cross-over Payment Period
 Student begins in July 2009
 Program ends in April 2010

| | |
|---|---|
| (Jul/Sep 2009) 450 hours and 13 weeks \$2,675 | (Oct/Dec 2009) 450 hours and 13 weeks \$2,675 |
| 2009-10 Award Year | |

161.5%
2009-10 AY
\$8,642

| | |
|--|--|
| (Jan/Feb 2010) 300 hours and 8 weeks \$1,646 | (Mar/Apr 2010) 300 hours and 8 weeks \$1,646 |
| 2009-10 Award Year | |

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Clock Hour Calculation – Example 3

New Rule - Cross-over Payment Period
 Student begins in March 2009
 Program ends in December 2009

| | |
|---|---|
| (Mar/May 2009) 450 hours and 13 weeks \$2,366 | (Jun/Aug 2009) 450 hours and 13 weeks \$2,365 |
| 2008-09 Award Year | |

100%
2008-09 AY
\$4,731

| | |
|--|--|
| (Sep/Oct 2009) 300 hours and 8 weeks \$1,646 | (Nov/Dec 2009) 300 hours and 8 weeks \$1,646 |
| 2009-10 Award Year | |

61.5%
2009-10 AY
\$3,292

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Clock Hour Calculation – Example 4

New Rule - Cross-over Payment Period
 Student begins in March 2009
 Program ends in December 2009

| |
|---|
| (Mar/May 2009) 450 hours and 13 weeks \$2,366 |
| 2008-09 Award Year |

50%
2008-09 AY
\$2,366

111.5%
2009-10 AY
\$5,967

| | | |
|---|--|--|
| (Jun/Aug 2009) 450 hours and 13 weeks \$2,675 | (Sep/Oct 2009) 300 hours and 8 weeks \$1,646 | (Nov/Dec 2009) 300 hours and 8 weeks \$1,646 |
| 2009-10 Award Year | | |

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Maximum Duration of Eligibility

- Limits Pell eligibility to 9 scheduled awards
- Applies only to students who are first-time Pell recipients in the 2008-09 award year or after
 - Students enrolled less than full-time will be assessed at the fractional enrollment status
- COD will track student usage
 - Percentage used available in COD and NSLDS beginning July 2009 and will appear on the ISIR beginning in 2010-11

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Maximum Pell Eligibility For Dependents Of Deceased Military

- Provides maximum Pell for students who are otherwise Pell eligible if:
 - Parent or guardian was a member of the Armed Forces and died as a result of military service in Iraq or Afghanistan after 9/11/2001
- AND
- Student was less than 24 yrs of age, or enrolled as a student at an institution of higher education at the time of the parent or guardian's death

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Effective July 1, 2009



Resources

- Federal Pell Grant Regulations:
[34 CFR 690.63\(e\)](#)
- Calculating Pell Grant Awards:
 - FSA Handbook, Volume 3, Chapter 3
www.ifap.ed.gov
- Dear Colleague Letter GEN-08-12
 - The Higher Education Opportunity Act
www.ifap.ed.gov



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