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

AGENDA

• Formula 4
• HEOA
  – Year-Round Pell
  – Maximum Duration of Pell
  – Dependents of Deceased Military
• Resources
Student Eligibility

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

General Student Eligibility

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

Clock Hour Basics

The Basics

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

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

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
**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

**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)

**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
**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

**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

**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
**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.

**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.

**Payment Periods**
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.

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

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
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

• 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

• 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
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

Payment Period

• Program greater than one AY
  – For the remainder of a program that is equal to or less than ½ of the AY
    • The payment period is the remainder of the program

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
Crossover Payment Periods

- Payment periods that start in one award year and finish in the next award year are "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.

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!
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.

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.

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
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

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

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
Pell Formula 4

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

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
**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**

**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

**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**
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 x 1.083 = $9,777
    - Pell Grant COA is $9,777

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)

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
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

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

Since the same, can use either fraction

Use the smaller fraction (decimal)

HEOA Changes to Pell

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

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

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
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

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

Clock Hour Calculation – Example 1
Old Rule - No Cross-over Payment Period
Student begins in July 2008
Program ends April 2009

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>450 hours and 13 weeks</td>
<td>450 hours and 13 weeks</td>
</tr>
<tr>
<td>$2,366</td>
<td>$2,365</td>
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</tbody>
</table>

2008-09 Award Year

<table>
<thead>
<tr>
<th>(Jan/Feb 2009)</th>
<th>(Mar/Apr 2009)</th>
</tr>
</thead>
<tbody>
<tr>
<td>300 hours and 8 weeks</td>
<td>300 hours and 8 weeks</td>
</tr>
<tr>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

2008-09 Award Year

100% 2008-09 AY $4,731

No eligibility remaining in 2008-09 AY
Clock Hour Calculation – Example 2
New Rule - No Cross-over Payment Period
Student begins in July 2009
Program ends in April 2010

<table>
<thead>
<tr>
<th>Period</th>
<th>Hours and Weeks</th>
<th>Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Jul/Sep 2009)</td>
<td>450 hours and 13 weeks</td>
<td>$2,675</td>
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<tr>
<td>(Oct/Dec 2009)</td>
<td>450 hours and 13 weeks</td>
<td>$2,675</td>
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</tbody>
</table>

2009-10 Award Year

<table>
<thead>
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<th>Period</th>
<th>Hours and Weeks</th>
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<tbody>
<tr>
<td>(Jan/Feb 2010)</td>
<td>300 hours and 8 weeks</td>
<td>$1,646</td>
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<tr>
<td>(Mar/Apr 2010)</td>
<td>300 hours and 8 weeks</td>
<td>$1,646</td>
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</table>

2009-10 Award Year

New Rule - Cross-over Payment Period

2009-10 Award Year

161.5%
2009-10 AY
$8,642

Clock Hour Calculation – Example 3
New Rule - Cross-over Payment Period
Student begins in March 2009
Program ends in December 2009

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<thead>
<tr>
<th>Period</th>
<th>Hours and Weeks</th>
<th>Payment</th>
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<tbody>
<tr>
<td>(Mar/May 2009)</td>
<td>450 hours and 13 weeks</td>
<td>$2,366</td>
</tr>
<tr>
<td>(Jun/Aug 2009)</td>
<td>450 hours and 13 weeks</td>
<td>$2,366</td>
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</table>

2008-09 Award Year

<table>
<thead>
<tr>
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<th>Hours and Weeks</th>
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</thead>
<tbody>
<tr>
<td>(Sep/Oct 2009)</td>
<td>300 hours and 8 weeks</td>
<td>$1,646</td>
</tr>
<tr>
<td>(Nov/Dec 2009)</td>
<td>300 hours and 8 weeks</td>
<td>$1,646</td>
</tr>
</tbody>
</table>

2009-10 Award Year

100%
2008-09 AY
$4,731

61.5%
2009-10 AY
$3,292

Clock Hour Calculation – Example 4
New Rule - Cross-over Payment Period
Student begins in March 2009
Program ends in December 2009

<table>
<thead>
<tr>
<th>Period</th>
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<tbody>
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<tr>
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2008-09 Award Year

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</thead>
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<td>$1,646</td>
</tr>
<tr>
<td>(Nov/Dec 2009)</td>
<td>300 hours and 8 weeks</td>
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</table>

2009-10 Award Year

50%
2008-09 AY
$2,366

111.5%
2009-10 AY
$5,967
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

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
  - 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

Effective July 1, 2009

Resources

- Federal Pell Grant Regulations: 34 CFR 690.63(e)
- Calculating Pell Grant Awards:
- Dear Colleague Letter GEN-08-12