



Calculating Pell Grants: Credit-Hour Programs

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Scheduled vs. Annual Award

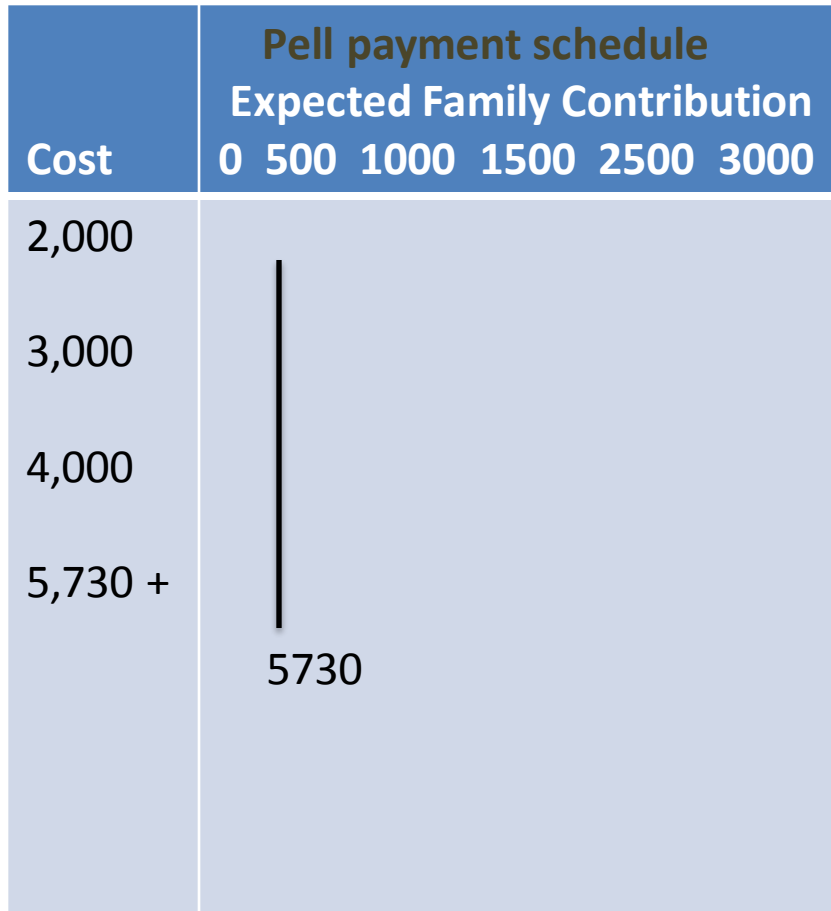
- Scheduled Award
 - Maximum amount student can receive during an award year if she attends full-time for a full academic year
 - Established by the Pell Grant payment schedule
 - Always taken from the full-time payment schedule
 - Based on EFC and COA



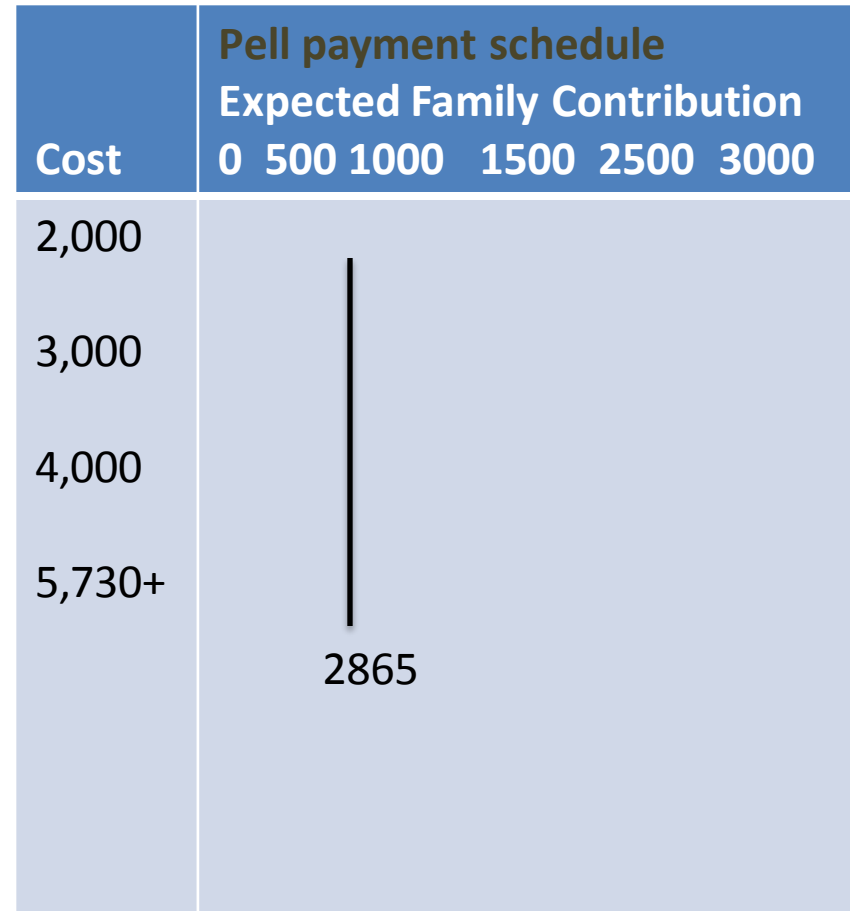
Scheduled vs. Annual Award

- Annual award
 - Maximum amount student can receive during a full award year for a given enrollment status, EFC, and COA
 - For a full-time student, will be the same as the Scheduled Award
 - For a part-time student, will be less than the Scheduled Award*
 - Annual award taken from the $\frac{3}{4}$ -time, half-time, and less-than-half-time disbursement schedules
- * *Term-based programs only.*

Scheduled vs. Annual Award



Full-time



Half-time



Pell Ground Rules

- Fractions
 - Multiply first, then divide
- Rounding
 - COD accepts cents and whole dollars (for Pell)
 - Round up if decimal is .50 or higher; round down if less than .50
 - For student enrolled in more than one payment period, alternate rounding up and down
 - School's policy must be applied equally to all students
- Rounding rules do not apply if the amount disbursed would exceed the Scheduled Award or put the student's LEU over 600%



Pell Grant COA Sidetrack

- Always the full-time/full-year program costs
 - 9-month EFC is always used
- May differ from Direct Loan/Campus-Based COA
 - Based on actual costs for the enrollment period
 - EFC corresponds to enrollment period
- Students enrolled less than half-time
 - Only costs for tuition and fees, allowance for books and supplies, transportation, room and board (limited duration*), and dependent care expenses may be included in COA
 - No miscellaneous expenses may be included



Example on following slide

*Up to 3 semesters (or equivalent)
no more than 2 of which may be
consecutive.



Pell Grant Summer COA Example

- Program COA is \$30,000 for 2014-15 academic year
 - Full-time/full-year student
- Student enrolls for 6 credits in Summer 1 and has actual costs of \$5,000 (assume summer is a crossover payment period and will be paid from the 2014-15 award year)
 - Pell Grant COA is \$30,000 (full-time/full year costs); same COA as used for the immediately preceding term because student was previously enrolled in the award year
 - Student is paid from the half-time payment schedule
- If summer is paid from 2015-16, full-year costs must be established based on the costs for the summer term
 - Because the summer session is the first term in the award year
 - Prorate summer costs up to full award year



Pell Grant Payments by Term

- Payment period is the term
 - Even if term is comprised of modules
- No payment for a term student does not enroll in
- If enrollment status changes in the next term, annual award will be different for that term



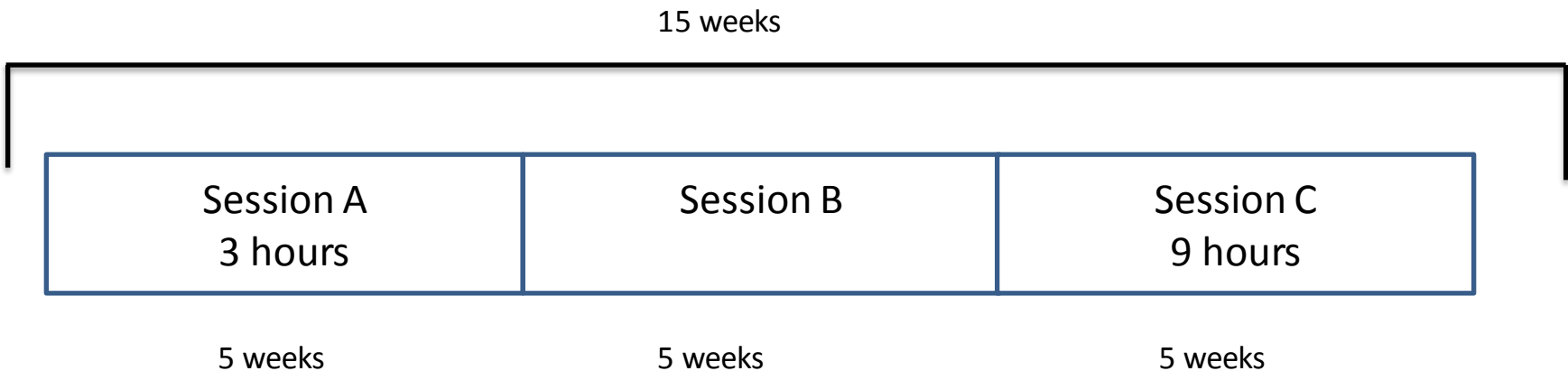
Enrollment Status

- Programs using standard terms
 - Full-time enrollment is a minimum of 12 hours
 - Enrollment status does not have to be proportional
 - Ex. Program defines full-time as 15 hours but sets a 9-hour minimum for $\frac{3}{4}$ -time and a 6-hour minimum for $\frac{1}{2}$ -time
 - Academic standard may differ from financial aid standard used for FSA purposes
 - Ex. School defines full-time enrollment for summer as 6 hours whereas financial aid office defines full-time as 12 hours for all terms



Enrollment Status

- Enrollment status is for the entire term
 - Even where the term is comprised of modules
 - Example 15-week semester divided into three 5-week modules (sessions)
 - Enrollment status for the term is full-time





Terms

- Program may be term-based if all coursework is scheduled to be completed within a specific timeframe
- Term-based programs may have either standard terms or nonstandard terms
 - If a program contains any nonstandard terms, it cannot be considered a standard term program
- Same Pell Grant formula must be used for all years in a student's program



Types of Terms

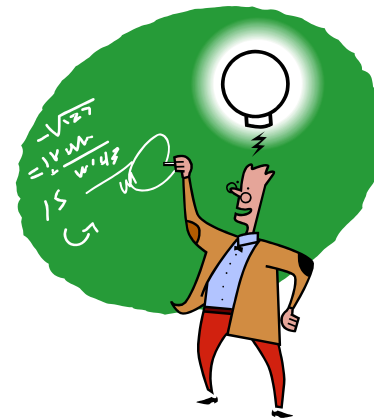
- Standard Terms
 - Semester/trimester
 - 14-17 weeks of instructional time
 - Full-time defined as at least 12 semester or trimester hours
 - Quarter
 - 10-12 weeks of instructional time
 - Full-time defined as at least 12 quarter hours



Types of Terms

- Nonstandard terms
 - Any term that is not a standard term
 - Might be referred to by standard names
 - Example: A program is comprised of terms called quarters, but progress is measured in semester hours
- Nonterm programs
 - Any program containing coursework not offered for completion within set beginning and end dates
 - May be measured in either clock hours or credit hours

Pell Grant Formulas





Pell Grant Formulas Overview

- There are 6 Pell Grant formulas
 - Formula 1, Formula 2, Formula 3, Formula 4, Formula 5A and Formula 5B
- Most term-based programs use Formula 1 or Formula 3
- There is a Pell Grant formula that will work for every program



Formula 1

- Academic calendar must consist of 2 semesters or trimesters or 3 quarters
- Program must have at least 30 weeks of instructional time fall through spring terms
- Program may not have overlapping terms
- Full-time enrollment status must be defined as at least 12 credit hours in all terms, including summer



Formula 1 (Programs With Cohorts)

- Programs that use standard terms but have multiple starts may use Formula 1; the programs:
 - Must start terms for different cohorts on a periodic basis
 - May not allow students to be enrolled in overlapping terms— student must remain in the cohort
 - Switching the student to a different cohort requires the student be withdrawn or made to skip a term and reenrolled in a subsequent term



Formula 1: Payment Period

- Term is the payment period
- Student's annual award is divided by the number of terms in the program's definition of an academic year
 - Alternate calculation permits dividing annual award by the number of all the terms (including summer) in the award year



Formula 2

- Standard-term programs with fewer than 30 weeks of instructional time in fall through spring
- Used by a small number of schools
- Full-time enrollment status must be defined as at least 12 credit hours
- Terms may not overlap
- Academic calendar includes 2 semesters/trimesters or 3 quarters
- Operationally similar to Formula 1



Formula 2

$$\begin{array}{l} \text{Annual} \\ \text{Award} \end{array} \times \frac{\begin{array}{l} \text{Weeks of instructional time in} \\ \text{Fall through Spring terms} \end{array}}{\begin{array}{l} \text{Weeks of instructional time in} \\ \text{Program's academic year definition} \end{array}} \div \begin{array}{l} 2(\text{if semesters}) \\ \text{or trimesters} \\ \text{OR} \\ 3(\text{if quarters}) \end{array}$$



Formula 2 Cautions

- Formula 2 does not waive the 30-week academic year requirement
- 28-week fall through spring calendar presents Direct Loan issues
 - Frequency of annual loan limit is based on completion of an academic year
 - Scheduled Academic Year (SAY) must be at least 30 weeks
 - Borrower-Based Academic Year (BBAY) must be 30 weeks
 - Exception if one of the terms included in the BBAY is summer



Formula 3

- May be used for any term-based program
- Must be used for nonstandard term programs
- Annual award is multiplied by weeks of instructional time in the term divided by the weeks of instructional time in the program's academic year

Weeks in Term

Weeks in Academic Year (At Least 30)

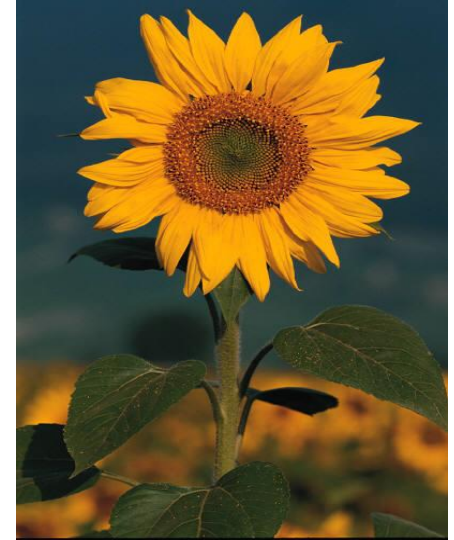


Formula 3: Enrollment Status

- For nonstandard terms, full-time enrollment status is based on the length of the term in relation to the academic year*

$$\text{Credit Hours in Academic Year} \times \frac{\text{Weeks in nonstandard term}}{\text{Weeks in Academic Year (At Least 30)}}$$

*If the resulting number is not a whole number, it is rounded up to the next whole number.

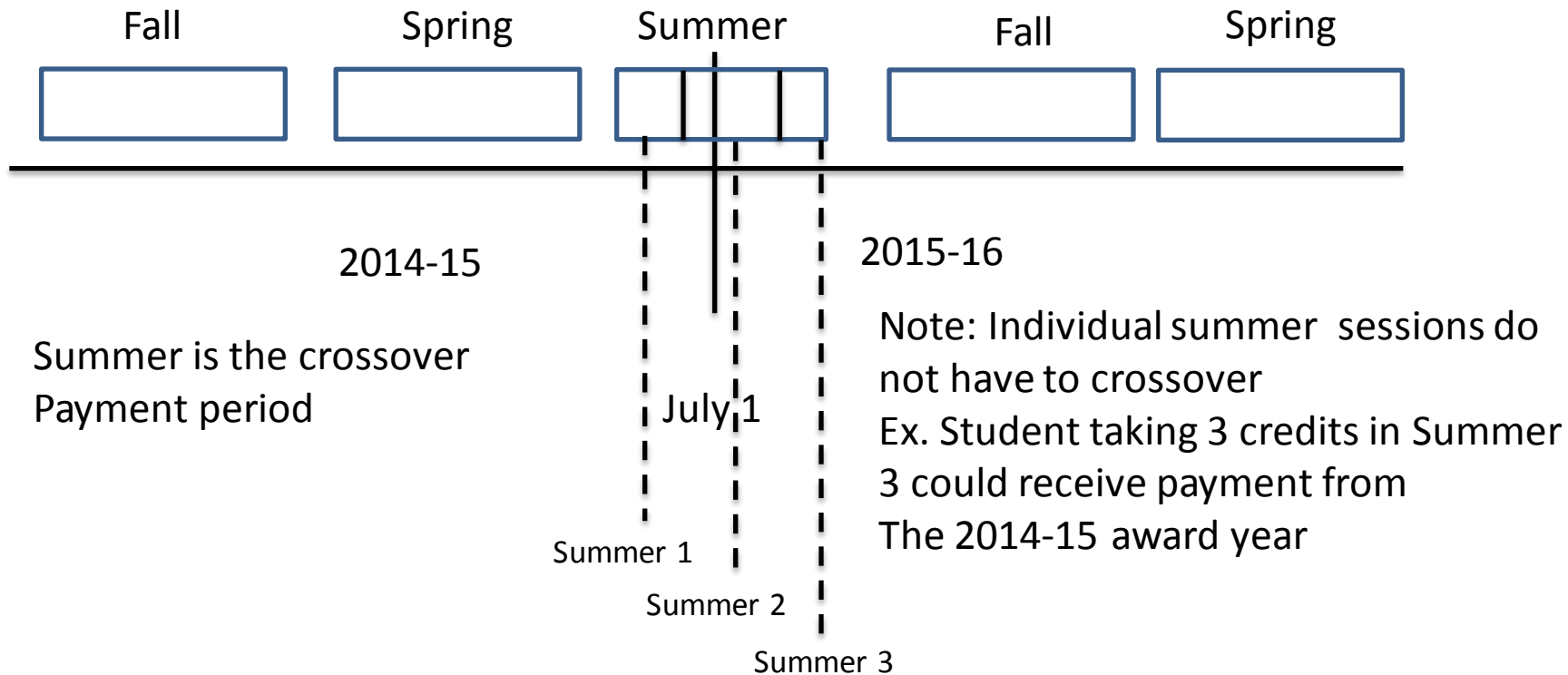


Summer Terms and Other Crossover Payment Periods



Crossover Payments (Award Year)

- For Pell purposes, a crossover payment period must be assigned to one award year





Crossover Payment Periods

- Must have a valid SAR/ISIR for whichever year Pell award will be paid from
- Pell may be assigned to a different award year than the rest of the student's Title IV aid
- Pell payments for summer must be calculated under the same formula used to calculate payments for other payment periods
- Crossover payment period must be assigned to one award year



COA for Summer Terms

- COA for summer terms is determined in the same way as for other payment periods
 - Pell COA is always full-time, full-year
- Award for summer is based on the costs for one academic year
 - If the academic year is fall/spring, summer costs are not added to fall/spring costs



Summer Minisessions

- If a term-based program has minisessions that overlap two award years, they may be combined and treated as one term
- Minisessions combined into a single term:
 - Enrollment status for the term is based on total number of credits the student is projected to take for all sessions
 - If student does not begin attendance in all minisessions he/she was expected to attend, recalculation is required
 - Treated as a standard term under Formula 1



Summer Minisessions

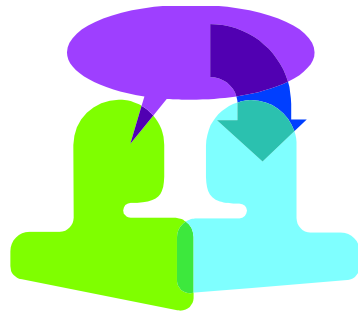
- Minisessions not combined into a single term:
 - Each minisession is treated as a nonstandard term requiring use of Formula 3
 - If full-time enrollment for each minisession is defined as at least 12 credit hours, you may be able to use Formula 1
- Combined minisessions that crossover June 30-July 1 must be treated as a crossover payment period regardless of what classes students attend
- Refer to Slide 25



Summer Minisessions

- If program has multiple summer sessions that are not combined into a term, only the term that crosses over the award year is considered a crossover payment period

Transfer Students and Pell Lifetime Eligibility Used (LEU)





Transfer Students

- Transfer student's remaining Pell eligibility is reduced if the student received Pell funds for the same award year at a prior school
- Calculating remaining eligibility
 - Calculate the percentage of the Scheduled Award that has been used
 - COD does this: refer to COD to find the student's percentage of remaining eligibility (calculation provided below)

$$\frac{\text{Pell disbursed at prior school}}{\text{Scheduled Award at prior school}} = \% \text{ of Scheduled Award Used}$$

- Subtract percentage of Scheduled Award used from 100%



Transfer Students

- Awarding remaining eligibility
 - 100% - % of Scheduled Award used = maximum percentage of Scheduled Award the student may receive at your school
 - Disburse the full amount for each payment period
 - Do not apportion remaining amount equally across payment periods
 - Always use percentages not amounts to determine remaining eligibility for transfers
 - Exception: If Scheduled Award at both institutions is the same, remaining eligibility may be determined by subtracting amount received at the first institution from the Scheduled Award



Pell Grant Lifetime Eligibility Used (LEU)

- Student's maximum duration of Pell eligibility is 6 Scheduled Awards (600%)
 - As measured by percentage of Lifetime Eligibility Used (LEU) field in COD
- Student is ineligible to receive further Pell Grant awards if he or she has reached or exceeded the 600% limit
- 600% limit is tracked to the beginning of the Pell Grant program (1973-74)
- Rounding rules do not apply if amount disbursed would place student's LEU over 600%



Pell Grant LEU

- ED provides weekly Pell LEU reports through the SAIG Mailbox for school's Pell eligible applicants (and students listing the school's school code on their FAFSA)
 - Only students with lifetime LEU greater than or equal to 450%
 - Message Class PGLEXXOP (where XX= the year)
- COD website shows current LEU level for all aid recipients
 - COD also provides LEU for Pell MRR*, Pell Reconciliation Report and Pell Year to Date file

*Multiple Reporting Record.



Pell Grant LEU

- COD will return warning edit 177 or 178 where Pell LEU is near or exceeds 600%
- LEU data also in Common Record Response, CPS reports, SARS and ISIRS (LEU limit flags and percentages) and NSLDS
- COD calculates LEU to 3 decimal places
 - Use conventional Pell rounding rules but may not round up if the result causes the student to exceed her Scheduled Award or 600% LEU



Pell Grant LEU on the ISIR

- Code “N” under Lifetime Limit Flag
 - Student not on report
 - Students in this category have LEU of less than 400%
- Code “H” under Lifetime Limit Flag
 - LEU greater than 400% but less than or equal to 500%
- Code “C” under Lifetime Limit Flag
 - LEU greater than 500% but less than or equal to 600%
- Code “E” under Lifetime Limit Flag
 - LEU 600% or higher
 - No Pell eligibility for award year covered by the ISIR
 - Student may have already exceeded the maximum lifetime eligibility used amount



Pell Grant LEU: Reduced Eligibility

- Calculating an award for a student whose LEU will reduce his or her eligibility (LEU greater than 500% but less than 600%)
 - Subtract LEU percentage from 600%, then multiply the student's Scheduled Award by the result
 - Ex. Scheduled Award = \$5,645; LEU = 534%
 $600\% - 534\% = 66\%$ Scheduled Award remaining
 $\$5,645 \times .66 = \$3,725.70$
(School may truncate to \$3,725 but not round up; or, if using cents, pay \$3,725.70)

Recalculations





Initial Calculation

- An initial calculation is the first calculation of a student's Federal Pell Grant
- The institution must use the current documented enrollment status (may be a projected status)
- If no date documented, the date of initial calculation is the later of:
 - Processed date of initial SAR or ISIR, or
 - Date the student enrolls



Date of Initial Calculation

- Earliest possible date is date of receipt of an EFC from an ED product (assuming Pell Payment Schedule has been issued), such as
 - SAR or ISIR with an official EFC (processing date)
 - FAA Access EFC
 - FAFSA on the Web EFC
- School may use a later date such as completion of verification



Recalculation, Required, or Optional

- Change in EFC (recalculation required)
 - If student's EFC changes due to corrections, updating or adjustments (and the EFC change would change the Pell Grant award), Pell must be recalculated for the entire award year
 - If, as a result of the recalculation, the student received more than his or her award amount, an overpayment exists
- Student never begins attendance in one or more classes within a term (recalculation required)
 - If a student does not begin attendance in all classes, award must be recalculated based on the lower enrollment status
 - Institution must have a procedure to determine if student has begun all classes for Pell Grant purposes



Recalculation, Required, or Optional

- Change in enrollment status between terms (recalculation required)
 - Payment for each term must be calculated based on enrollment status for that term
 - Be certain to monitor changes in enrollment status from one term to the next
 - Failure to monitor is a frequent program review/audit finding
 - Example: Student attends full-time in the first term and then half-time in the second term – half-time enrollment is used to calculate payment for the second term



Recalculation, Required, or Optional

- Change in enrollment status within a term (recalculation optional)
 - Recalculation is not required for student who has begun attendance in all of his or her classes
 - Institution may have a policy to recalculate an award for enrollment status changes within a term
 - Must be consistent for both increases and decreases
 - Must be part of a written policy
 - Institution's policy may set a date after which award will not be recalculated due to change in enrollment status
 - Often referred to as a "census date"
 - Frequently coincides with add/drop date



Recalculation, Required, or Optional

- Change in cost of attendance (COA) (recalculation required for an enrollment status change; otherwise optional)
 - Recalculation for changes in costs during the award year is not required
 - If institution recalculates because enrollment status has changed, changes to student's costs must be taken into account
 - Could be an issue if student drops below half-time enrollment status
 - COA changes between payment periods (recalculation optional)
 - Institution may establish a policy to recalculate awards when the COA changes from one payment period to the next
 - Any policy must be applied to all students



Recalculation, Required, or Optional

- COA changes within a payment period (recalculation optional)
 - Institution may establish a policy to recalculate awards for cost changes within a payment period



Enrollment Status Changes Within a Term

- Institutional policy may set a date after which Pell Grants will not be recalculated due to changes in enrollment status (assumes student began all classes)
 - Would apply even with compressed coursework
 - If the initial calculation occurs subsequent to this date, enrollment status as of initial calculation must be used
 - If payment for the term is being disbursed in a subsequent term, payment must be based on completed coursework
- Modules/Compressed Coursework
 - Institution may adopt a recalculation policy based on the add/drop date for the last class in which the student enrolls or is expected to enroll
 - All prior adjustments to enrollment status must be taken into account

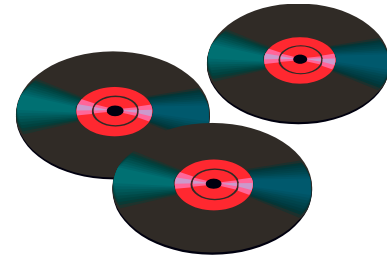


Enrollment Status Changes Within a Term

- If institution does not choose to establish a policy for recalculation within a term, student who begins attendance in all classes is paid based upon the initial calculation
 - Even if his or her enrollment status changes before the disbursement date

Multiple Reporting Records

Concurrent Enrollment and Potential Overaward Process





Concurrent Enrollment

- Student may not receive a Pell Grant at two or more schools concurrently
 - Separate from the POP process
- If concurrent enrollment appears to exist (reported enrollment dates within 30 calendar days of each other), COD sends the schools that submitted the disbursement warning Edit 069
 - MRR is issued to the reporting school and all other schools with accepted disbursement information in COD for that student and that award year
- Concurrent enrollment must be resolved
 - One school must back out its payment (if actual concurrent enrollment)



Potential Overaward Process (POP)

- POP based upon student receiving no more than one Scheduled Award in an award year (100%)
- COD monitors based on 100% of a Scheduled Award
- No student may receive Pell at two schools for concurrent enrollment
 - Note that attending multiple institutions under a consortium agreement does not constitute concurrent enrollment –recall that only one institution is responsible for processing aid



Potential Overaward Process (POP)

- A student may receive disbursements from more than one Attended School
 - When more than one Attended School reports disbursements for a student, COD checks that more than 100% eligibility has not been used
 - No single school may pay more than 100%
- If the COD system receives disbursement information that the student has received more than 100% of Scheduled Award, student is in a POP situation



Potential Overaward Process (POP)

- COD response to a POP situation is to allow it to exist for 30 calendar days from date MRR is created
 - Notifies all schools involved that POP situation must be resolved within 30 calendar days
 - Continues to accept disbursement information
 - Student will be removed from POP status if:
 - Downward adjustments bring Total Eligibility Used to 100% or less



Potential Overpayment Process (POP)

- Unresolved POP – more than 30 days
 - COD reduces all accepted and posted disbursements to \$0.00 at all schools
 - Each school that correctly paid Pell funds must re-report disbursement information to COD
 - COD does not prevent another POP for the same student
 - During POP, COD School Relations Center is involved
 - Escalates issue if same schools create another POP

Thank You!

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Questions?

