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P-07-02

October 12, 2007

Subject: Elimination of the Alternative Federal Pell Grant Payment and Disbursement Schedules

Summary: The letter announces the repeal of the Federal Pell Grant "tuition sensitivity" provision for the Pell Grant Program and the elimination of the Alternate Payment and Disbursement Schedules for the 2007-2008 award year.

Dear Colleague:

On September 27, 2007, the President signed the College Cost Reduction and Access Act—(the CCRAA), Pub. L. 110-84 that includes a modification of the award rules for the Federal Pell Grant Program. Specifically, the "tuition sensitivity" provision of section 401(b)(3) of the Higher Education Act of 1965, as amended (HEA), is repealed, retroactively to the 2007-2008 award year.

On February 21, 2007, we published Dear Colleague Letter P-07-01, which included the four-page "Regular" and the two-page "Alternate" Payment and Disbursement Schedules for determining Federal Pell Grant awards for the 2007-2008 award year (July 1, 2007 through June 30, 2008). The Alternate Schedules were developed to comply with the "tuition sensitivity" provisions of the HEA. As a result of the CCRAA, the Alternate Schedules may no longer be used. All Federal Pell Grant awards for the 2007-2008 award year must be determined using the Regular Schedule appropriate to the student's enrollment status—full time, three quarter time, half time, or less than half time. Any 2007-2008 Federal Pell Grant award previously determined under the Alternate Schedules must be recalculated using the Regular Schedules, and any disbursements must be adjusted.

In instances where a student's 2007-2008 Federal Pell Grant award is being submitted to the Common Origination and Disbursement (COD) System for the first time, schools should report the award amount based on the Regular Schedules and **not set** the "Low Tuition and Fees Code" in the Common Record document.

We will shortly provide technical guidance in an Electronic Announcement that will provide instructions on how to adjust 2007-2008 Federal Pell Grant awards and disbursements that were determined using the Alternate Schedules and previously reported to the COD System. That guidance will also include instructions for schools that use the Packaging and Pell modules of 2007-2008 EDEXpress Release 3.0.

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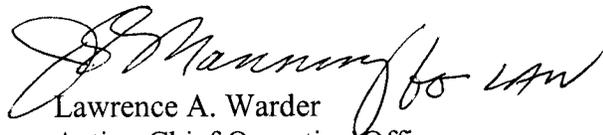
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We appreciate your continued support in making Federal Pell Grant assistance available to students. If you have any questions regarding this change please contact our Research and Customer Care Center staff. Staff is available Monday through Friday between the hours of 9:00 AM and 5:00 PM (Eastern Time) at 1-800-433-7327.

After hours calls will be accepted by an automated voice response system. Callers leaving their names and phone numbers will receive a return call the next business day.

Alternatively, you may fax an inquiry to the Research and Customer Care Center at (202) 275-5532, or e-mail the Care Center at [fsa.customer.support@ed.gov](mailto:fsa.customer.support@ed.gov).

Sincerely,

  
Lawrence A. Warder  
Acting Chief Operating Officer  
Federal Student Aid