



# NASFAA 2004

NATIONAL CONFERENCE • MINNEAPOLIS 7.18.04 - 7.21.04

*Helping Students Make it After All!*





# **Nontraditional Educational Program Formats and Delivering Title IV Aid**

**Fred Sellers**  
**Office of Postsecondary Education**  
**U.S. Department of Education**

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# Overview

## Session Agenda

- **Overview**
- **Getting Started**
- **Pell and Loan Basic Requirements**
- **Case Studies**
  - ▲ **Nonstandard Terms**
  - ▲ **Nonterm**
- **Additional Handouts**
  - ▲ **Toolbox**
  - ▲ **Additional Case Studies**



# Overview

## Focus

- **Federal Pell Grant Program**
- **Loan Programs: FFEL and DL**
- **Determination of payment amounts**
- **Disbursement dates**



# Overview

## Engaging the Nontraditional

- **Expectations**
- **Frustrations**
- **Help**



# Getting Started



# Getting Started

## For Each Academic Program

- Academic calendar
- Program's weeks of instructional time
- Definitions for Title IV
- Payment periods
- Loan periods



# **Pell and Loan**

# **Basic Requirements**



# Program Requirements

## Federal Pell Grant Program

- Scheduled award
- Annual award
- Payment period
- Pell formulas



# Program Requirements

## Loan Programs - FFEL and DL

### Consider

- ▲ Academic year
  - ▲ Payment periods
  - ▲ Weeks of instructional time
  - ▲ Calendar time
  - ▲ Credit or clock hours
- 
- May determine
    - ▲ Loan period
    - ▲ Delivery of proceeds
    - ▲ Loan maximums



# Nonstandard Terms



# Nonstandard Terms

## Academic Progress

- **The number of credit hours attempted**  
(for loans, only for nonstandard terms that are substantially equal in length)

## Payment Period

- **A term**



# Nonstandard Terms

## Enrollment Status

- **Enrollment status must be calculated for each term for an undergraduate program based on—**
  - ▼ **Academic year in weeks and hours, and**
  - ▼ **Weeks of instructional time in the term.**
  
- **In calculating full-time and other enrollment statuses, all fractions are rounded up (even if less than  $\frac{1}{2}$ ).**



# Nonstandard Terms

## Enrollment Status

### Step 1 Full-time

Credit hours in  
the academic year

×

Weeks of instructional  
time in the term

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Weeks of instructional time in  
program's definition of  
academic year

### Step 2 Determining less-than-full-time enrollment status

Credit hours  
taken by student  
in the term

÷

Credit hours required  
for full-time status for the  
term (as determined above)



# Nonstandard Terms

## Enrollment Status

- **Pell**
  - ▼ **Must recalculate if student does not begin attendance in all classes**
  
- **Loans**
  - ▼ **Are not required to recalculate loan need based on a change in enrollment status after loan certification**
  - ▼ **May not deliver undisbursed proceeds if the student drops below half-time**



# Nonstandard Terms

## Pell Formula

- Pell formula 3



# Nonstandard Terms

## FFEL and DL – Loan Period

- The minimum loan period is generally the lesser of the academic year or program. May be greater than an academic year.
- If the terms are substantially equal, the loan period may be a term.
- A loan period may not exceed 12 calendar months.



# Nonstandard Terms

## FFEL and DL – Delivery

- If terms are substantially equal in length, delivery is in substantially equal amounts by payment period, i. e., by term.
- If a loan period is one payment period, there must be at least two deliveries of loan proceeds. Second delivery is after the calendar midpoint between the loan period's first and last scheduled days of class.



# Nonstandard Terms

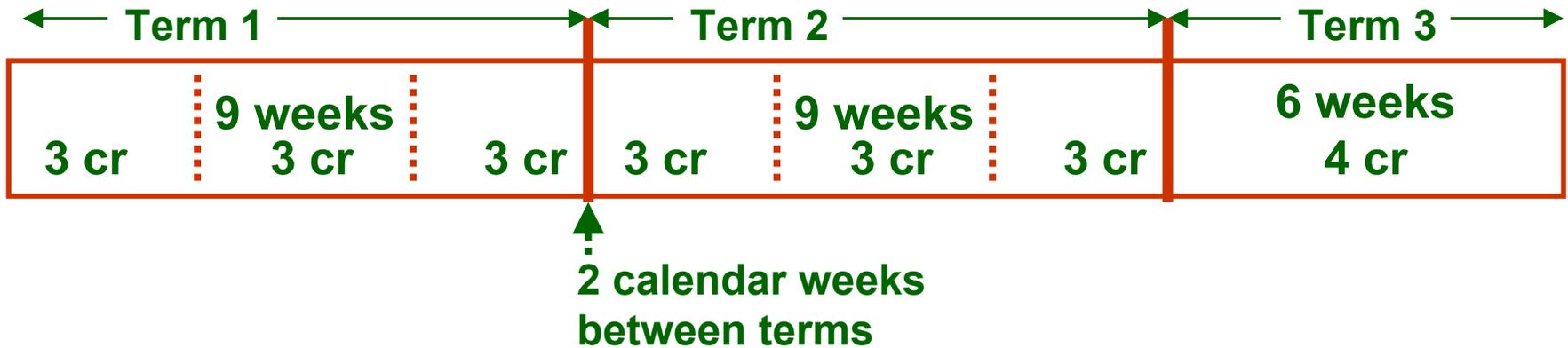
## FFEL and DL – Delivery

- If terms are not substantially equal in length, delivery is not by payment period.
- Delivery of the second half of the loan proceeds after the later of--
  - ▼ The calendar midpoint between the first and last scheduled days of the loan period; or
  - ▼ The date that the student has completed half of the academic coursework in the loan period.



# Nonstandard Terms

## Example – Undergraduate Certificate Program



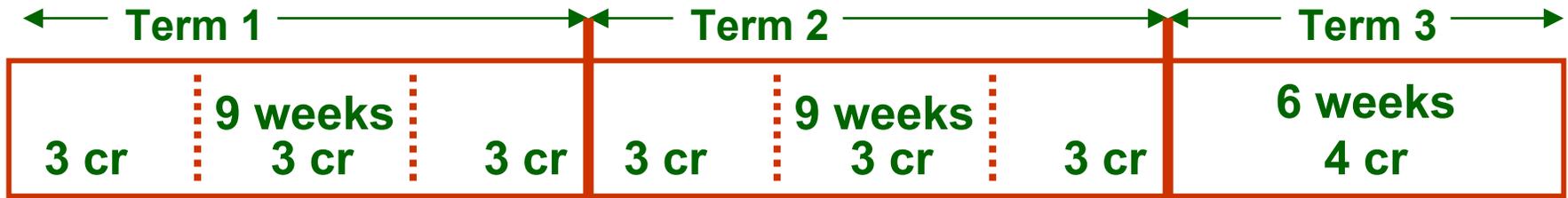
### ■ Academic calendar

- ▼ 24 weeks of instructional time and 22 semester hours offered over 3 nonstandard terms
- ▼ A two-calendar-week holiday between the first two terms.



# Nonstandard Terms

## Example – Undergraduate Certificate Program



### ■ Payment periods =

- ▼ 9-week term - 9 credits
- ▼ 9-week term - 9 credits
- ▼ 6-week term - 4 credits

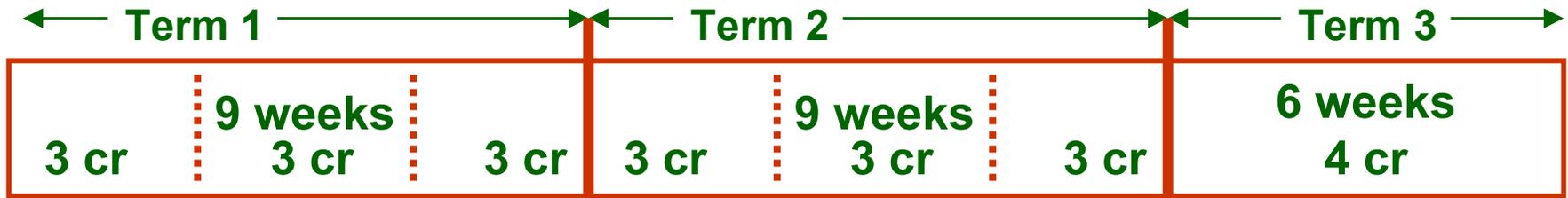
} Three 3-credit, 3-week courses  
taken sequentially in each term

- Academic year = 24 semester hours and 30 weeks of instructional time



# Nonstandard Terms

## Example – Undergraduate Certificate Program



- Calculate full-time enrollment status for each term

24 semester hours  
(in the defined  
academic year)

×

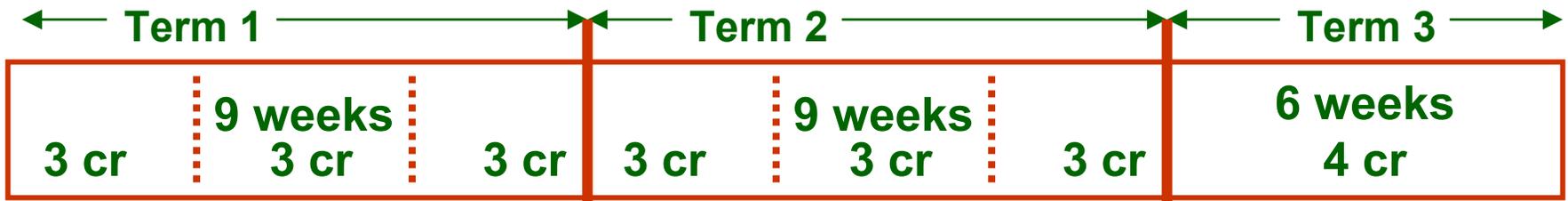
Weeks of instructional time in  
the payment period

30 weeks of instructional  
time (in the defined  
academic year)



# Nonstandard Terms

## Example – Undergraduate Certificate Program



- Full-time enrollment status for each term

$$24 \times \frac{9}{30} = 7.2 \text{ cr}$$

Round up to **8** semester hours required for full-time

$$24 \times \frac{9}{30} = 7.2 \text{ cr}$$

Round up to **8** semester hours required for full-time

$$24 \times \frac{6}{30} = 4.8 \text{ cr}$$

Round up to **5** semester hours required for full-time

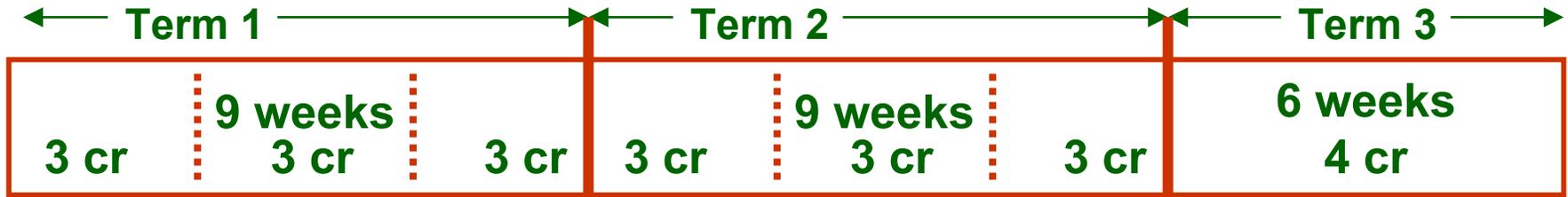
**Note:** Only 4 semester hours in the third term.  
4 (hours attending) / 5 (hours for full-time) = .8.  
Student is three-quarter time for the third term.



# Nonstandard Terms

## Pell

### Example – Undergraduate Certificate Program



- Pell payment for a payment period

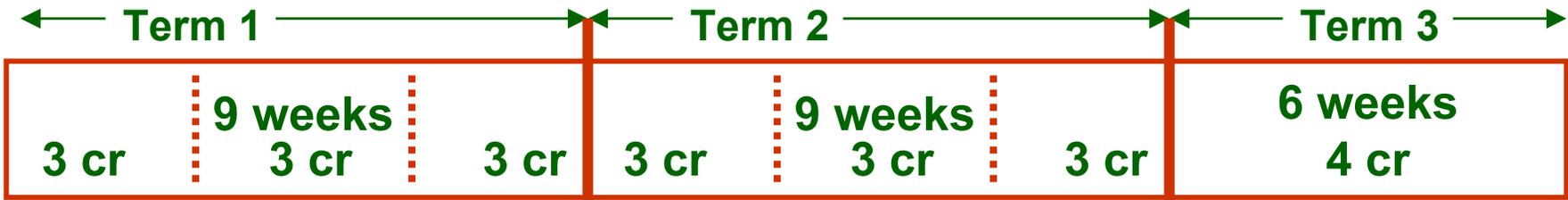
$$\text{Annual Award} \times \frac{\text{Weeks of instructional time in the payment period}}{\text{Weeks of instructional time in the academic year}} = \text{Payment for the payment period}$$



# Nonstandard Terms

## Pell

### Example – Undergraduate Certificate Program



- For Pell, **Student A** has a \$4,000 Scheduled Award and attends all classes in each term.

$$\$4,000 \times \frac{9}{30} = \$1,200$$

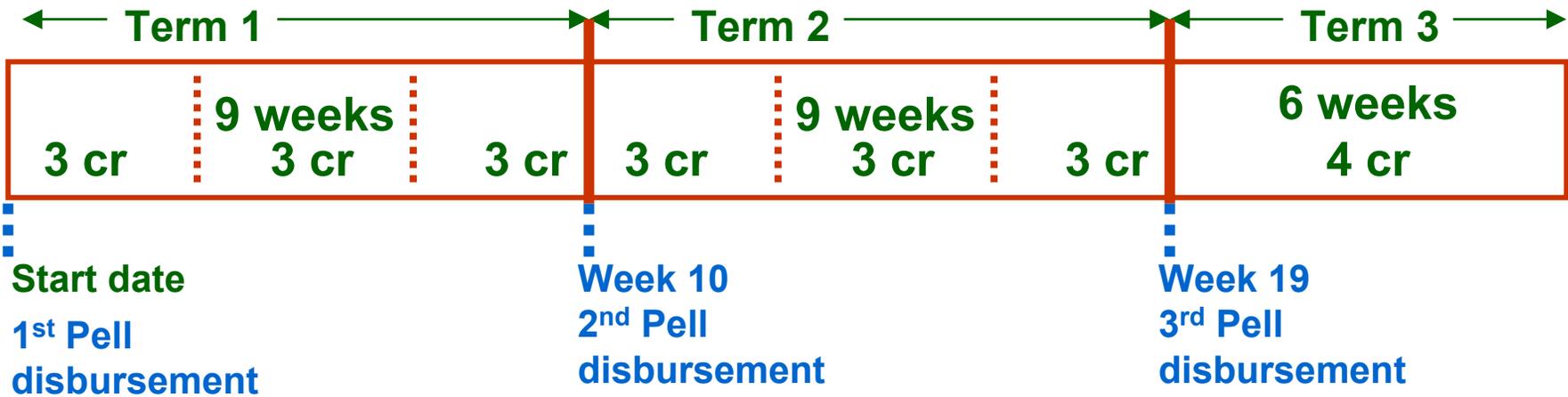
$$\$4,000 \times \frac{9}{30} = \$1,200$$

$$\$3,000 \times \frac{6}{30} = \$ 600$$



# Nonstandard Terms Pell

## Example – Undergraduate Certificate Program



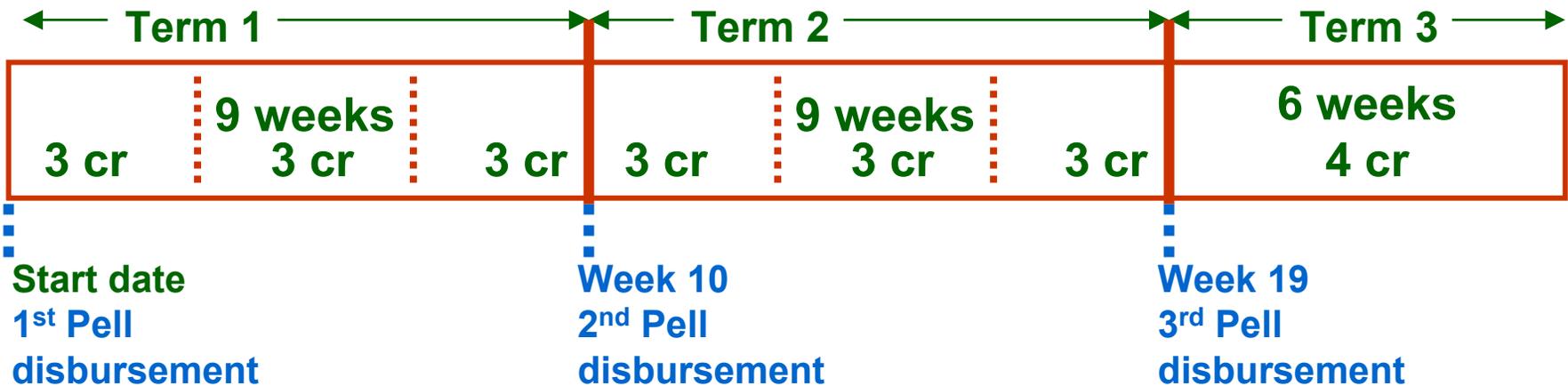
- Pell disbursements are for each nonstandard term.
- **Student A** completes the program and receives \$3,000 of the \$4,000 Scheduled Award (\$1,200 + \$1,200 + \$600 for each payment period)



# Nonstandard Terms

## Pell

### Example – Undergraduate Certificate Program



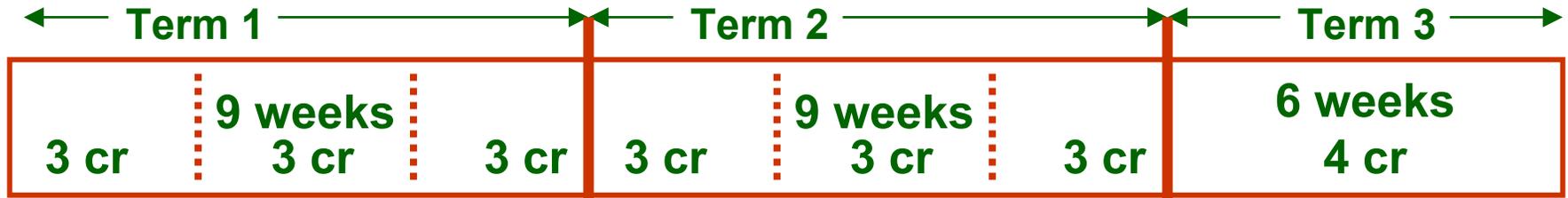
- In each payment period, an institution may use multiple disbursements to best meet the student's need.
- Disbursements within a payment period may be unequal.



# Nonstandard Terms

## Loans

### Example – Undergraduate Certificate Program



- The loan period is the length of the program.
- The loan limit is prorated by the lesser of:

$$\frac{\text{Hours enrolled (22)}}{\text{Hours in defined academic year (24)}}$$

or

$$\frac{\text{Weeks in program (24)}}{\text{Weeks in defined academic year (30)}}$$

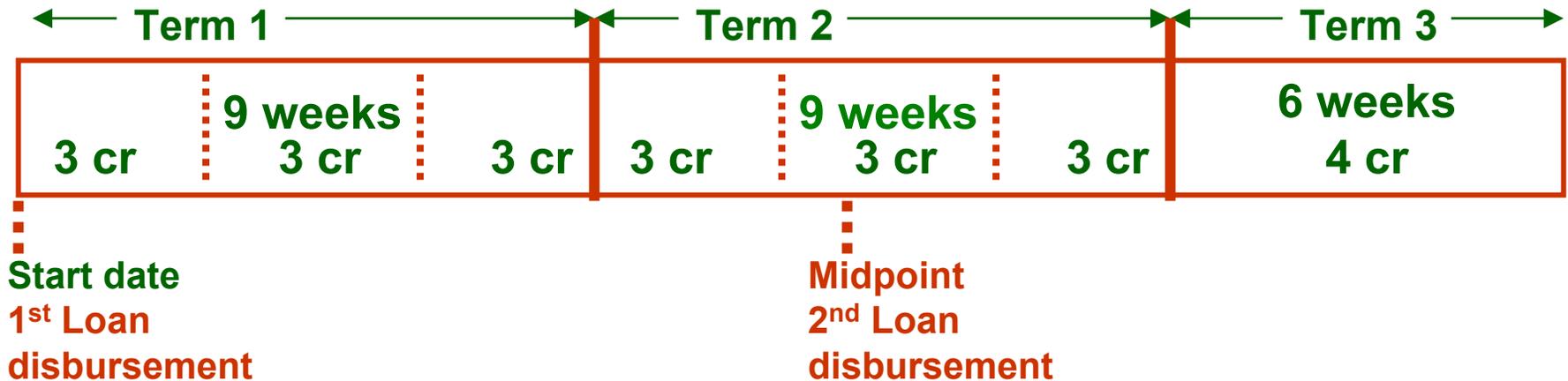
- 24/30 is the lesser fraction.



# Nonstandard Terms

## Loans

### Example – Undergraduate Certificate Program



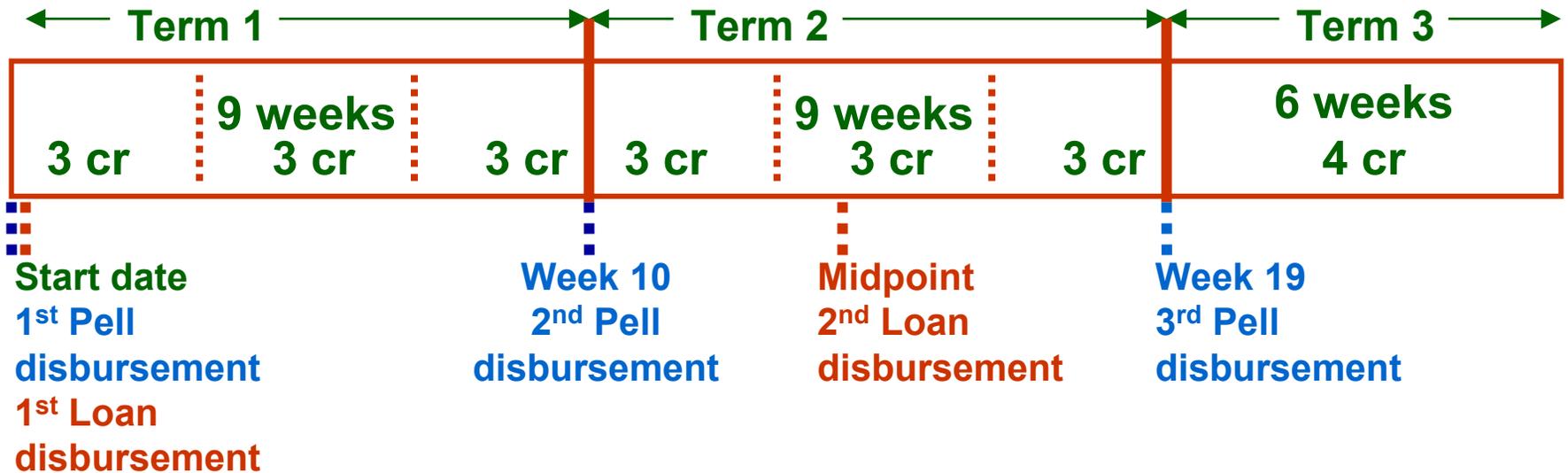
- **Student A's second disbursement after earning half the hours in the program (11 credit hours) and passing calendar midpoint:**
  - ▼ 12 credits after 1<sup>st</sup> module of 2<sup>nd</sup> term
  - ▼ Passes calendar midpoint (after 13 calendar weeks from the start date) during 2<sup>nd</sup> module of 2<sup>nd</sup> term



# Nonstandard Terms

## Pell and Loans

### Example – Undergraduate Certificate Program

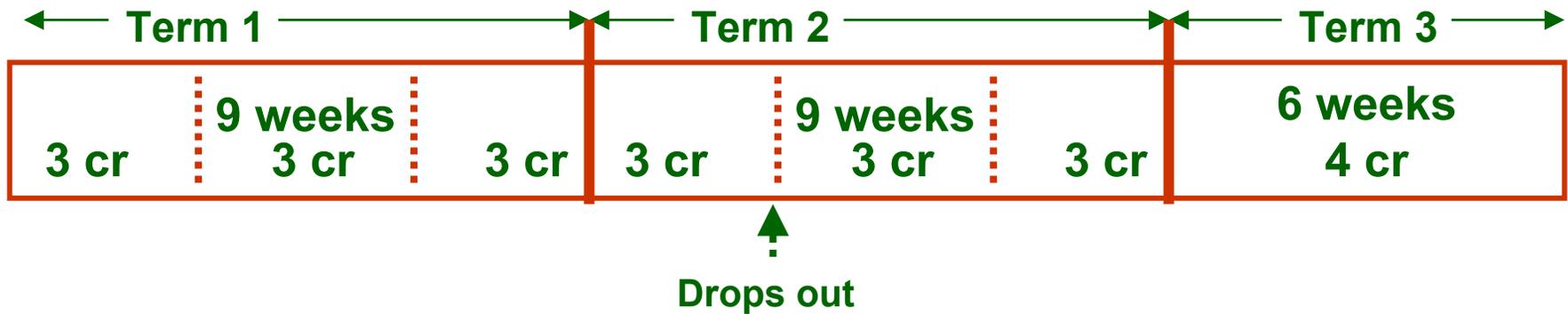


- Pell and loan disbursements do not coincide.



# Nonstandard Terms

## Example – Undergraduate Certificate Program



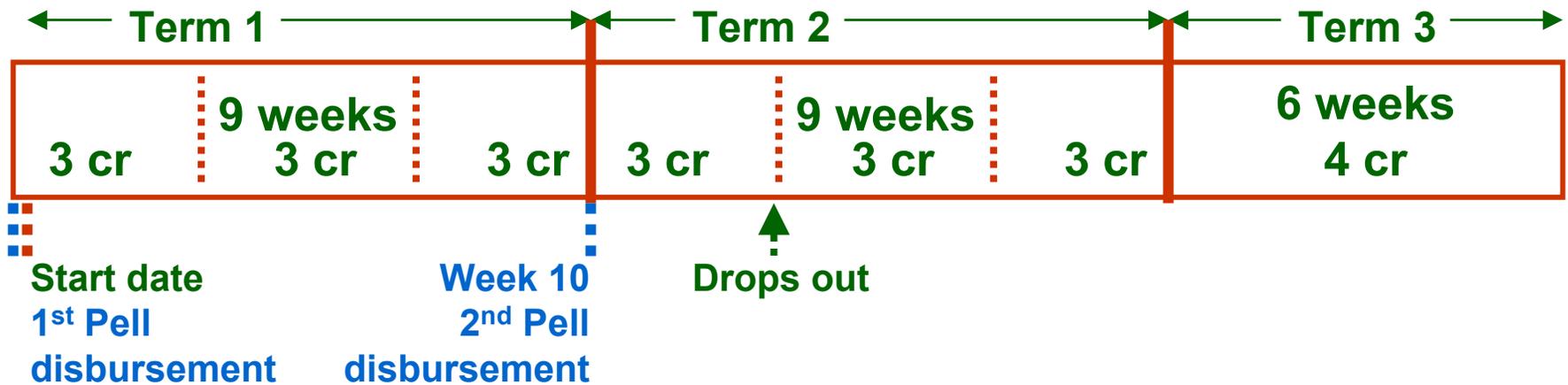
- **Student B** also is expected to attend all classes in each term. The student also has a \$4,000 Scheduled Award and is receiving a loan.
- **Student B** completes first module, then drops out and never starts attendance in the second class.



# Nonstandard Terms

## Pell

### Example – Undergraduate Certificate Program

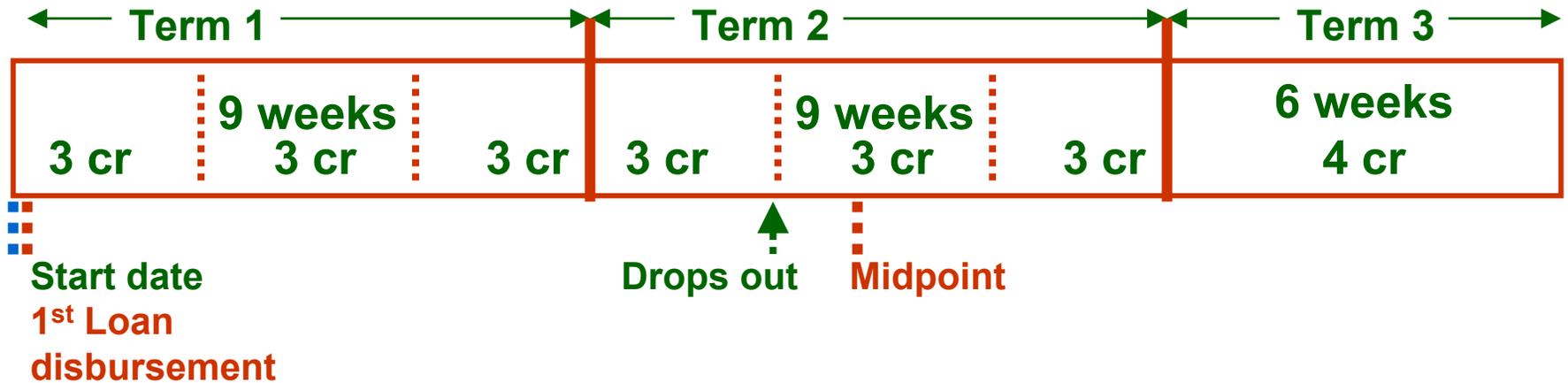


- **Student B** received 2<sup>nd</sup> \$1,200 Pell disbursement at the beginning of the 2<sup>nd</sup> term.
- Must recalculate payment for 2<sup>nd</sup> payment period as a less-than-half-time student.
- Payment is now \$300:  $\$1,000 \times \frac{9}{30} = \$300$



# Nonstandard Terms Loans

## Example – Undergraduate Certificate Program



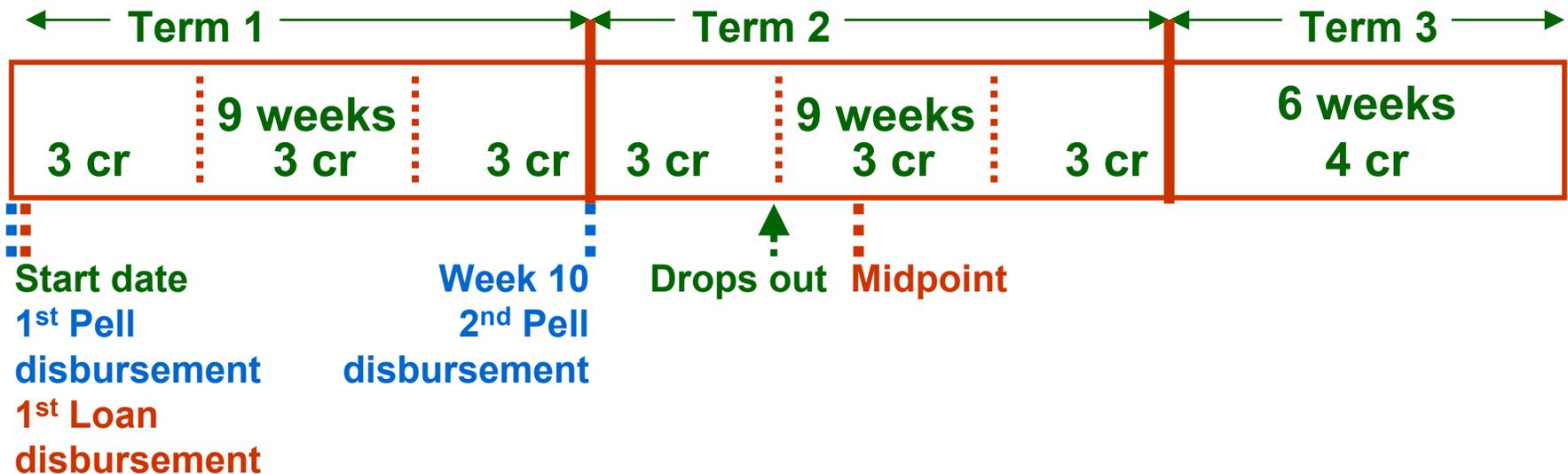
- **Student B does not receive 2<sup>nd</sup> loan disbursement.**



# Nonstandard Terms

## Pell and Loans

### Example – Undergraduate Certificate Program

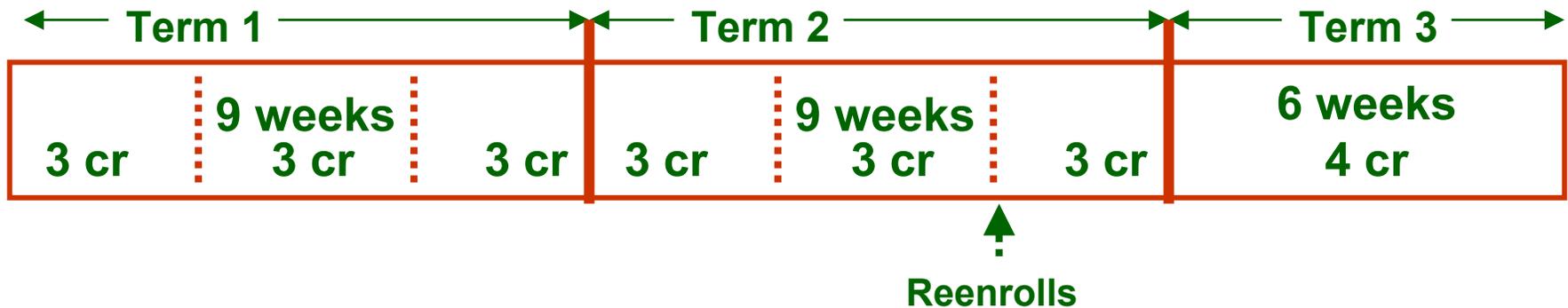


- Each time a disbursement is made, institution must confirm student eligibility, e.g., half-time enrollment status for loans.
- No return of title IV; student completed a course.



# Nonstandard Terms

## Example – Undergraduate Certificate Program



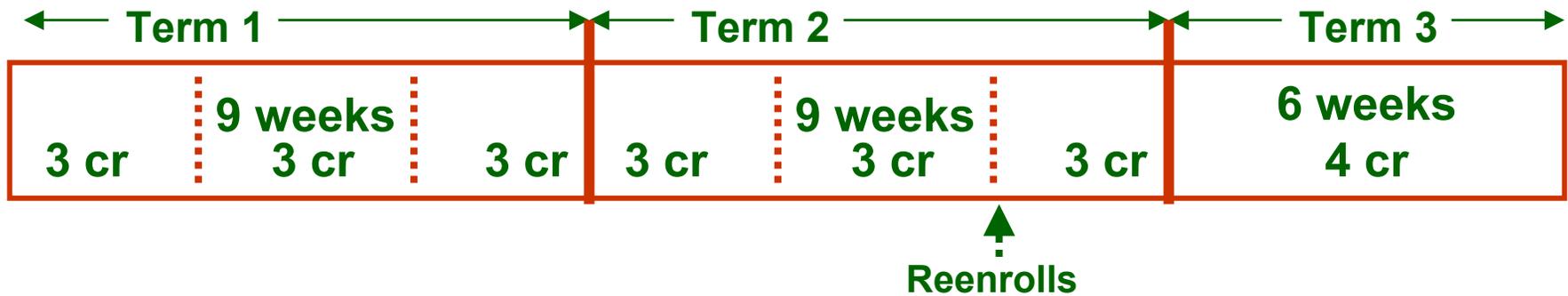
- **Student B** reenrolls in the program for the last module of the second term and will complete the missed module during the second term of the next offering of the program.



# Nonstandard Terms

## Pell

### Example – Undergraduate Certificate Program



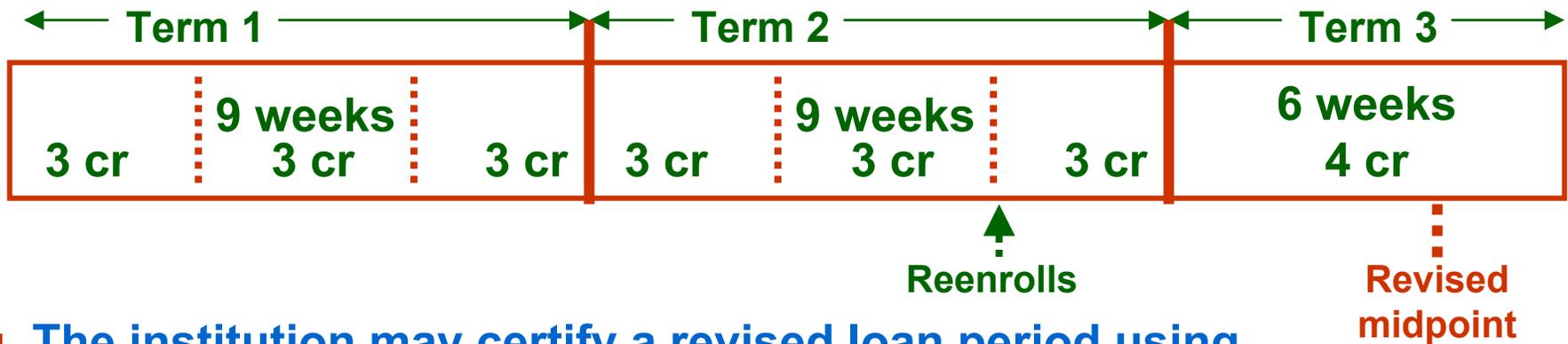
- The institution has a census date for Pell 14 days into the term after which it does not recalculate for changes in enrollment status.
- For Pell, the student B remains a less-than-half-time student for the term.



# Nonstandard Terms

## Loans

### Example – Undergraduate Certificate Program



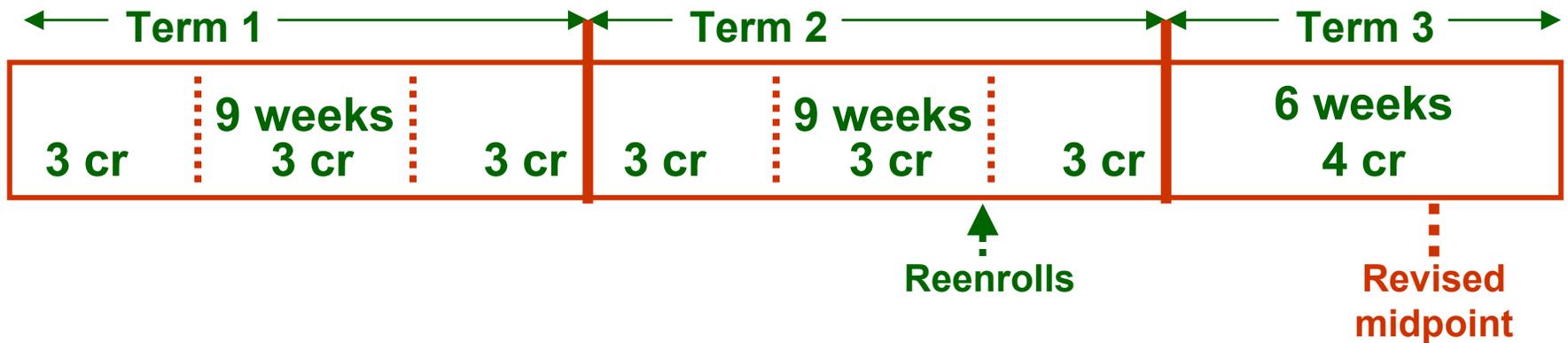
- The institution may certify a revised loan period using the original loan period start date and a revised end date not to exceed 12 months with a newly scheduled second disbursement date and anticipated graduation date.
- If the anticipated graduation date moves the revised calendar midpoint beyond the end of the third term, the student will not be eligible for the second disbursement since the student will be less-than-half-time when enrolling to make up for the single module in the second term of the program.



# Nonstandard Terms

## Loans

### Example – Undergraduate Certificate Program



- If the student had only “stopped out” for the one module (not withdrawn) –
  - ▼ FFEL: should notify the lender, request retention of the second disbursement, and provide a rescheduled second disbursement.
  - ▼ DL: simply change disbursement date and loan period end date.
- To receive the second disbursement, the revised midpoint must fall in a time when the student is enrolled as at least half-time.



# Nonterm Programs



# Nonterm

## Academic Progress

- Progress is measured by the number of credit hours or clock hours successfully completed.

## Payment Period

- Payment periods are divisions of the academic program based on hours and, if credit hours, weeks of instructional time.



## Enrollment Status

- Full-time = academic year definition
- Pell: less-than-half-time for cost of attendance
- Loans: at least half-time for determining eligibility



# Nonterm

## Pell Formula

- Pell formula 4 must be used.



# Nonterm

## FFEL and DL - Loan Period

- The minimum loan period is the lesser of—
  - ▼ The academic year, or
  - ▼ The length of the program.
- If an educational program is greater than an academic year in length, the remaining portion of the student's program that is less than an academic year in length may be a loan period.
- A loan period may not exceed 12 calendar months.



## FFEL and DL - Delivery

- **The school may not deliver the second half of the loan proceeds until the later of—**
  - ▼ **The calendar midpoint between the first and last scheduled days of the loan period; or**
  - ▼ **The date that the student has completed half of the academic coursework in the loan period.**



# Nonterm

## Example – Nonterm Bachelor’s Program (self-paced)

- **Academic calendar = nonterm, 120 semester hours, self-paced**
- **Academic year = 24 semester hours and 40 weeks of instructional time**
- **Full-time = 24 semester hours over 40 weeks of instructional time**



## Example – Nonterm Bachelor's Program (self-paced)

<p><b>12 semester hours</b> <b>20 weeks</b></p>	<p><b>12 semester hours</b> <b>20 weeks</b></p>
---	---

- **Payment period = 12 semester hours and 20 weeks of instructional time.**
- **Most full-time students are completing the hours in the defined academic year in 40 weeks of instructional time.**



**Nonterm**

## **Example – Nonterm Bachelor’s Program (self-paced)**

- **Formula 4 Pell payment for a payment period calculation**

### **Step 1**

**Determining a student’s Scheduled Award**



# Nonterm

## Example – Nonterm Bachelor’s Program (self-paced)

### Step 2

Multiplying the Scheduled Award by the lesser of either “one” or the following fraction:

**The number of weeks of instructional time required for a full-time student to complete the lesser of the clock or credit hours in the program or the academic year**

---

**The number of weeks of instructional time in the program’s academic year**

---



# Nonterm

## Example – Nonterm Bachelor’s Program (self-paced)

### Step 3

The result of Step 2 multiplied by:

The number of credit or clock hours  
in a payment period

---

The number of credit or clock hours  
in the program’s academic year

= payment for  
a payment  
period



# Nonterm

## Example – Nonterm Bachelor’s Program (self-paced)

- Student with a Scheduled Award of \$4,000
- Payment for a payment period calculation

### Step 1

Scheduled Award = \$4,000

### Step 2

$$\frac{40}{40} \times \$4,000 = \$4,000$$



# Nonterm

## Example – Nonterm Bachelor's Program (self-paced)

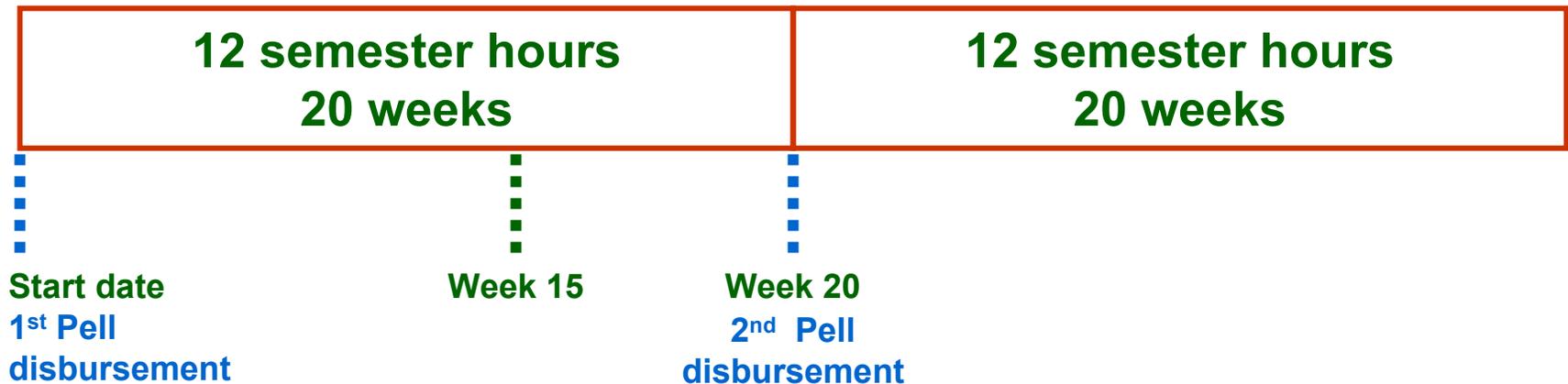
### Step 3

$$\frac{12}{24} \times \$4,000 = \$2,000$$



# Nonterm Pell

## Example – Nonterm Bachelor's Program (self-paced)



- Student completes the first 12 semester hours in 15 weeks of instructional time.
- School may disburse second Pell only after the student completes 20 weeks of instructional time.



# Nonterm Loans

## Example – Nonterm Bachelor's Program (self-paced)

<p>12 semester hours 20 weeks</p>	<p>12 semester hours 20 weeks</p>
---------------------------------------	---------------------------------------

- The loan period is based on using a BBAY.
- The loan period is the calendar-time period in which the student is expected to complete an academic year.



# Nonterm Loans

## Example – Nonterm Bachelor's Program (self-paced)

loan period before transfer

12 semester hours  
20 weeks

12 semester hours  
20 weeks

Start date

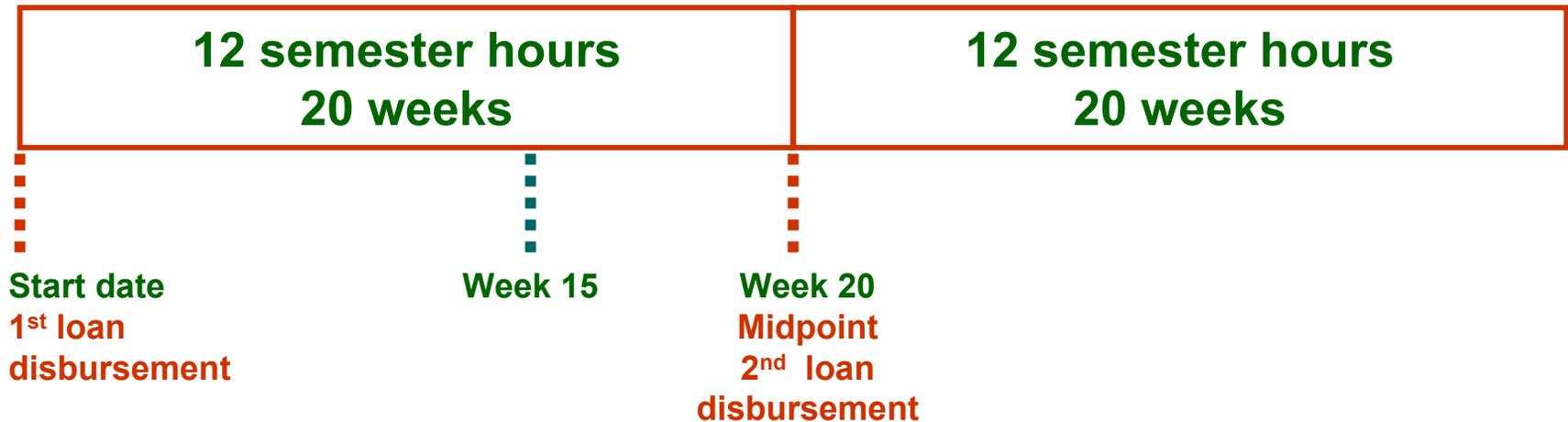
Week 15

Week 20

- As a transfer student with an overlapping loan period from the prior enrollment, the student is eligible for an amount determined by subtracting the gross amount received at the prior institution from the loan limit for the new loan.
- Since the program must use BBAY, the institution must certify the reduced loan amount for an academic year.



## Example – Nonterm Bachelor’s Program (self-paced)



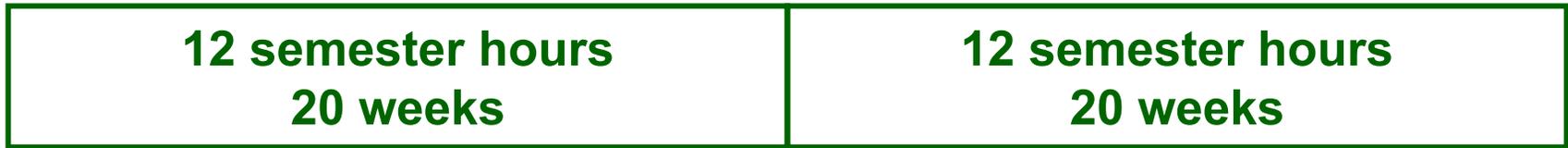
- The calendar midpoint of the loan period is at the end of the 20<sup>th</sup> week of instructional time.
- The school may deliver the second loan disbursement after the calendar midpoint of the loan period.



## Example – Nonterm Bachelor’s Program (self-paced)

3<sup>rd</sup> payment period

4<sup>th</sup> payment period



Starts hours of 3<sup>rd</sup> payment period

40 weeks of first two payment periods and of 1<sup>st</sup> loan period completed

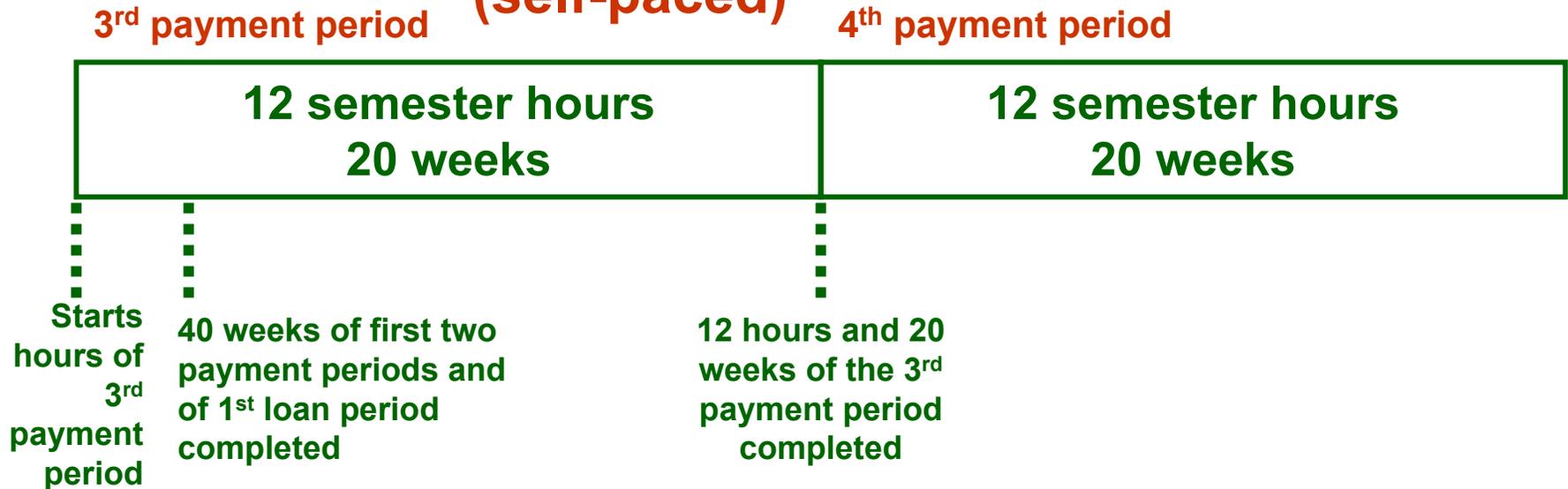
12 hours and 20 weeks of the 3<sup>rd</sup> payment period completed

- The student takes 20 weeks of instructional time to finish the last 12 hours of the first academic year and commences the hours of the second academic year in the 36<sup>th</sup> week of enrollment.
- The 3<sup>rd</sup> and 4<sup>th</sup> payment periods are in a new award year.
- The student successfully completes the 12 hours of the 3<sup>rd</sup> payment period in 25 weeks of instructional time.



# Nonterm Pell

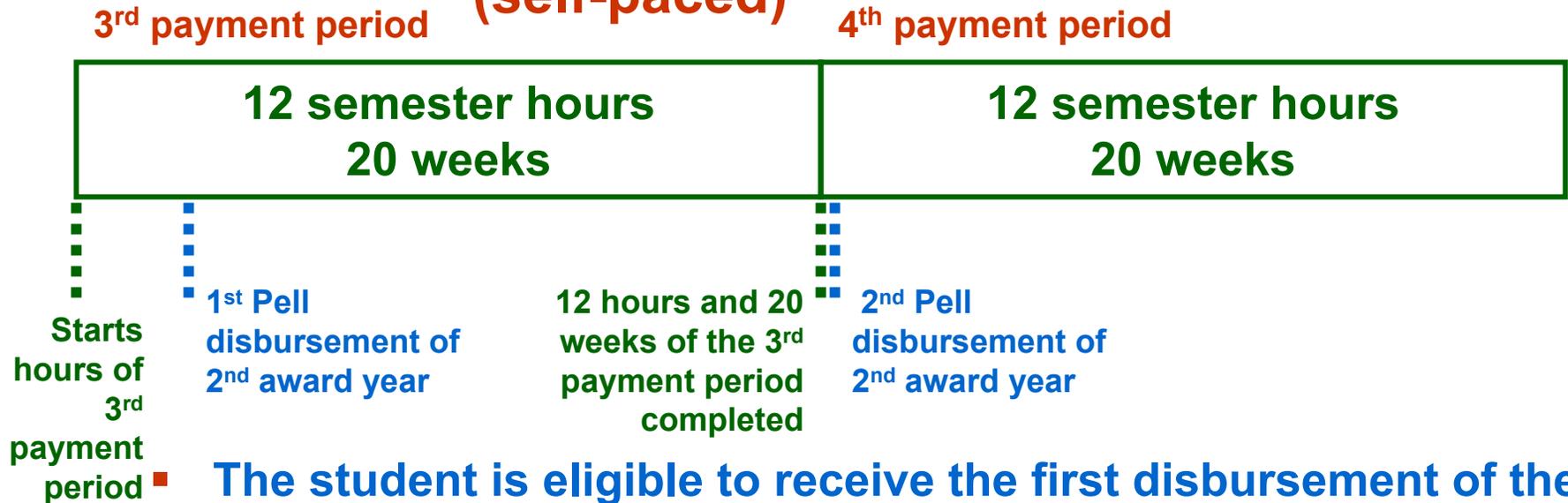
## Example – Nonterm Bachelor's Program (self-paced)



- Pell payments for the payment periods are calculated in the same way as the first two payment periods.
- The first step of the calculation applies to all payment periods in the program and remains unchanged for each payment period.



## Example – Nonterm Bachelor’s Program (self-paced)



- The student is eligible to receive the first disbursement of the new award year when the 40 weeks of the prior two payment periods are completed.
- The student is eligible for the second disbursement after completing the 36 hours and the 60 weeks of instructional time for the first 3 payment periods.



# Nonterm Loans

## Example – Nonterm Bachelor's Program (self-paced)

3<sup>rd</sup> payment period

4<sup>th</sup> payment period

5<sup>th</sup> p.p.

12 semester hours  
20 weeks

12 semester hours  
20 weeks

12 h.  
20 w.

2<sup>nd</sup> loan  
start date

Midpoint

2<sup>nd</sup> loan  
end date

- The second loan is certified for the calendar period from the start of the 41<sup>st</sup> week of instructional time until the expected completion of the new academic year (the end of the 80<sup>th</sup> week of instructional time).
- Calendar midpoint falls at the end of the 20<sup>th</sup> week of instructional time of the loan period.



# Nonterm Loans

## Example – Nonterm Bachelor’s Program (self-paced)

3<sup>rd</sup> payment period

4<sup>th</sup> payment period

5<sup>th</sup> p.p.

12 semester hours  
20 weeks

12 semester hours  
20 weeks

12 h.  
20 w.

2<sup>nd</sup> loan  
start date

Midpoint

2<sup>nd</sup> loan  
end date

- The institution charges tuition and fees in 12-hour increments, and the institution can include these charges for the 25<sup>th</sup> to the 36<sup>th</sup> hours since they also apply in the new loan period.



# Nonterm Loans

## Example – Nonterm Bachelor's Program (self-paced)

3<sup>rd</sup> payment period

4<sup>th</sup> payment period

5<sup>th</sup> p.p.

12 semester hours  
20 weeks

12 semester hours  
20 weeks

12 h.  
20 w.

2<sup>nd</sup> loan  
1<sup>st</sup> disbursement

Midpoint  
2<sup>nd</sup> disbursement

2<sup>nd</sup> loan  
end date?

- Because the student takes 25 weeks of instructional time to complete the hours of the first half of the loan period, the calendar midpoint now coincides with the start of the second half of the hours in the loan period.
- If the student completes the hours of the second half of the loan period in 20 weeks of instructional time the loan period end date should coincide with the completion of the hours of the loan period.



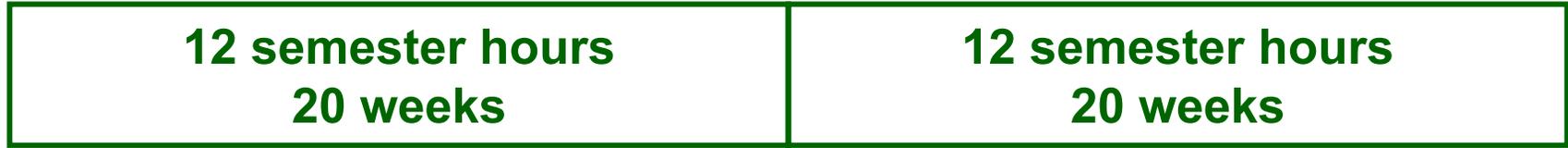
# Nonterm

## Pell and Loans

### Example – Nonterm Bachelor's Program (self-paced)

3<sup>rd</sup> payment period

4<sup>th</sup> payment period



1<sup>st</sup> Pell  
disbursement  
of 2<sup>nd</sup> award  
year

2<sup>nd</sup> loan  
1<sup>st</sup> disbursement

2<sup>nd</sup> Pell  
disbursement of  
2<sup>nd</sup> award year

Midpoint  
2<sup>nd</sup> loan  
disbursement

- Pell and loan disbursements coincide in the second academic year.



# Contact Information

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# Toolbox



# Getting Started



# Getting Started

## For Each Academic Program

- **Determine academic calendar**
  - ▼ **Term using credit hours**
    - **Standard Term**
    - **Nonstandard Term**
  - ▼ **Nonterm credit hour**
  - ▼ **Clock hour – term and nonterm**
- **Determine weeks of instructional time (defined in subsequent section)**
  - ▼ **Not same as calendar time**



# Getting Started

## For Each Academic Program

- **Define for Title IV**
  - ▼ **Academic year**
    - Weeks of instructional time**
    - Hours (for undergraduate) – clock or credit**
  - ▼ **Full-time for terms or program**



# Getting Started

## For Each Academic Program

- **Identify the payment periods**
  - ▼ **Terms using credit hours**
  - ▼ **Nonterm with credit hours**
  - ▼ **Clock-hours**



# Getting Started

## For Each Academic Program

- **Determine loan periods with terms as payment periods**
  - ▼ Standard-term programs
  - ▼ Nonstandard-term programs with terms substantially equal in length (all terms within two weeks of instructional time in length)
- **Determine loan periods without payment periods**
  - ▼ Nonstandard-term programs with terms unequal in length
  - ▼ Nonterm credit-hour programs
  - ▼ Clock-hour programs



# **Week of Instructional Time**



# Week of Instructional Time

## Recent Regulatory Changes – Academic Year

- **November 1, 2002 regulations**
  - **Academic year = at least:**
    - ▼ **30 weeks of instructional time, and**
    - ▼ **If an undergraduate program, 24 semester hours, 36 quarter hours, or 900 clock hours**
  - **Revised definition of a week of instructional time**
  - **Elimination of 12-hour rule**
-



# Week of Instructional Time

## Recent Regulatory Changes – Weeks

- A “week of instructional time” (for all programs) = 7 consecutive days in which at least one day of regularly scheduled instruction, examinations, or preparation for examinations occurs
- Instructional time  $\neq$  periods of orientation, counseling, vacation, or other activity not related to class preparation or examination



# **Term and Nonterm Academic Calendars**



# Term and Nonterm

## A Term

- **Definition:** A discrete period of time during which all courses in the term are scheduled to begin and end
- **Within a term:** full-length courses, compressed courses or modules, courses offered sequentially



# Term and Nonterm

## Academic calendar no longer term-based

- All classes do not start and stop within the beginning and end dates of the term.



# Term and Nonterm

## Standard Term

- A traditional semester, quarter, or trimester
- Academic progress: always measured in semester or quarter credit hours



# Term and Nonterm

## Standard Term - Semesters and Trimesters

- **Length:** approximately 15 weeks of instructional time
- **Academic progress:** measured in semester hours
- **Full-time:** at least 12 semester hours
- **Academic calendar:** usually 3 terms - fall, spring, and often summer



# Term and Nonterm

## Standard Term – Quarters

- **Length:** approximately 10-12 weeks of instructional time
- **Academic progress:** measured in quarter hours
- **Full-time:** at least 12 quarter hours
- **Academic calendar:** usually 3 quarters in fall, winter, and spring and often a summer quarter



# Term and Nonterm

## Nonstandard Term

- Does not meet requirements for a standard term
- For example, may be the length of a standard term but academic progress not measured with the appropriate credit hours such as a quarter using semester hours



# Term and Nonterm

## Nonterm Programs

- **Courses do not all begin and end within a discrete period of time and may—**
  - ▼ **Contain self-paced or independent study courses without fixed timeframes; or**
  - ▼ **Consist of sequential courses that do not have to begin and end within a term.**
- **Clock-hour programs are always treated as nonterm.**



# Nonterm Payment Periods



# Payment Period Definition

## Recent Regulatory Changes – Payment Period

- For nonterm credit-hour programs:
  - ▼ Added weeks of instructional time in addition to hours
- For clock-hour programs:
  - ▼ Continue only to use hours



# Payment Period Definition

## Payment Periods for Nonterm Programs

- **A program one academic year or less in length (if one measure is equal to or less than an academic year)**
  - ▼ **First payment period, the first half of**
    - The hours in the program, and
    - If a credit-hour program, the weeks of instructional time in the program
  - ▼ **Second payment period, the second half of**
    - The hours in the program, and
    - If a credit-hour program, the weeks of instructional time in the program



# Payment Period Definition

## Payment Periods for Nonterm Programs

- A program with more than one academic year, the first academic year and any subsequent full academic year
  - ▼ First payment period, first half of
    - The hours in the academic year, and
    - If a credit-hour program, the weeks of instructional time in the academic year
  - ▼ Second payment period, the second half of
    - The hours in the academic year, and
    - If a credit-hour program, the weeks of instructional time in the academic year



# Payment Period Definition

## Payment Periods for Nonterm Programs

- **Remainder of a program more than one-half an academic year (both measures), but less than a complete academic year (one or both measures), in length**
  - ▼ **First payment period, the first half of**
    - The remaining hours in the program, and
    - If a credit-hour program, the remaining weeks of instructional time in the program
  - ▼ **Second payment period, the second half of**
    - The remaining hours in the program, and
    - If a credit-hour program, the remaining weeks of instructional time in the program



# Payment Period Definition

## Payment Periods for Nonterm Programs

- For the remainder of a program not more than half an academic year in length (one or both measures)
  - ▼ The payment period is the remainder of that program.



# Enrollment Status



# Enrollment Status

## Standard Terms

<u>Status</u>	<u>Minimum hours</u>
Full-time	12 credit hours per term
Three-quarter-time	9 credit hours per term
Half-time	6 credit hours per term
Less-than-half-time	Less than half the workload of the minimum full-time requirement



# Enrollment Status

## Nonstandard term

### Step 1 Full-time

Credit hours in  
the academic year

×

Weeks of instructional  
time in the term

---

Weeks of instructional time in  
program's definition of  
academic year

### Step 2 Determining less-than-full-time enrollment status

Credit hours  
taken by student  
in the term

÷

Credit hours required  
for full-time status for the  
term (as determined above)



# Enrollment Status

## Nonterm

- Full-time equals defined academic year, i.e., attends the hours of the academic year in the weeks of instructional time of the academic year.



# Enrollment Status

## Recalculation of enrollment status for term-based programs

### ■ Pell

- ▼ Must recalculate if student does not begin attendance in all classes or if making a lump-sum disbursement for work complete in prior payment periods.
- ▼ May have a policy of recalculating for changes in enrollment status for a term; if adopt policy, must apply to both increases and decreases

### ■ Loans

- ▼ Are not required to recalculate loan need based on a change in enrollment status after loan certification
- ▼ May not deliver undisbursed proceeds if the student drops below half-time



# **Pell and Loan**

# **Basic Requirements**



# Program Requirements

## Federal Pell Grant Program

- Use Scheduled Award as basis for student's Pell for an award year
- Calculate payments of a student's award by payment period
- Disburse payments by payment period



# Program Requirements

## Pell Formulas

- Calculate payments for payment periods
- Award a grant “evenly” across defined academic year – both measures
- Consider weeks then hours in determining payments for payment periods
- Encourage educational programs offered in reasonable timeframes



# Program Requirements

## Pell Formulas

- 1 & 2 Standard term – traditional school calendars**
- 3 Any term-based credit-hour program**
- 4 Clock-hour and nonterm credit-hour programs**
- 5 Correspondence programs**



# Program Requirements

## Loan Programs - FFEL and DL: loan periods

- Award loans based on loan periods.
- Scheduled Academic Year: traditional-calendar standard-term programs may use.
- Borrower-based Academic Year: all others must use.



# Program Requirements

## Loan Programs - FFEL and DL: payment amounts

- **Traditional standard term programs and credit-hour programs with terms substantially equal in length**
  - ▼ **Divide loan proceeds evenly by the payment periods (the terms) in the loan period unless a single term is a loan period.**
  
- **Clock-hour programs, nonterm credit-hour programs, or programs with unequal nonstandard terms**
  - ▼ **Schedule loan proceeds to be disbursed in substantially equal disbursements**



# Program Requirements

## Loan Programs - FFEL and DL: delivery

- **Traditional standard term programs and credit-hour programs with terms substantially equal in length**
  - ▼ **If a loan period is more than one payment period, deliver loan proceeds at least once in each payment period.**
  - ▼ **If a loan period is one payment period, must be at least two deliveries of loan proceeds during that payment period. No second delivery until the calendar midpoint between the first and last scheduled days of class of the loan period.**



# Program Requirements

## Loan Programs - FFEL and DL: delivery

- **Clock-hour programs, nonterm credit-hour programs, or programs with unequal nonstandard terms**
  - ▼ **Deliver no more than one-half of loan until student reaches (1) the calendar midpoint between the first and last scheduled days of the loan period and (2) completes half the coursework of the loan period**



# Program Requirements

## Loan Programs - FFEL and DL: delivery

- **30-calendar-day delay of the first disbursement for first-time, first-year undergraduate borrower**



# Additional Case Studies



# Additional Case #1

## Points Illustrated

- A program of standard terms in a nonstandard academic calendar
- Multiple Pell disbursements for a term greater than half an academic year in length
- Pell and loan disbursements at different times



# Additional Case #1

## Example – nontraditional semester program

16 weeks	15 weeks
----------	----------

- A two-semester certificate program.
- The first term has 16 weeks of instructional time, and the second term has 15 weeks of instructional time.
- A new cohort of students starts on the first weekday of each month.



# Additional Case #1

## Example – nontraditional semester program

16 weeks	15 weeks
----------	----------

- Academic year = 24 semester hours and 30 weeks of instructional time
- Full-time = 12 semester hours



# Additional Case #1

## Example – nontraditional semester program

### Pell Formula

- **No formula 1 or 2 – because the program does not follow the traditional academic calendar of fall and spring terms and a summer session and because the terms of the cohorts of students overlap**
- **Pell formula 3 – nontraditional calendars must use**



# Additional Case #1

## Example – nontraditional semester program

<b>12 hours</b> <b>16 weeks</b>	<b>12 hours</b> <b>15 weeks</b>
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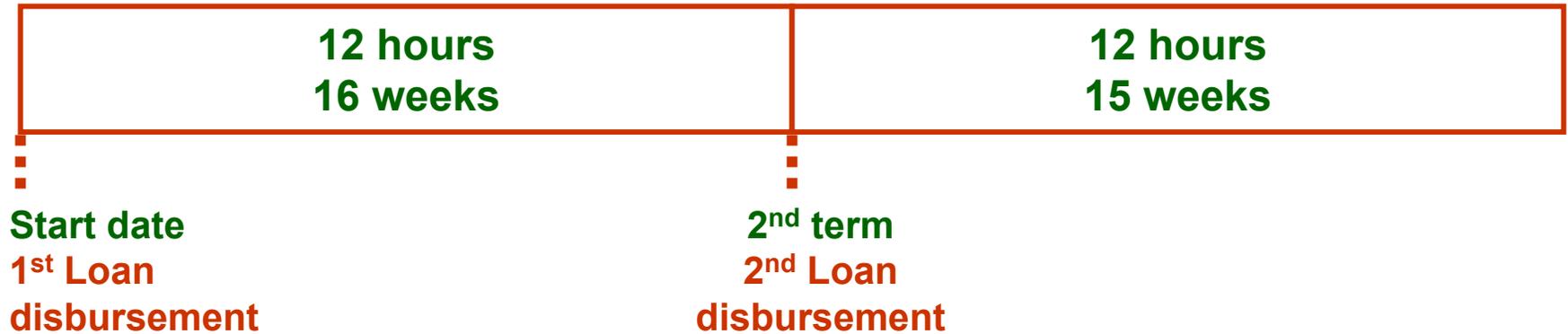
- **Student enrolls for 12 semester hours in each term.**
- **Student has \$1,000 Pell Scheduled Award.**





# Additional Case #1

## Example – nontraditional semester program

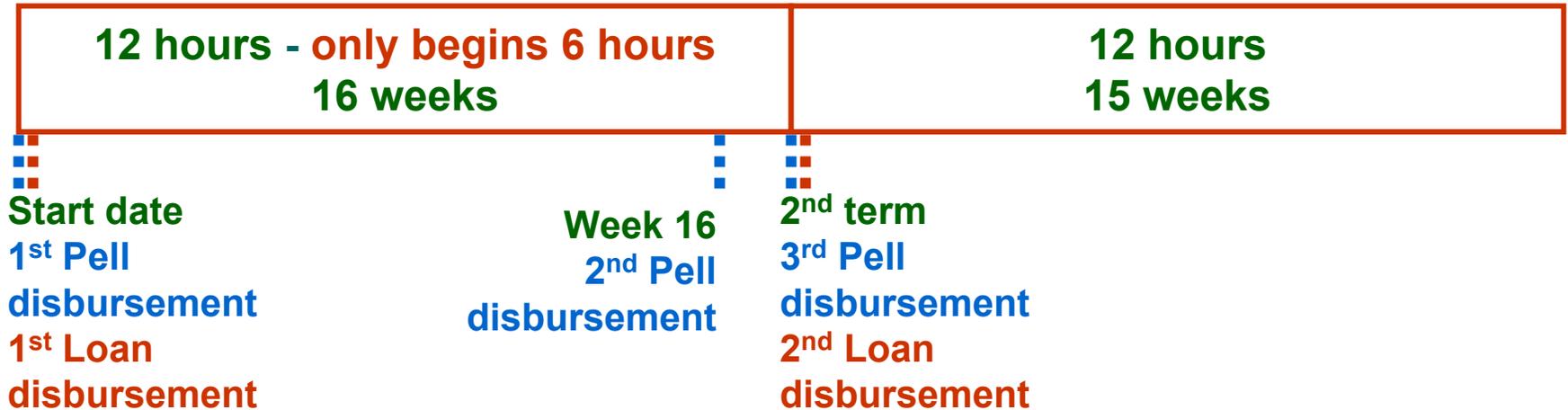


- **Loan period = two terms**
- **One-half of loan proceeds for each term**



# Additional Case #1

## Example – nontraditional semester program



- Pell and loan disbursements do not all coincide.
- Pell disbursements are unequal.



## Additional Case #2

### Points Illustrated

- **Clock-hour example**
- **Payment periods only in clock hours**
- **Determination of weeks of instructional time to complete the hours in the defined academic year**
- **Reduced Pell disbursement to assure do not exceed Scheduled Award**
- **Calendar midpoint drives 2<sup>nd</sup> loan disbursement**
- **Options on loan periods**



## Additional Case #2

### Example – Nonterm Undergraduate Certificate Program

- Academic calendar = 1200 clock hours over 30 weeks of instructional time
- Academic year = 900 clock hours and 30 weeks of instructional time
- Full-time = 24 clock hours per week of instructional time
- Pell Scheduled Award = \$1,000



## Additional Case #2

### Example – Nonterm Undergraduate Certificate Program

450 clock hours	450 clock hours	300 clock hours
-----------------	-----------------	-----------------

- Payment periods = 450 clock hours, 450 clock hours, and 300 clock hours
- Loan period must be for the program.



## Additional Case #2

### Example – Nonterm Undergraduate Certificate Program

- Program is not self-paced.
- For Pell full-time students are completing the hours in the academic year in 23 weeks of instructional time.

$$900/1200 \times 30 = 23 \text{ (22.5 rounded up)}$$

$$\frac{\text{hours in academic year}}{\text{hours in the program}} \times \text{weeks of instructional time in the program}$$



## Additional Case #2

### Example – Nonterm Undergraduate Certificate Program

- Payment for a payment period calculation for first two payment periods

#### Step 1

$$\text{Scheduled Award} = \$1,000$$

#### Step 2

$$\frac{23}{30} \times \$1,000 = \$766.66$$

#### Step 3

$$\frac{450}{900} \times \$766.66 = \$383.33$$



## Additional Case #2

### Example – Nonterm Undergraduate Certificate Program

- Payment for a payment period calculation for third payment period

#### Step 1

$$\text{Scheduled Award} = \$1000$$

#### Step 2

$$\frac{23}{30} \times \$1,000 = \$766.66$$

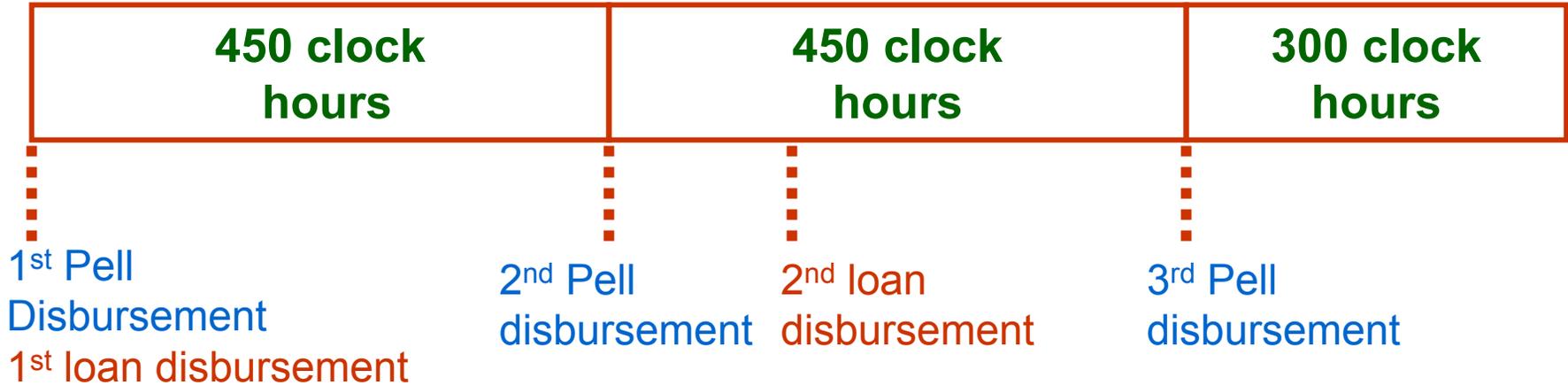
#### Step 3

$$\frac{300}{900} \times \$766.66 = \$255.56$$



## Additional Case #2

# Example – Nonterm Undergraduate Certificate Program



- **Second Pell disbursement after student completes 450 clock hours, and third disbursement after 900 clock hours.**
- **If in same award year, Pell third disbursement is reduced to \$233.34.**
- **Second loan disbursement is after reaching the calendar midpoint and 600 clock hours.**



## Additional Case #3

### Points Illustrated

- **Determination of weeks of instructional time to complete the hours in the defined academic year**
- **Reduced Pell disbursement due to compressed coursework by most full-time students**
- **No Pell disbursement for payment period for final hours of a program for most full-time students**
- **Reduced loan maximum for program completed in less than an academic year**



## Additional Case #3

### Example – Nonterm Undergraduate Certificate Program

- Academic calendar = nonterm; 30 semester hours; self-paced
- Academic year = 24 semester hours and 30 weeks of instructional time
- Full-time = 24 semester hours over 30 weeks of instructional time
- Pell Scheduled Award = \$1,000



## Additional Case #3

### Example – Nonterm Undergraduate Certificate Program

12 hours 15 weeks	12 hours 15 weeks	6 hours 8 weeks
----------------------	----------------------	--------------------

- Payment periods = 2 payment periods of 12 hours and 15 weeks of instructional time
- Third payment period = 6 hours and 8 weeks (must impute weeks but are not relevant)  
 $6 \text{ (hrs in pp)} / 24 \text{ (hrs in ac yr)} \times 30 \text{ (wks in ac yr)} = 7.5 \text{ (wks in pp)}$



## Additional Case #3

### Example – Nonterm Undergraduate Certificate Program

- The school reviews the completion time of its full-time students for the prior award year and determines:
  - ▼ 1 student completed program in 21 weeks of instructional time, 2 in 23, 4 in 24, 2 in 25, and 1 in 27 weeks.
  - ▼ The school averages the student completions:  
 $240 \text{ weeks} / 10 \text{ students} = \underline{24 \text{ weeks of instructional time for most full-time students to complete the program}}$



## Additional Case #3

### Example – Nonterm Undergraduate Certificate Program

- The completion time for the program of 24 weeks of instructional time affects both Pell and loans:
  - ▼ For Pell, affects the calculation of payments for a payment period
  - ▼ For loans, affects loan period and loan amount.



## Additional Case #3

### Example – Nonterm Undergraduate Certificate Program

- For Pell full-time students are completing the hours in the academic year in 20 weeks of instructional time.

$$24/30 \times 24 = 19.2 \text{ (round up to 20)}$$

$$\frac{\text{hours in academic year}}{\text{hours in the program}} \times \text{weeks of instructional time for most full-time students to complete the hours in the program}$$



## Additional Case #3

### Example – Nonterm Undergraduate Certificate Program

- Pell payment for a payment period calculation for the first two payment periods

#### Step 1

$$\text{Scheduled Award} = \$1,000$$

#### Step 2

$$\frac{20}{30} \times \$1,000 = \$666.66$$

#### Step 3

$$\frac{12}{24} \times \$666.66 = \$333.33$$



## Additional Case #3

### Example – Nonterm Undergraduate Certificate Program

- Pell payment for a payment period calculation for the third payment period

#### Step 1

$$\text{Scheduled Award} = \$1,000$$

#### Step 2

$$\frac{20}{30} \times \$1,000 = \$666.66$$

#### Step 3

$$\frac{6}{24} \times \$666.66 = \$166.66$$



## Additional Case #3

### Example – Nonterm Undergraduate Certificate Program



- **Second Pell disbursement after student completes 12 semester hours and 15 weeks of instructional time, i.e., the first payment period (1/2 of the defined academic year)**
- **No third Pell disbursement for most full-time students as they are completing the program in less than 30 weeks of instructional time**



## Additional Case #3

# Example – Nonterm Undergraduate Certificate Program

Calendar time for most full-time students complete 30 hours and 24 weeks of instructional time



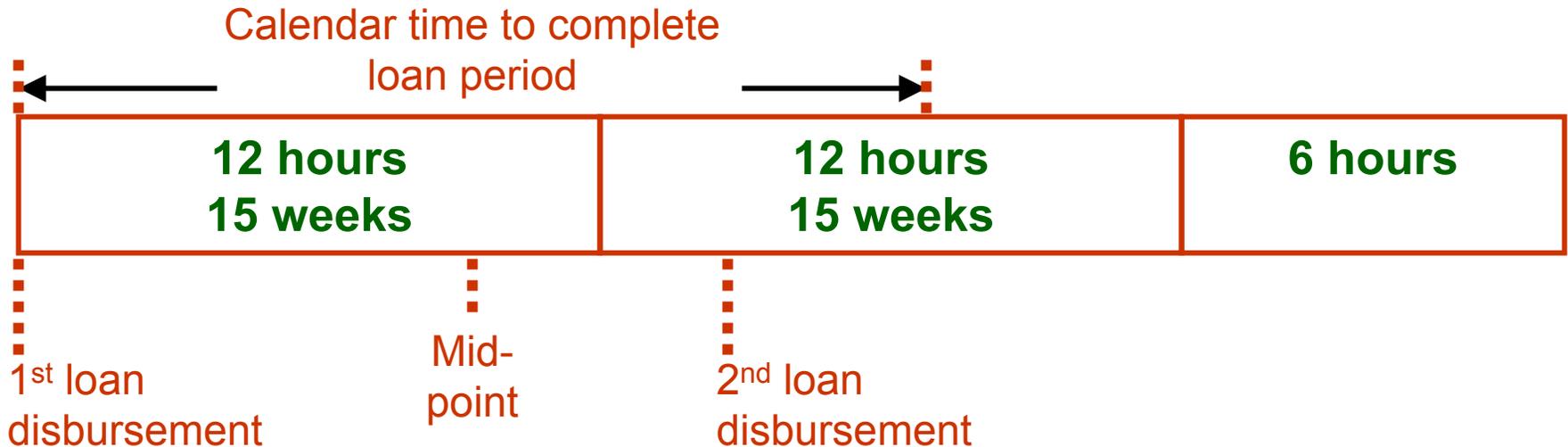
Mid-point

- Since most full-time students are completing the program in 24 weeks, the loan period must be for the calendar time to complete the program in 24 weeks of instructional time.
- Only one loan period as program is considered less than an academic year in length for loans.



## Additional Case #3

# Example – Nonterm Undergraduate Certificate Program

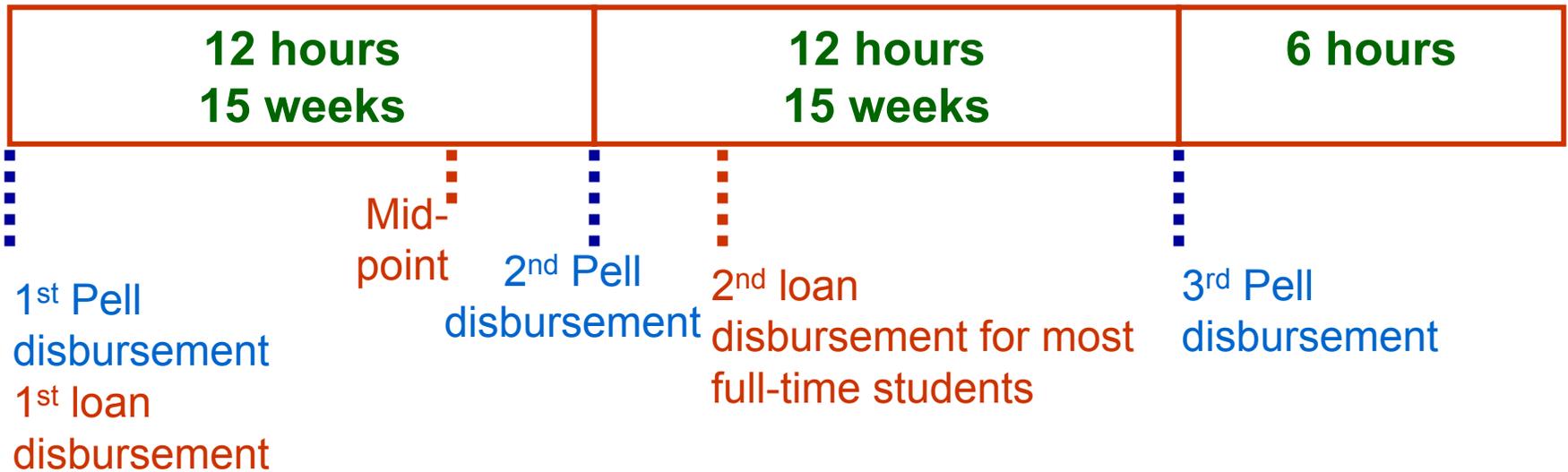


- **Must prorate maximum loan amount by 24/30 (lesser of the wks in program/wks in ac yr or hrs in program/hrs in ac yr).**
- **Second loan disbursement is after reaching the calendar midpoint and 15 semester hours (half the hours in the loan period).**



## Additional Case #3

### Example – Nonterm Undergraduate Certificate Program



- Pell and loan disbursements do not coincide.



## Additional Case #4

### Points Illustrated

- **Payment periods and loan period for the remaining portion of a nonterm program**
- **Determination of weeks of instructional time to complete the hours in the defined academic year**
- **Treatment when all students are less-than-full-time**
- **Determination of total Pell disbursements dependent on whether the program is in more than one award year**
- **Affects of failing courses on Pell payments and loan periods**



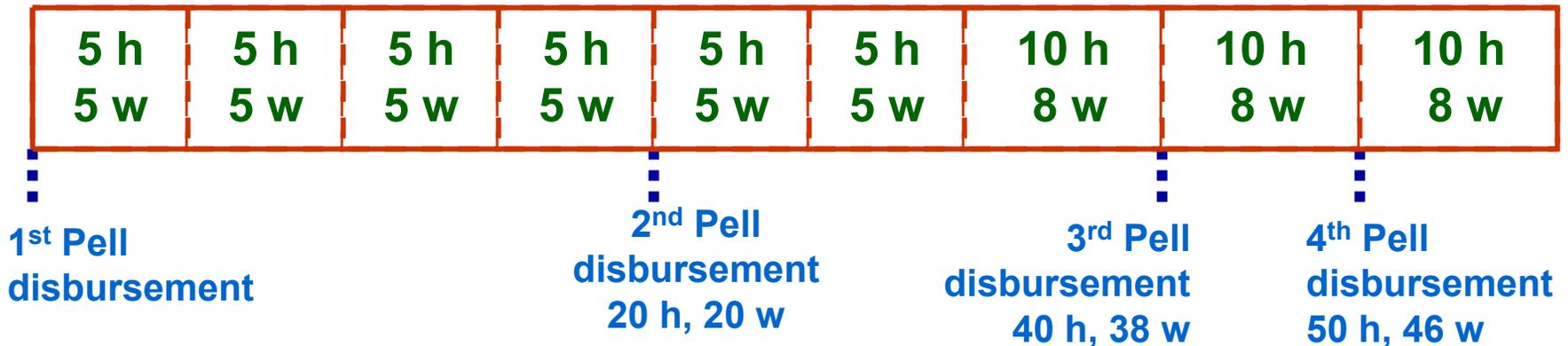
## Additional Case #4

### Example – Nonterm Undergraduate Certificate Program

- Academic calendar = 60 quarter hours over 54 weeks of instructional time; not self-paced
- Academic year = 36 quarter hours and 30 weeks of instructional time
- Full-time = 36 quarter hours over 30 weeks of instructional time



# Additional Case #4



- Students complete 30 quarter hours in six 5-hour modules each with 5 weeks of instructional time. And complete the second 30 quarter hours in three 8-week modules with 10 quarter hours each.
- Payment periods =
  - ▼ First two = 18 quarter hours and 15 weeks of instructional time
  - ▼ Second two = 12 quarter hours and 12 weeks of instructional time



## Additional Case #4

### Example – Nonterm Undergraduate Certificate Program

- Program is not self-paced.
- For Pell full-time students are completing the hours in the academic year in 30 weeks of instructional time.

$36/60 \times 54 = 32.4$  (students are less than full-time; use 30 weeks of instructional time in defined academic year)

$$\frac{\text{hours in academic year}}{\text{hours in the program}} \times \frac{\text{weeks of instructional time in the program}}{\text{weeks of instructional time in the program}}$$



## Additional Case #4

- **Payment for a payment period calculation for first two payment periods**

### Step 1

**Determine Scheduled Award**

### Step 2

$$\frac{30}{30} \times \text{Scheduled Award} = \text{Step 2}$$

### Step 3

$$\frac{18}{36} \times \text{Step 2} = \text{Payment for payment period}$$



## Additional Case #4

- **Payment for a payment period calculation for the last two payment periods**

### Step 1

**Determine Scheduled Award**

### Step 2

$$\frac{30}{30} \times \text{Scheduled Award} = \text{Step 2}$$

### Step 3

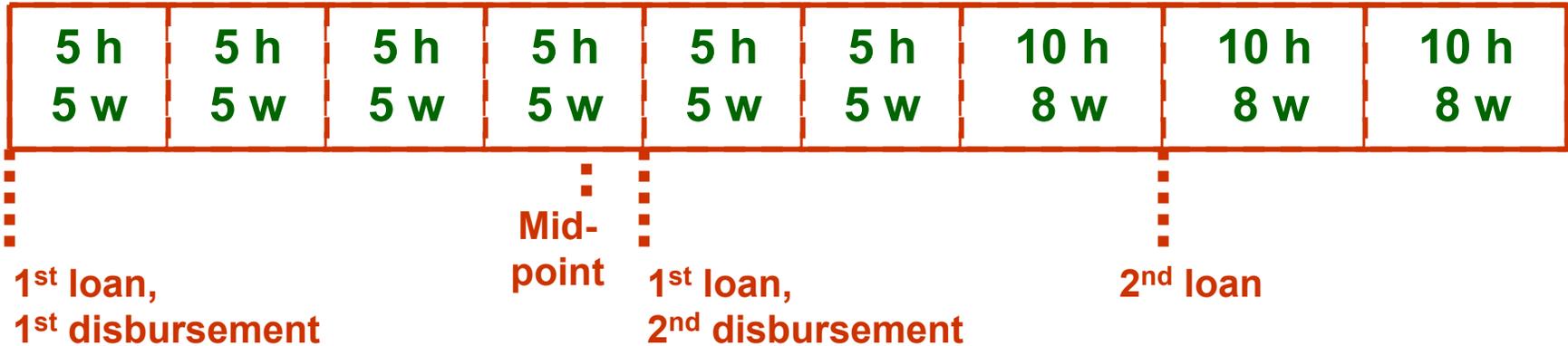
$$\frac{12}{36} \times \text{Step 2} = \text{Payment for payment period}$$

- **Payments for the last two payment periods not available unless in a new award year**



## Additional Case #4

# Example – Nonterm Undergraduate Certificate Program



- First loan period = 38 weeks of instructional time and 40 quarter hours.
- The borrower-based-academic-year loan period must encompass the academic year definition in weeks and hours and must include the first 10-hour module in the loan period to have at least the 36 quarter hours of the academic year.
- The second disbursement of the loan may be made after earning the 20 quarter hours of the loan period and passing the calendar midpoint of the loan period.



## Additional Case #4

# Example – Nonterm Undergraduate Certificate Program

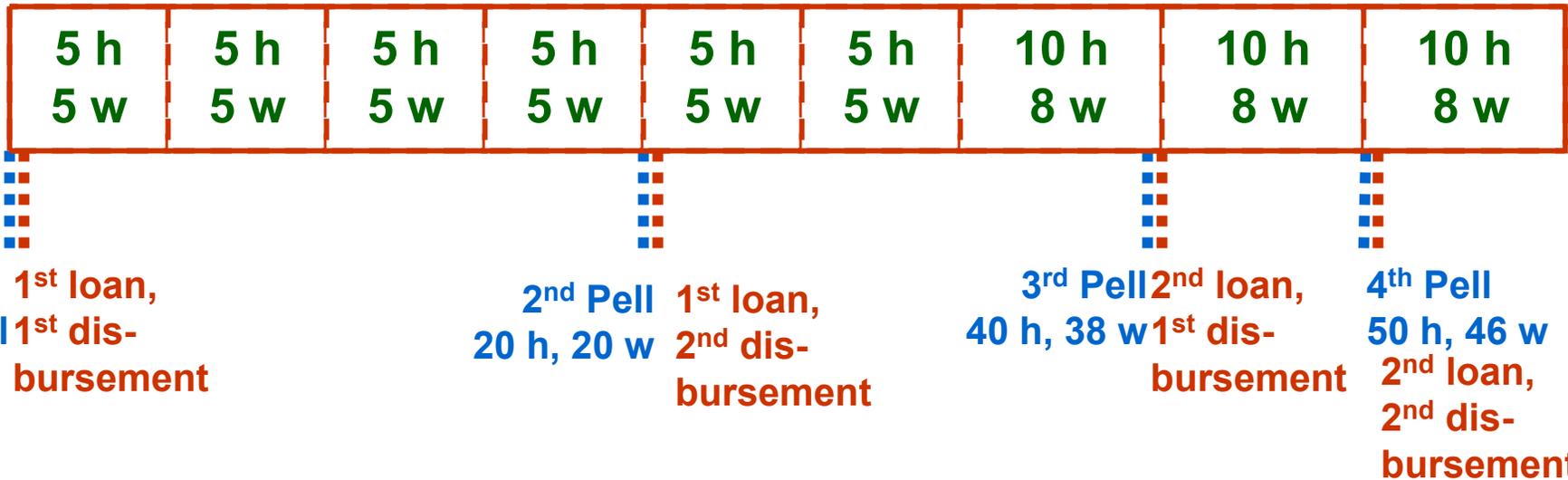
5 h 5 w	5 h 5 w	5 h 5 w	5 h 5 w	5 h 5 w	5 h 5 w	10 h 8 w	10 h 8 w	10 h 8 w
1 <sup>st</sup> loan, 1 <sup>st</sup> dis- bursement			Mid- point	1 <sup>st</sup> loan, 2 <sup>nd</sup> dis- bursement		2 <sup>nd</sup> loan, 1 <sup>st</sup> dis- bursement		Midpoint 2 <sup>nd</sup> loan, 2 <sup>nd</sup> dis- bursement

- Second loan period = remaining balance of the program of 20 hours and 16 weeks of instructional time.
- Prorate loan limit by  $20/36$  (hours in loan period/hours in academic year)



## Additional Case #4

### Example – Nonterm Undergraduate Certificate Program



- Loan disbursements line up with Pell in this case.



## Additional Case #4

### Example – Nonterm Undergraduate Certificate Program

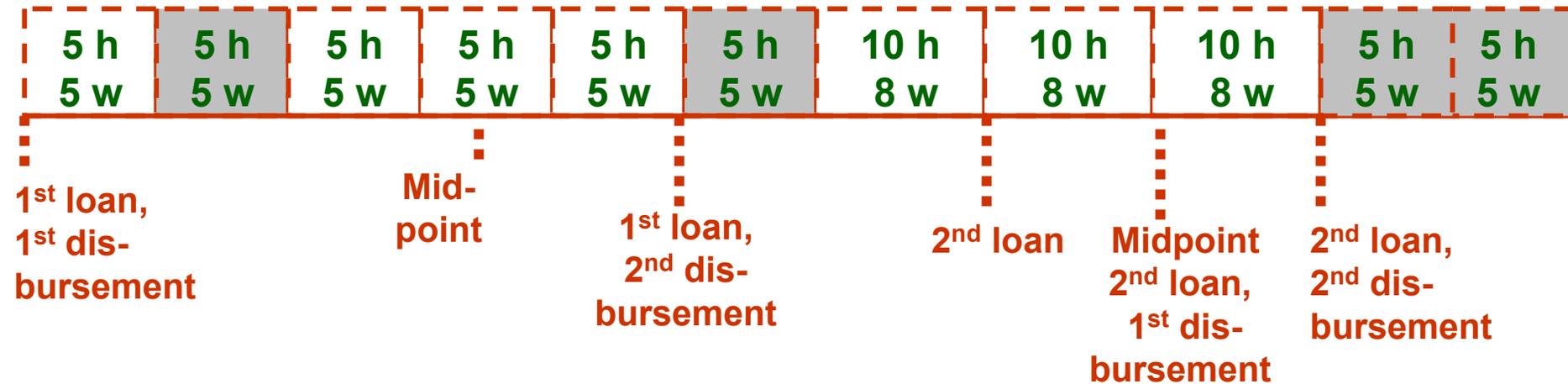
5 h 5 w	5 h 5 w	5 h 5 w	5 h 5 w	5 h 5 w	5 h 5 w	10 h 8 w	10 h 8 w	10 h 8 w	5 h 5 w	5 h 5 w
⋮				⋮			⋮	⋮		
1 <sup>st</sup> Pell				2 <sup>nd</sup> Pell 20 h, 20 w			3 <sup>rd</sup> Pell 40 h, 36 w	4 <sup>th</sup> Pell 50 h, 44 w		

- Student fails two 5-hour classes that are completed at end of program.
- Pell payment periods are extended to successfully complete the hours and weeks of each payment period.



## Additional Case #4

### Example – Nonterm Undergraduate Certificate Program

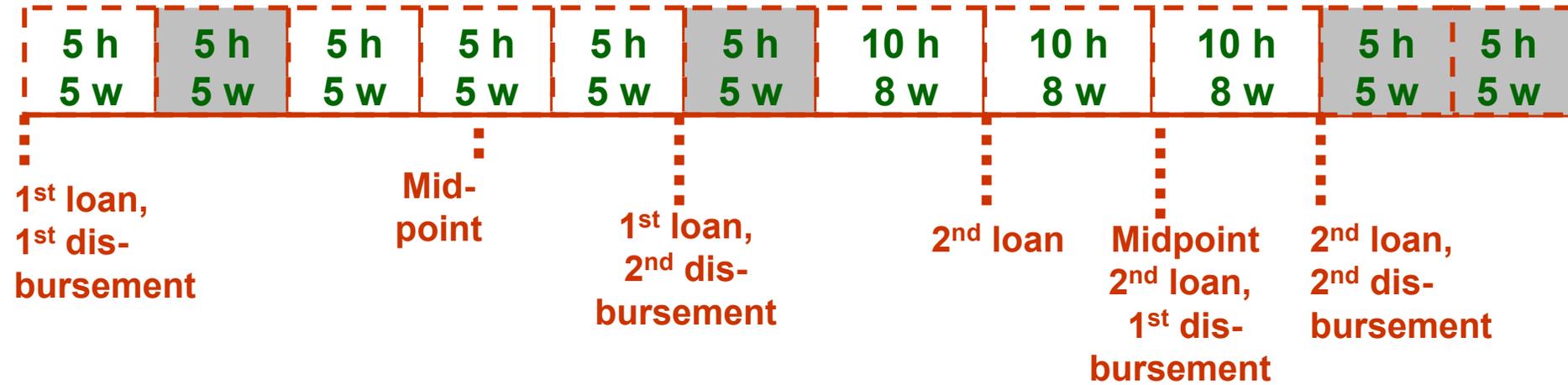


- Second loan period starts after the first loan period but the first disbursement of the second loan cannot be made until the student has earned the 40 hours in the first loan period at the end of the second 10-hour module.
- Second disbursement of the second loan may be made after the student completes an additional 10 hours at the end of the third 10-hour module and passes the calendar midpoint of the loan period.



## Additional Case #4

### Example – Nonterm Undergraduate Certificate Program



- Note that there are no additional costs of attendance because the period of attendance is extended.



## Additional Case #5

### Points Illustrated

- No loan proration for graduate program less than an academic year in length
- Determining weeks of instructional time
- No hours in academic year definition
- Twelve-month limit on a loan period



## Additional Case #5

### Example – Nonterm Masters Degree

4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

- **Program =**
  - ▼ 13 consecutive modules over 15 months
  - ▼ Each module = 4 quarter hours
  - ▼ 4 consecutive days of attendance each month for the first 12 modules
  - ▼ 13<sup>th</sup> module is a 3-month research project
- Academic year = 30 weeks of instructional time



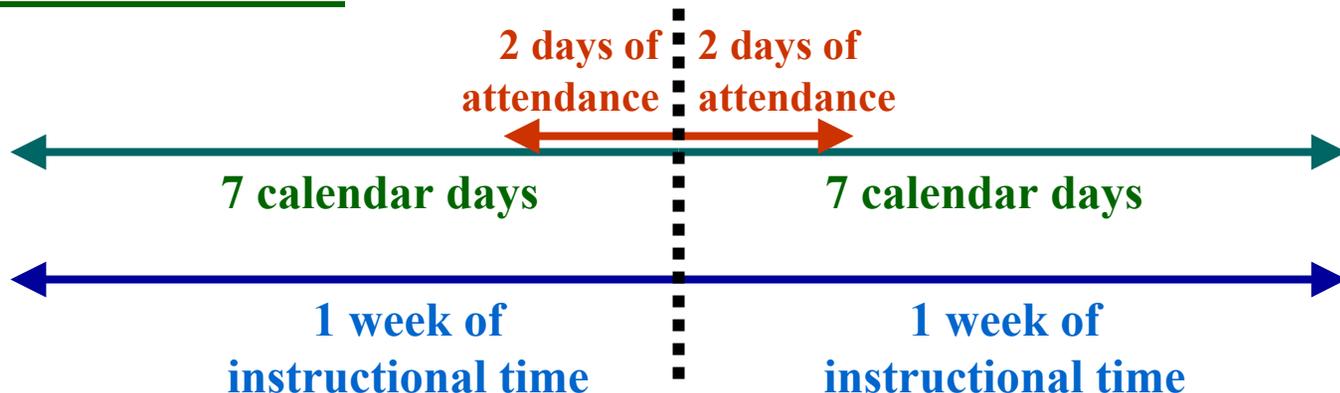
# Additional Case #5

## Example – Nonterm Masters Degree

4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h	4 h
-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

### ■ Weeks of instructional time

- ▼ 4 consecutive days of attendance each month = 2 weeks of instructional time

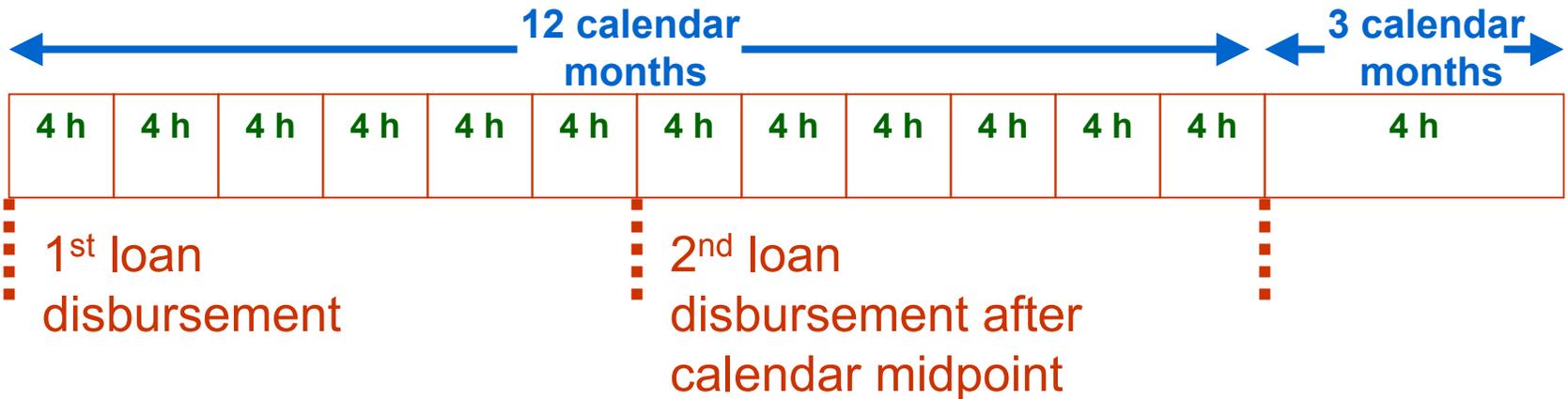


- ▼ 13<sup>th</sup> module has 3 weeks of instructional time.



## Additional Case #5

### Example – Nonterm Masters Degree

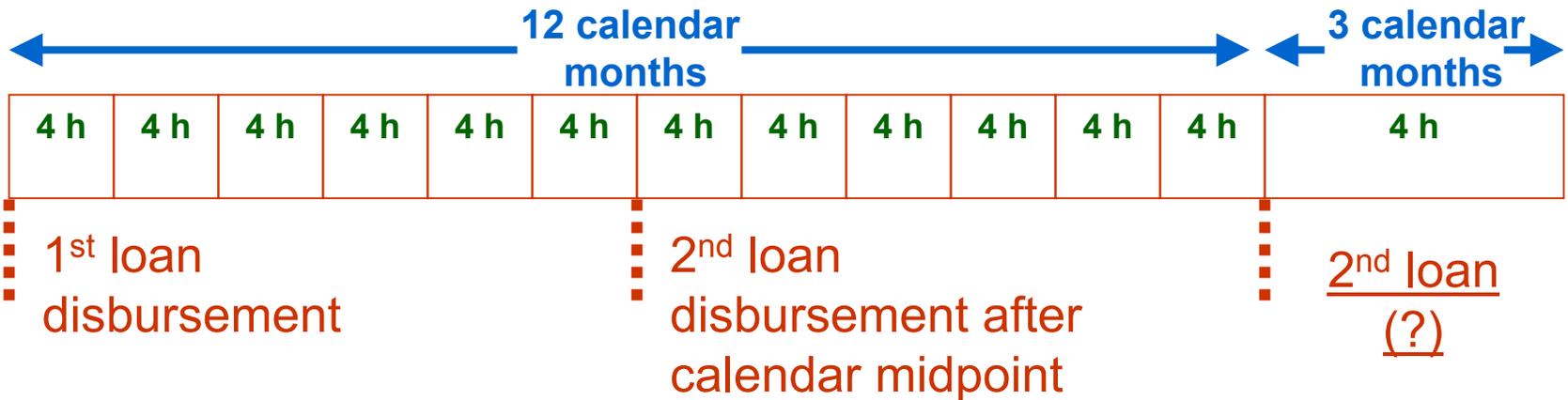


- No loan period can exceed 12 calendar months.
- Loan period = 24 weeks of instructional time.
- Graduate program, no proration.



# Additional Case #5

## Example – Nonterm Masters Degree



- **FFEL:** The remaining period of 3 weeks of instructional time may be shorter than the period for which FFEL lenders and guaranty agencies generally make and guarantee loans.
- **Direct Loans** would accept a new loan.



## Additional Case #6

### Points Illustrated

- **Potential treatment of loan periods for a nonstandard-term program depending on the academic year definition adopted.**



## Additional Case #6

### Example – Undergraduate Certificate Program

8 weeks 6 credits	10 weeks 9 credits	<del>9 weeks</del> 3 cr: 3 cr: 3 cr	10 weeks 9 credits	3 wks 3 cr
----------------------	-----------------------	--	-----------------------	---------------

- Academic calendar = 40 weeks of instructional time and 36 semester hours offered over 5 nonstandard terms
- Must use a borrow-based academic (BBAY) for loans.



## Additional Case #6

### Example – Undergraduate Certificate Program

8 weeks 6 credits	10 weeks 9 credits	<del>9 weeks</del> 3 cr: 3 cr: 3 cr	10 weeks 9 credits	3 wks 3 cr
----------------------	-----------------------	--	-----------------------	---------------

- **School may define the academic year—**
  - ▼ As greater than the minimums to coincide with the end of a term or module (Option 1), or
  - ▼ As at least the statutory minimum weeks of instructional time and hours even though they do not coincide with the end of a term or module (Options 2 and 3).



# Additional Case #6

## Option 1

### Example – Undergraduate Certificate Program

8 weeks 6 credits	10 weeks 9 credits	9 weeks 3 cr   3 cr   3 cr	10 weeks 9 credits	3 wks 3 cr
----------------------	-----------------------	-------------------------------	-----------------------	---------------

Start of loan  
period

End of loan  
period

- Option 1: Academic year = 33 semester hours and 37 weeks of instructional time to coincide with the end of a term.
- Use BBAY to end of fourth term.



# Additional Case #6

## Option 1

### Example – Undergraduate Certificate Program

8 weeks 6 credits	10 weeks 9 credits	9 weeks 3 cr   3 cr   3 cr	10 weeks 9 credits	3 wks 3 cr
Loan, 1 <sup>st</sup> Disbursement		Mid- point	Loan, 2 <sup>nd</sup> Disbursement	End of loan period

- Second disbursement of the loan cannot be made until the end of the first module of the third term when half the semester hours of the loan period (17 semester hours) have been successfully completed and the loan period calendar midpoint is passed.
- The remaining balance of the program is generally too short for a second loan to be approved by FFEL lenders and guaranty agencies. DL would approve a prorated loan.



# Additional Case #6

## Options 2 and 3

### Example – Undergraduate Certificate Program

8 weeks 6 credits	10 weeks 9 credits	<del>9 weeks</del> 3 cr: 3 cr: 3 cr	10 weeks 9 credits	3 wks 3 cr
----------------------	-----------------------	--	-----------------------	---------------

- Options 2 and 3 - If using the minimum measures with an academic year of 24 semester hours and 30 weeks of instructional time, two options for loan periods can be identified.



# Additional Case #6

## Option 2

### Example – Undergraduate Certificate Program

8 weeks 6 credits	10 weeks 9 credits	<del>9 weeks</del> 3 cr: 3 cr: 3 cr	10 weeks 9 credits	3 wks 3 cr
----------------------	-----------------------	--	-----------------------	---------------

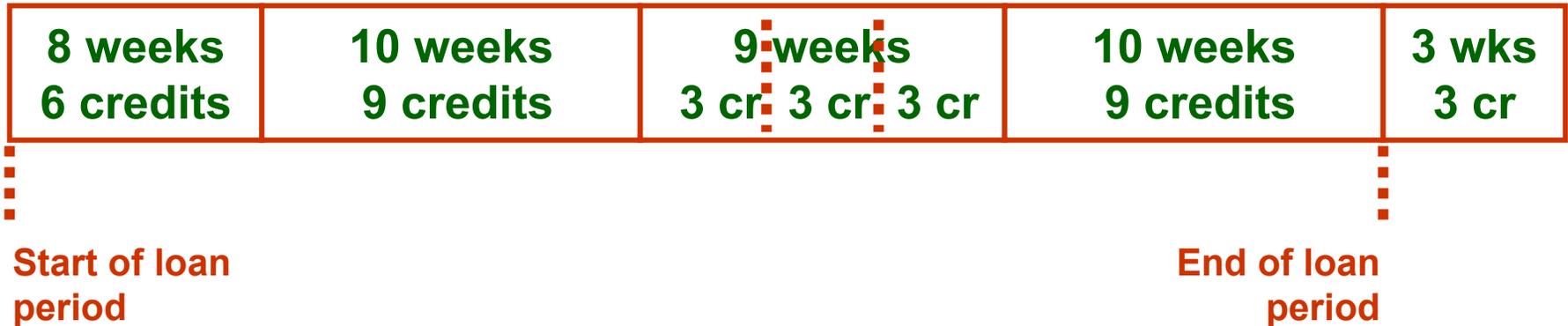
- Option 2 - Academic year = 24 semester hours and 30 weeks of instructional time and does not coincide with the end of a term or module.



# Additional Case #6

## Option 2

### Example – Undergraduate Certificate Program



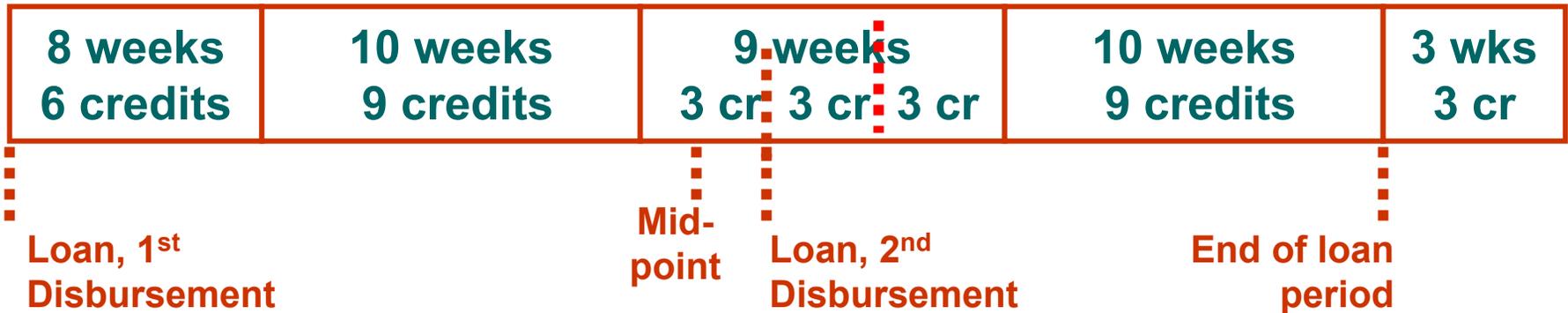
- Loan period greater than the defined academic year to coincide with the end of a term or module



# Additional Case #6

## Option 2

### Example – Undergraduate Certificate Program



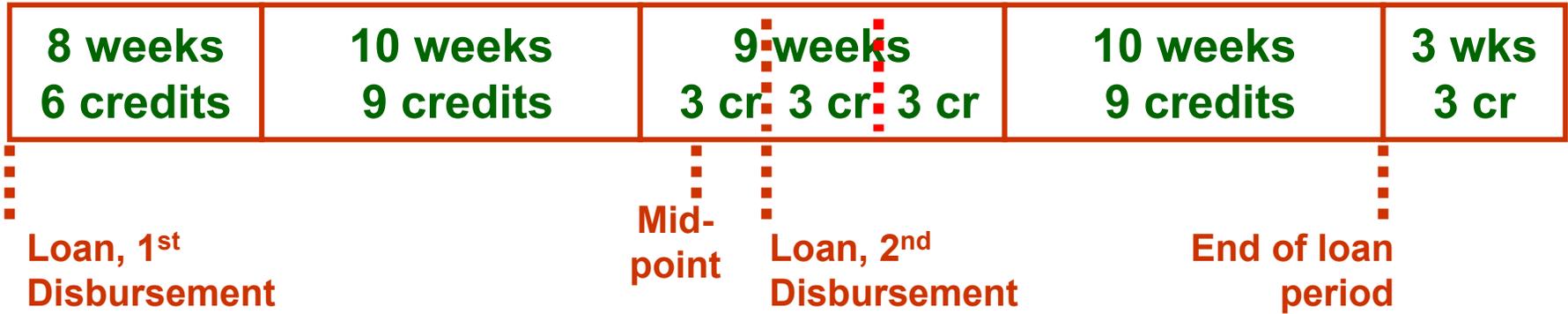
- As in Option 1, the second disbursement of the loan cannot be made until the end of the first module of the third term when half the semester hours of the loan period (17 semester hours) have been successfully completed and the loan period calendar midpoint is passed.
- The remaining balance of the program is generally too short for a second loan to be approved by FFEL lenders and guaranty agencies. DL would approve a prorated loan.



# Additional Case #6

## Option 2

### Example – Undergraduate Certificate Program



- By using the minimum allowed defined academic year, Pell payments for a payment period are increased.
- By certifying the loan for a period greater than the minimum to coincide with the end of a module, other aspects of program administration such as return of Title IV are simplified.



# Additional Case #6

## Option 3

### Example – Undergraduate Certificate Program

8 weeks 6 credits	10 weeks 9 credits	<del>9 weeks</del> 3 cr: 3 cr: 3 cr	10 weeks 9 credits	3 wks 3 cr
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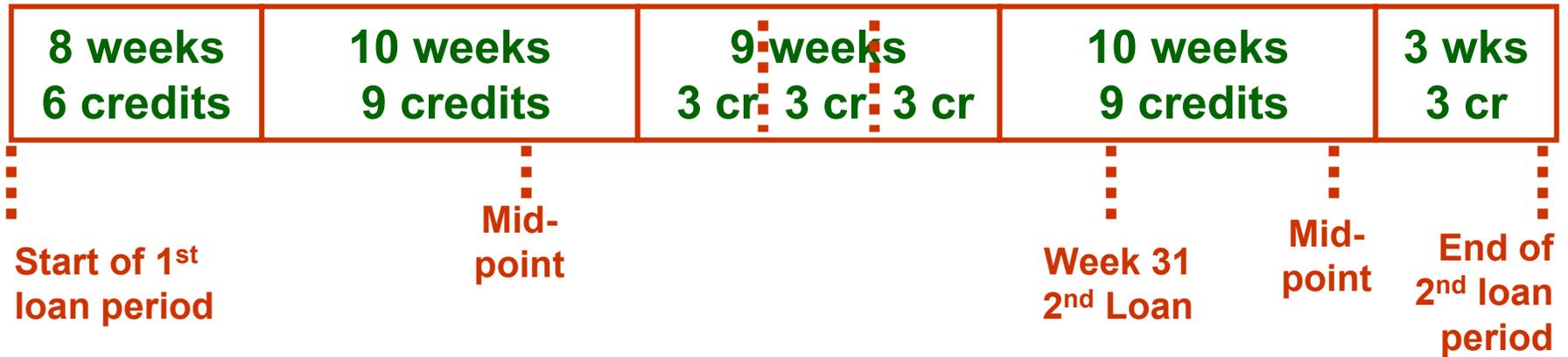
- Option 3 - Academic year = 24 semester hours and 30 weeks of instructional time and does not coincide with the end of a term or module.



# Additional Case #6

## Option 3

### Example – Undergraduate Certificate Program



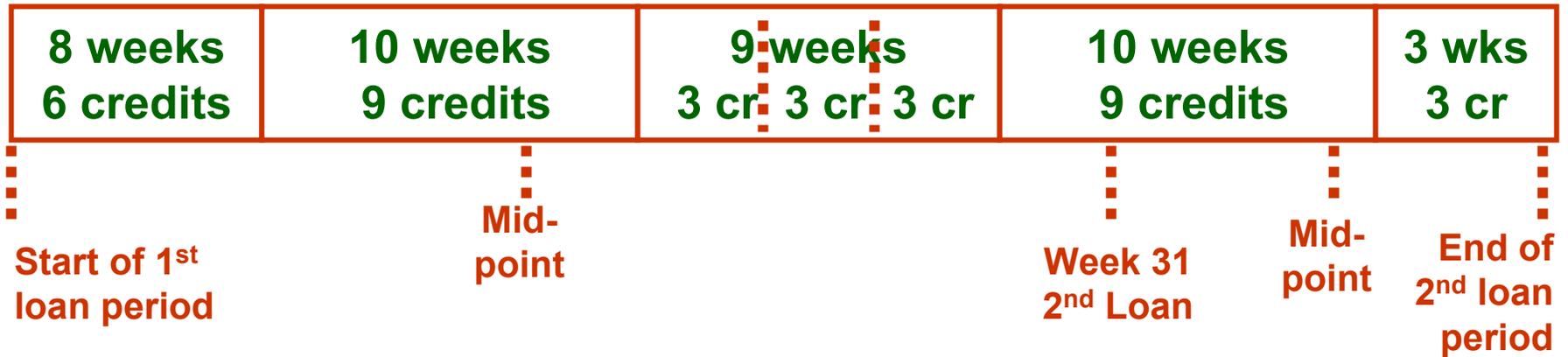
- The first loan period is for the academic year, and the second loan period is for the remainder of the program.



# Additional Case #6

## Option 3

### Example – Undergraduate Certificate Program



- For the second loan period, the loan limit is prorated by the hours remaining in the program compared to the defined academic year:

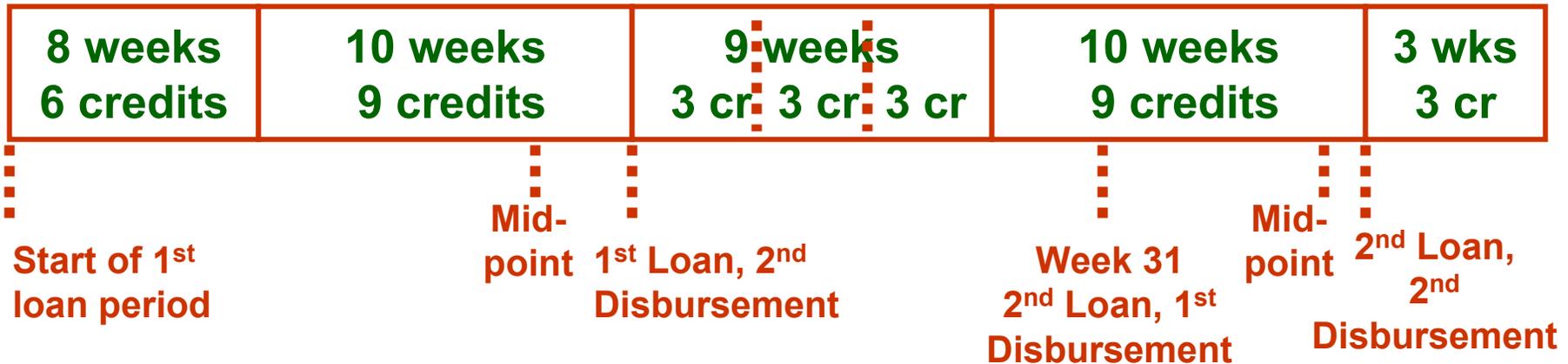
12/24



# Additional Case #6

## Option 3

### Example – Undergraduate Certificate Program

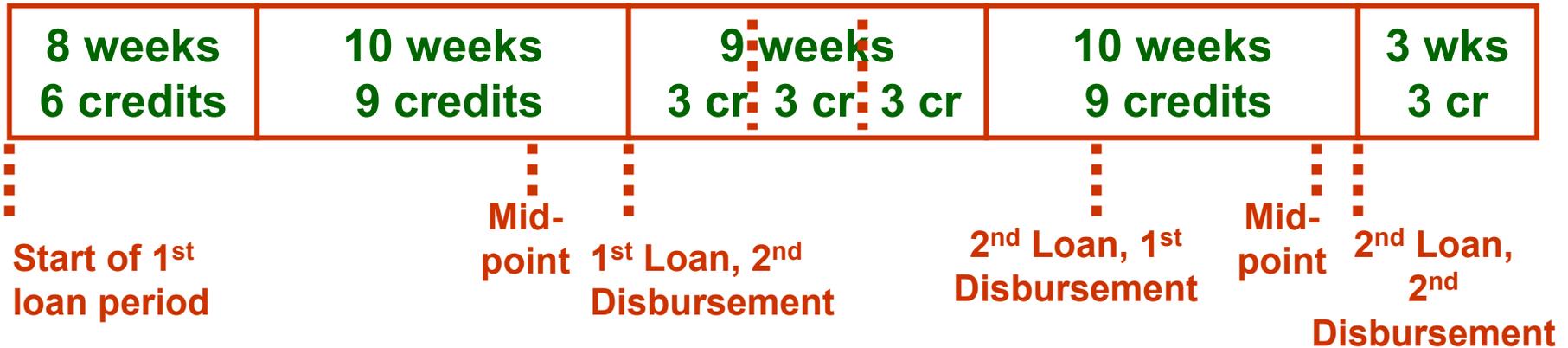


- The second disbursement of the first loan cannot be made until the end of the second term when half the semester hours of the loan period (12 semester hours) have been successfully completed and the loan period calendar midpoint is passed.



# Additional Case #6 Option 3

## Example – Undergraduate Certificate Program



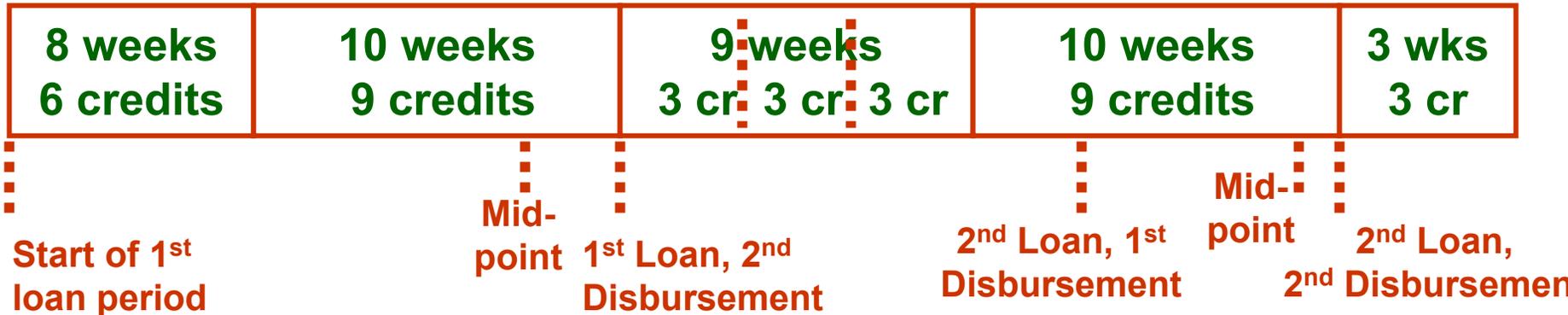
- The second loan would have a first disbursement after the 30<sup>th</sup> week of instructional time. The second disbursement would be made after the student completes 6 additional hours beyond the first loan period and passed the calendar midpoint of the second loan period.



# Additional Case #6

## Option 3

### Example – Undergraduate Certificate Program



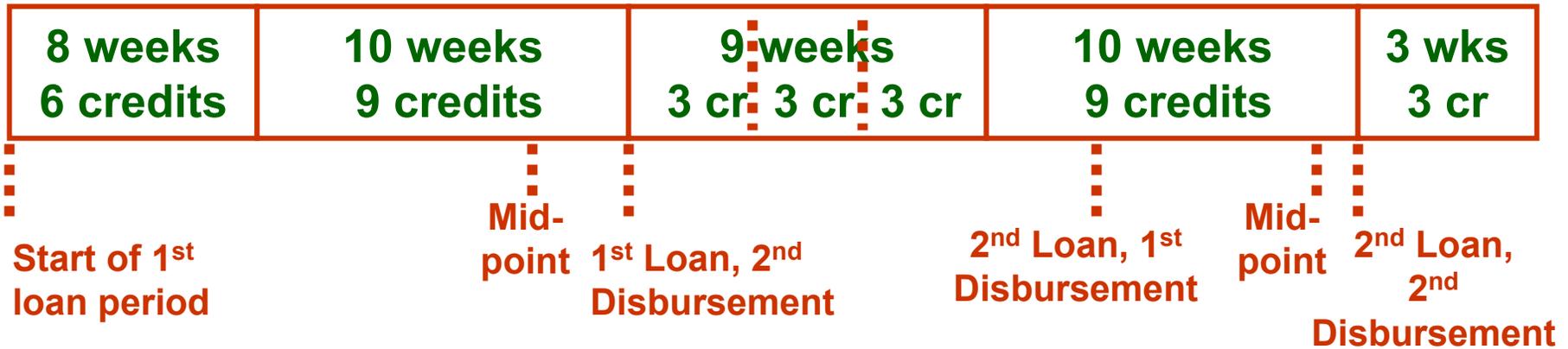
- Costs to be included in loan periods depends on whether the school charged up-front or by term.
- In Option 3, if costs are by the term, then the direct costs that are charged in the loan period include the fourth term but not the fifth term in the 1st loan period. The indirect costs for the 1st loan period would be those through the 30th week.
- If the institution charged up-front, all those costs would be in the first loan period with the indirect costs being through the 30th week for the first loan.



# Additional Case #6

## Option 3

### Example – Undergraduate Certificate Program



- By using the minimum allowed defined academic year, both Pell payments for a payment period and loan amounts are increased.
- This option creates complications in other aspects of program administration such as return of Title IV.



## Additional Case #7

### Points Illustrated

- Program less than an academic year in length because one measure is less than an academic year
- Proration of maximum loan amount



## Additional Case #7

### Example – Nonterm Undergraduate Certificate Program

- Academic calendar = 30 quarter hours over 30 weeks of instructional time
- Academic year = 36 quarter hours and 30 weeks of instructional time



## Additional Case #7

### Example – Nonterm Undergraduate Certificate Program

15 quarter hours 15 weeks	15 quarter hours 15 weeks
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- Program < academic year in length
- Two payment periods
- Maximum loan amount prorated by 30/36; lesser of  
wks in program/wks in ac yr  
or  
hrs in program/hrs in ac yr