



Session 15

Delivering Aid in the 21st Century: Beyond Standard Terms

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U.S. Department of Education



Overview

- **Getting Started**
- **Pell and Loan Basic Requirements**
- **Case Studies**
 - ▲ **Standard Terms**
 - ▲ **Nonstandard Terms**
 - ▲ **Nonterm**
- **Additional handouts:**
 - ▲ **Toolbox**
 - ▲ **Additional Case Studies**



Overview

Focus

- **Federal Pell Grant Program**
- **Loan Programs: FFEL and DL**
- **How to determine payment amounts and when to make disbursements**



Overview

Expectations/Frustrations

- **What can you expect from this session?**
- **Is there information that you may not get from this session?**
- **What you can expect from me and other ED personnel?**



Getting Started



Getting Started

For Each Academic Program

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



Getting Started

For Each Academic Program

- **Academic calendar**
 - ▼ **Term using credit hours**
 - Standard Term
 - Nonstandard Term
 - ▼ **Nonterm credit hour**
 - ▼ **Clock hour – term and nonterm**



Getting Started

For Each Academic Program

- **Program's weeks of instructional time**
 - ▼ Definition of a week of instructional time
 - ▼ Relationship to calendar time

Getting Started

For Each Academic Program

- **Definitions 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

- **Payment periods**
 - ▼ Terms using credit hours
 - ▼ Nonterm with credit hours
 - ▼ Clock-hours



Getting Started

For Each Academic Program

- **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)
- **Loan periods – without payment periods**
 - ▼ Nonstandard-term programs with terms unequal in length
 - ▼ Nonterm credit-hour programs
 - ▼ Clock-hour programs



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

- **Consider**
 - ▲ Payment periods
 - ▲ Weeks of instructional time
 - ▲ Calendar time
 - ▲ Credit or clock hours

- **May determine**
 - ▲ Loan period
 - ▲ Delivery of proceeds
 - ▲ Loan maximums



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**
- **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**
 - ▼ Deliver loan proceeds by payment period
- **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

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



Program Requirements

Issues for Standard Term, Nonstandard Term, and Nonterm Programs

- Measures of academic progress
- Payment period
- Enrollment status
- Pell payments and disbursements
- Loan periods, loan limits, and delivery



Standard Terms



Standard Terms

Academic Progress

- The number of credit hours attempted

Payment Period

- Quarter, trimester, or semester



Standard 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

Standard Terms

Pell Formula

- Pell formula 3 – nontraditional calendars must use



Standard Terms

FFEL and DL – Loan Period

- The minimum loan period generally is a term.
- A loan period may not exceed 12 calendar months.

Standard Terms

FFEL and DL – Delivery

- 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.

Standard Terms

Example – nontraditional semester program

16 weeks	15 weeks
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- 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.

Standard Terms

Example – nontraditional semester program

16 weeks	15 weeks
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- Academic year = 24 semester hours and 30 weeks of instructional time
- Full-time = 12 semester hours



Standard Terms

Example – nontraditional semester program

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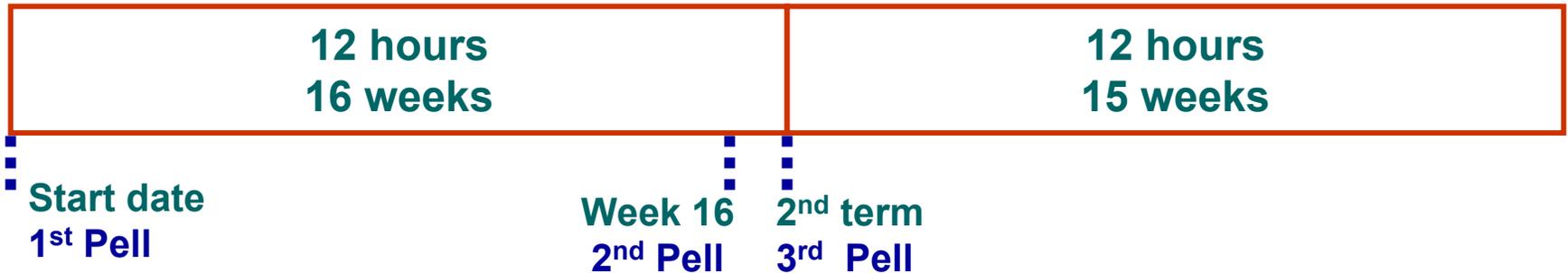
- **Student enrolls for 12 semester hours in each term.**
- **Student has \$1,000 Pell Scheduled Award.**



Standard Terms

Pell

Example – nontraditional semester program



■ Pell formula 3

▼ Payment for payment period =

$16/30 \times \text{Scheduled Award (1st term)}$

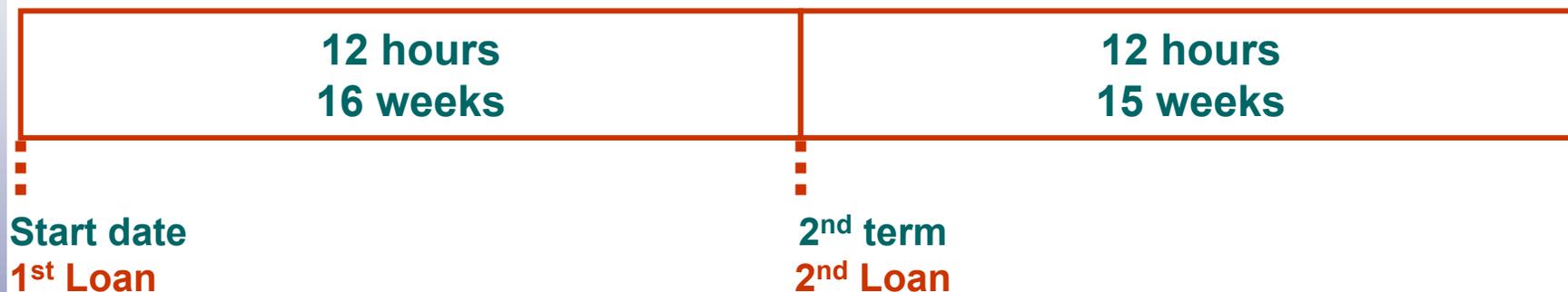
\$533 – at least two disbursements required: \$500 and \$33

$15/30 \times \text{Scheduled Award (2nd term)}$

\$500 – disburse only \$467 of Scheduled Award remaining

Standard Terms Loans

Example – nontraditional semester program

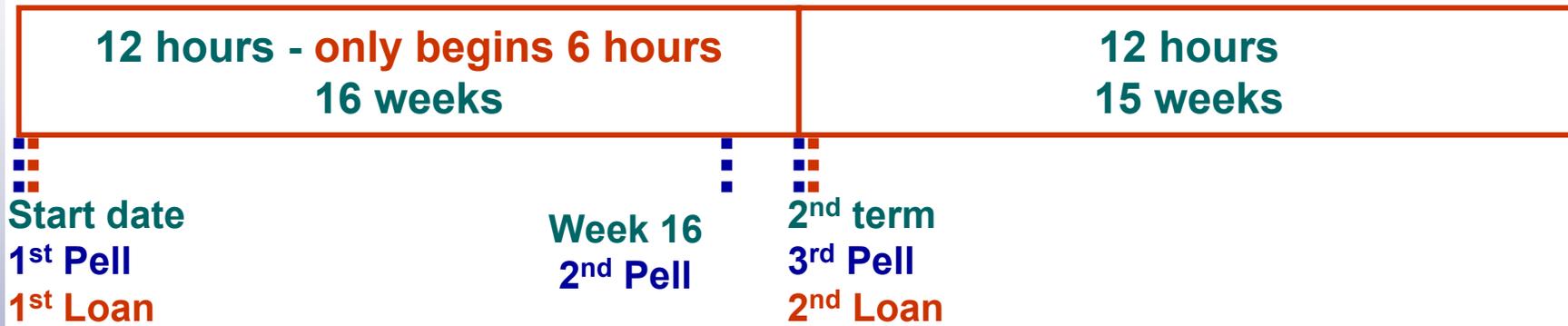


- Loan period = two terms
- One-half of loan proceeds for each term

Standard Terms

Pell and Loans

Example – nontraditional semester program



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



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 for an undergraduate program must be calculated for each term 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

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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

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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.



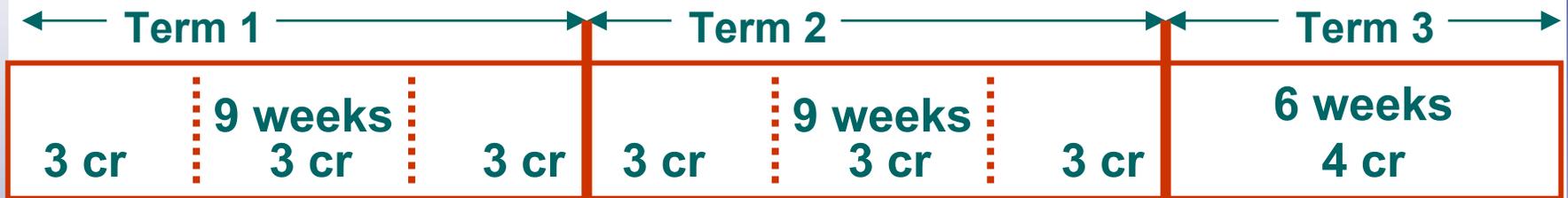
Nonstandard Terms

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

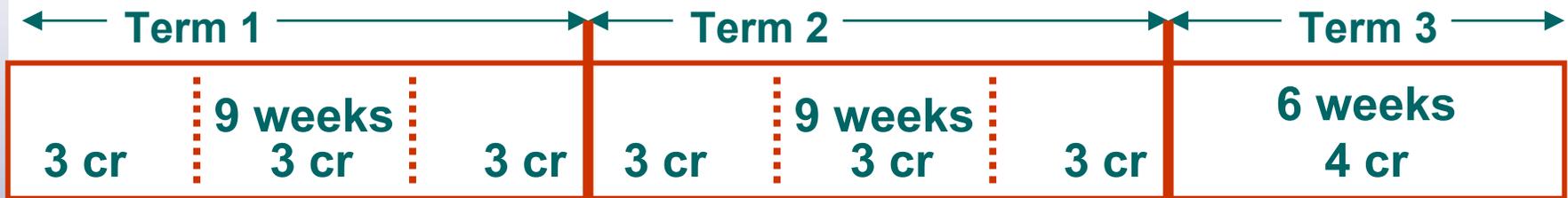
Example – Undergraduate Certificate Program



- Academic calendar = 24 weeks of instructional time and 22 semester hours offered over 3 nonstandard terms
- Academic calendar has a two-calendar-week holiday between the first two terms.

Nonstandard Terms

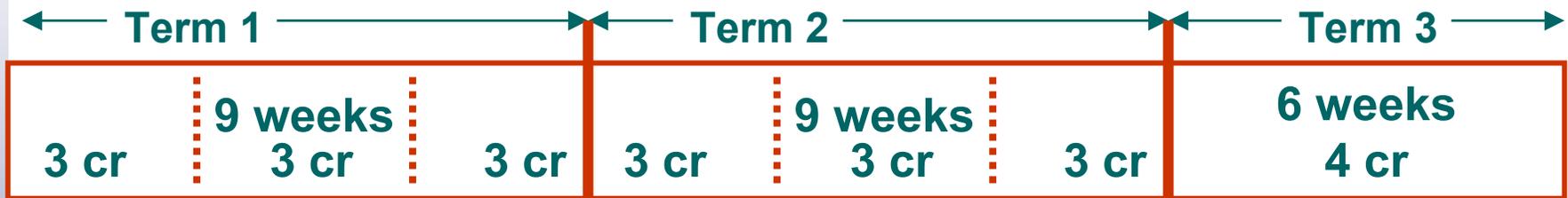
Example – Undergraduate Certificate Program



- **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)

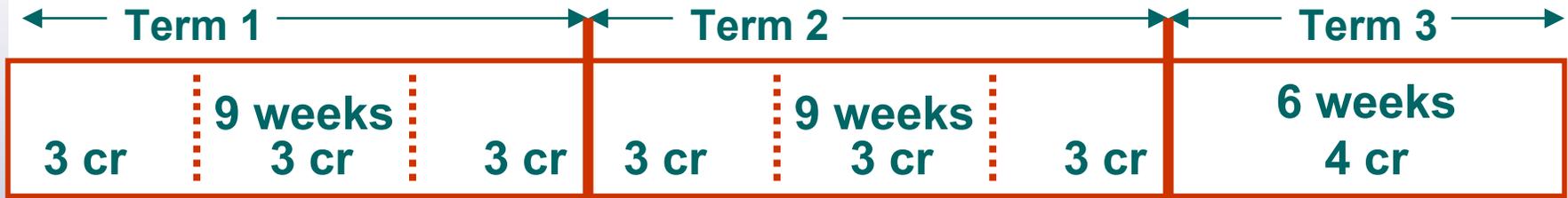
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Weeks of instructional time in
the payment period

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.

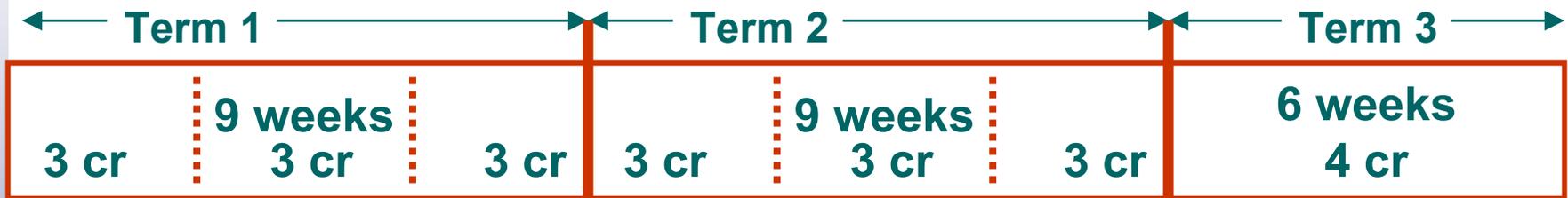
4 (hours attending) / 5 (hours for full-time) = .8.

Student is three-quarter time for the third term.

Nonstandard Terms

Pell

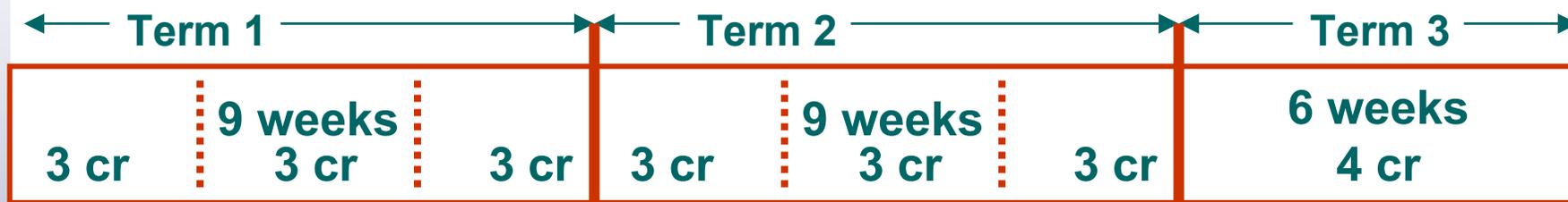
Example – Undergraduate Certificate Program



- Pell payment for a payment period

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

Example – Undergraduate Certificate Program



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

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

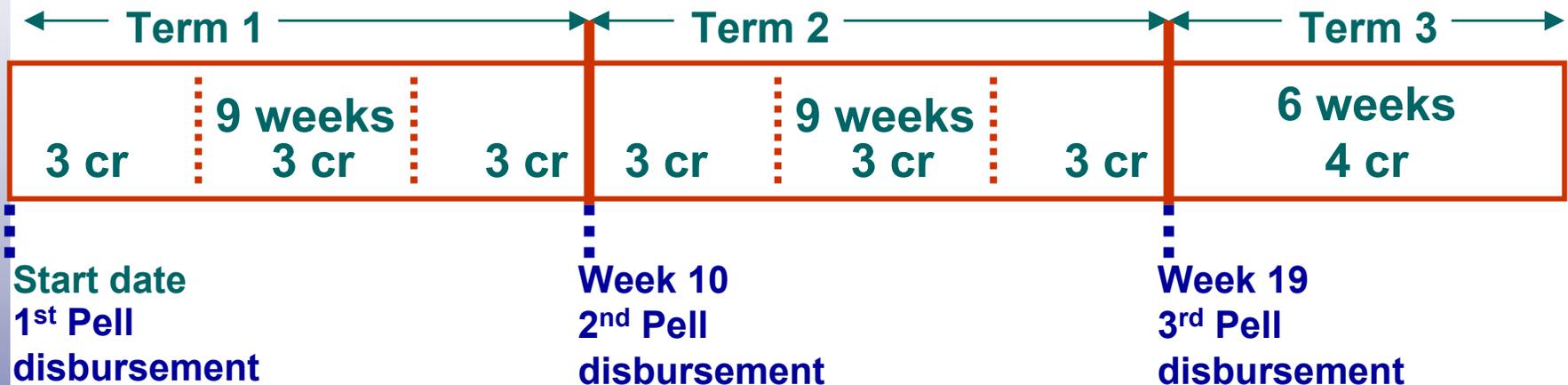
$$\$4,000 \times \frac{9}{30} = \$1,200$$

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

Nonstandard Terms

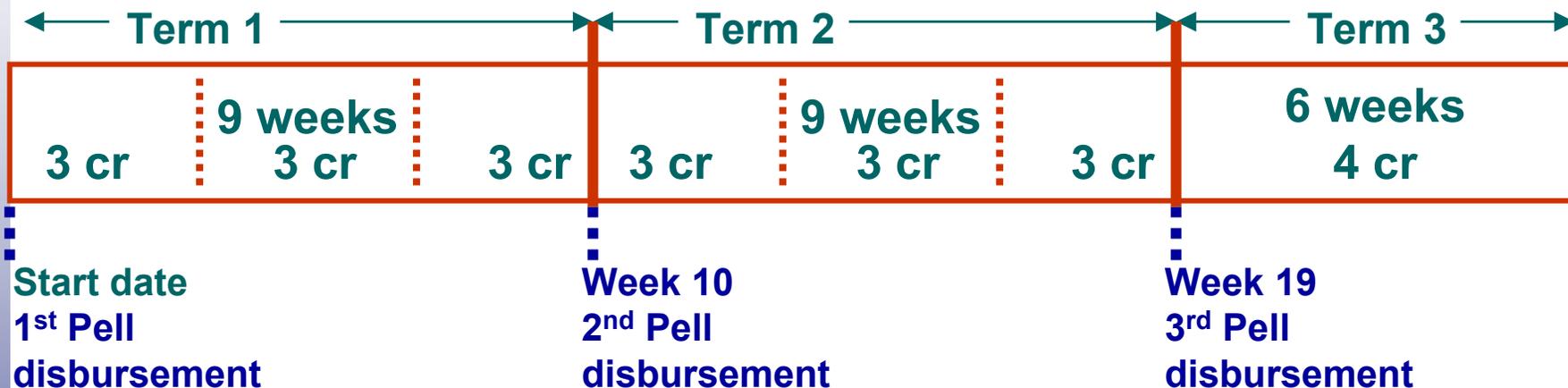
Pell

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)

Example – Undergraduate Certificate Program



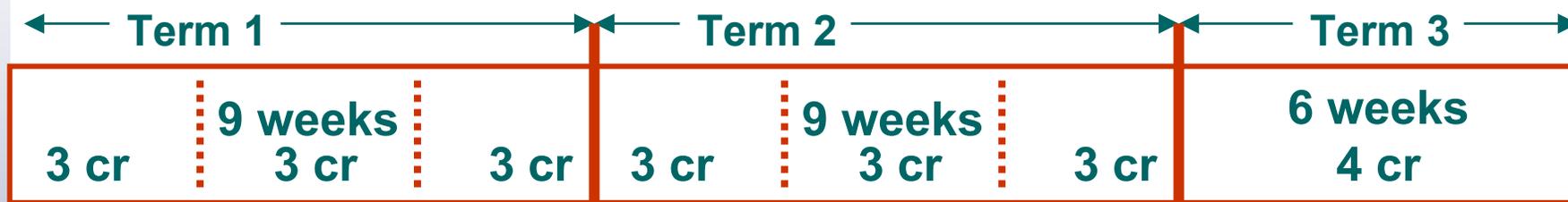
- In each payment period, an institution may use multiple disbursements to best meet the student's need.
- Disbursements within a payment period may be unequal.



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

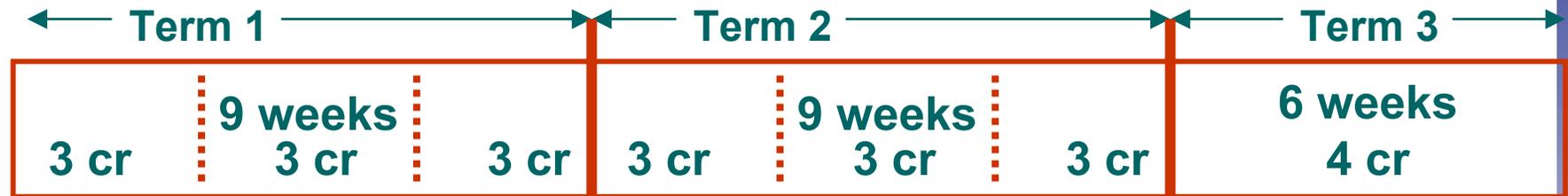
$$\frac{\text{Weeks in program (24)}}{\text{Weeks in defined academic year (30)}}$$

- 24/30 is the lesser fraction.

Nonstandard Terms

Loans

Example – Undergraduate Certificate Program



Start date

1st Loan

disbursement

Midpoint

2nd Loan

disbursement

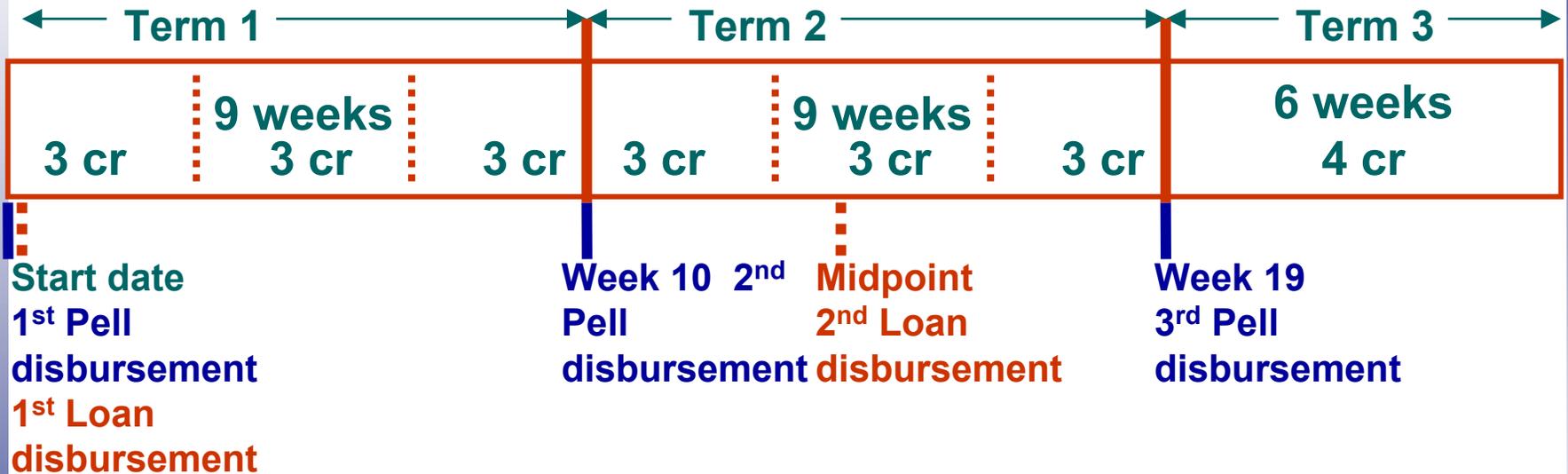
- **Student A's second disbursement after earning half the hours in the program (11 credit hours) and passing calendar midpoint:**

- ▼ 12 credits after 1st module of 2nd term
- ▼ Passes calendar midpoint (after 13 calendar weeks from the start date) during 2nd module of 2nd term

Nonstandard Terms

Pell and Loans

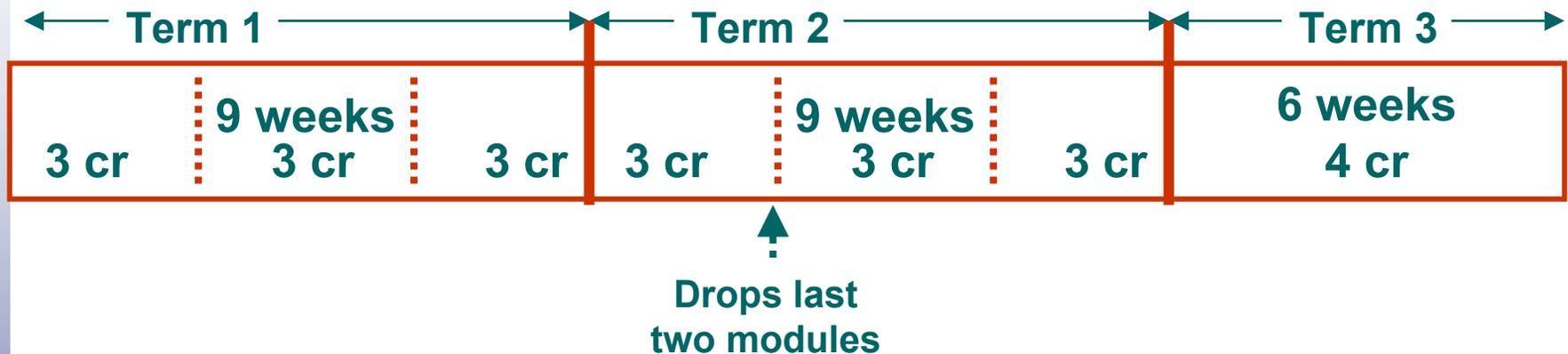
Example – Undergraduate Certificate Program



- Pell and loan disbursements do not coincide.

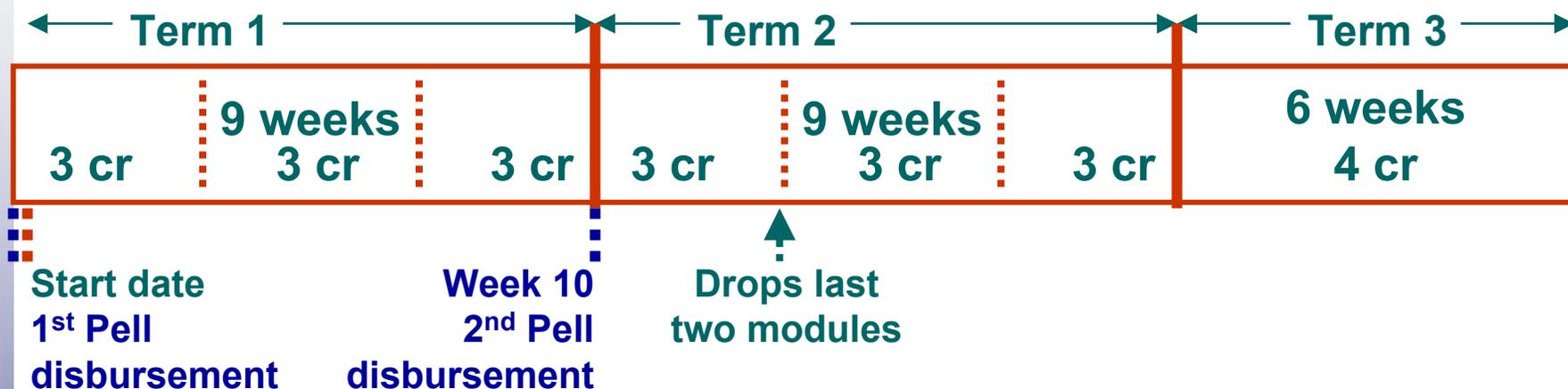
Nonstandard Terms

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 the last two of the 2nd term.

Example – Undergraduate Certificate Program

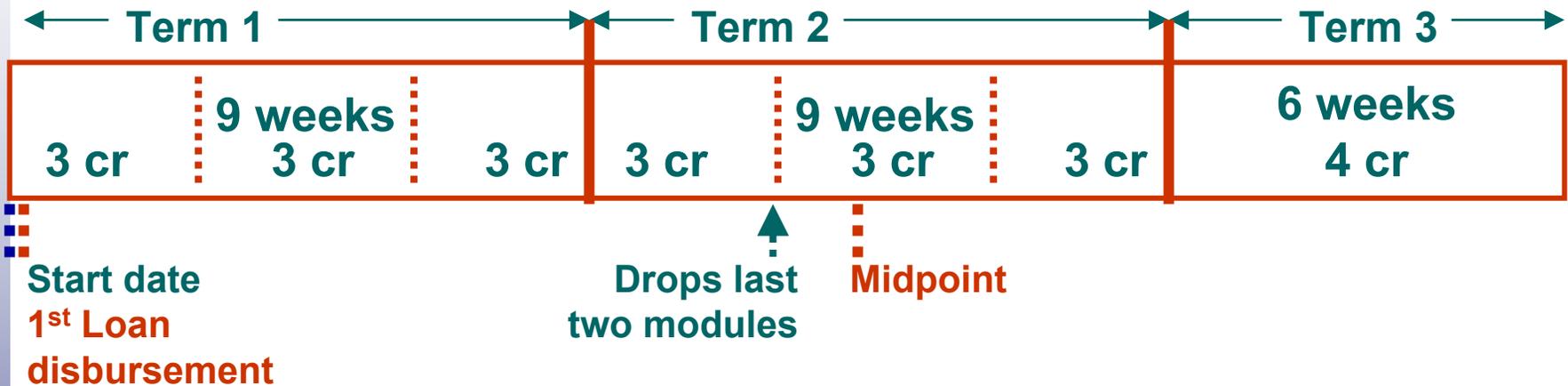


- **Student B** received 2nd \$1,200 Pell disbursement at the beginning of the 2nd term.
- Must recalculate payment for 2nd payment period as a less-than-half-time student.
- Payment is now \$300: $\$1,000 \times \frac{9}{30} = \300

Nonstandard Terms

Loans

Example – Undergraduate Certificate Program

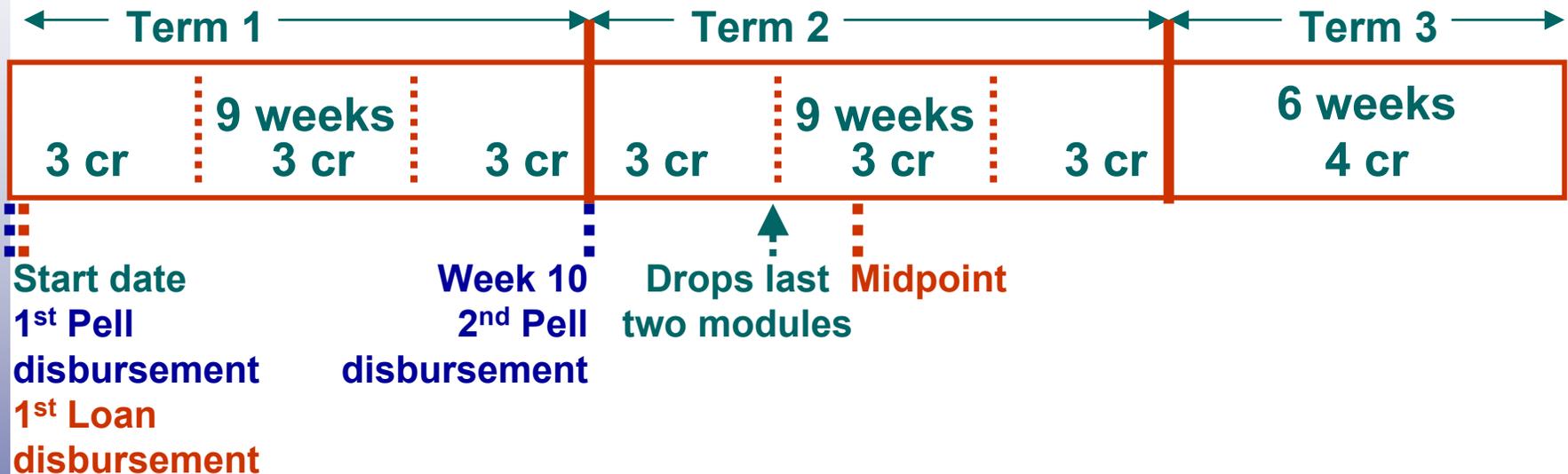


- **Student B does not receive 2nd loan disbursement.**

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.



Spring Conference

New York, New York
2004

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.



Nonterm

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.

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.



Nonterm

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)

12 semester hours 20 weeks	12 semester hours 20 weeks
-------------------------------	-------------------------------

- **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

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

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

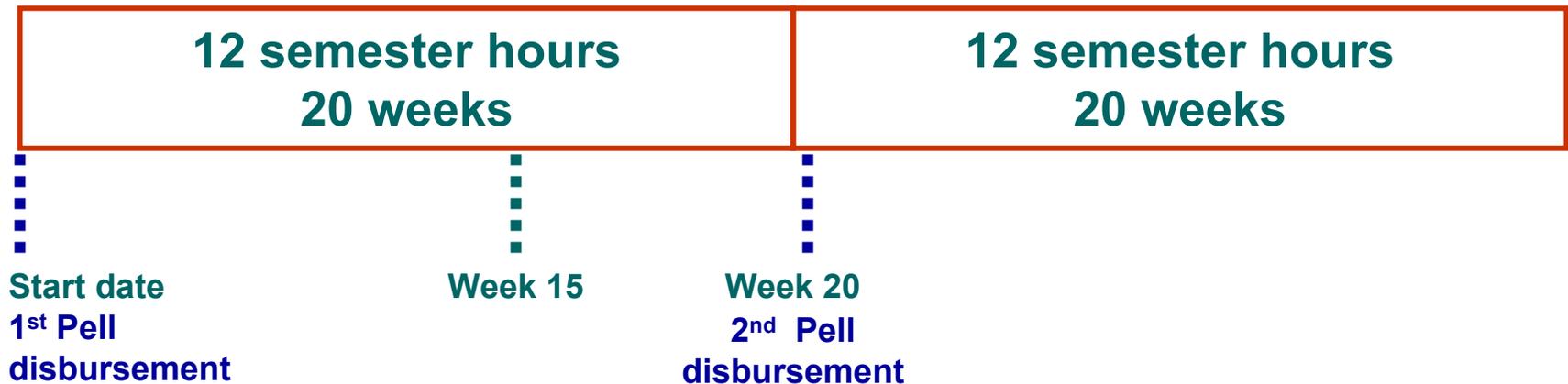
$$\frac{40}{40} \times \$4000 = \$4,000$$

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

Step 3

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

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



- Student completes 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

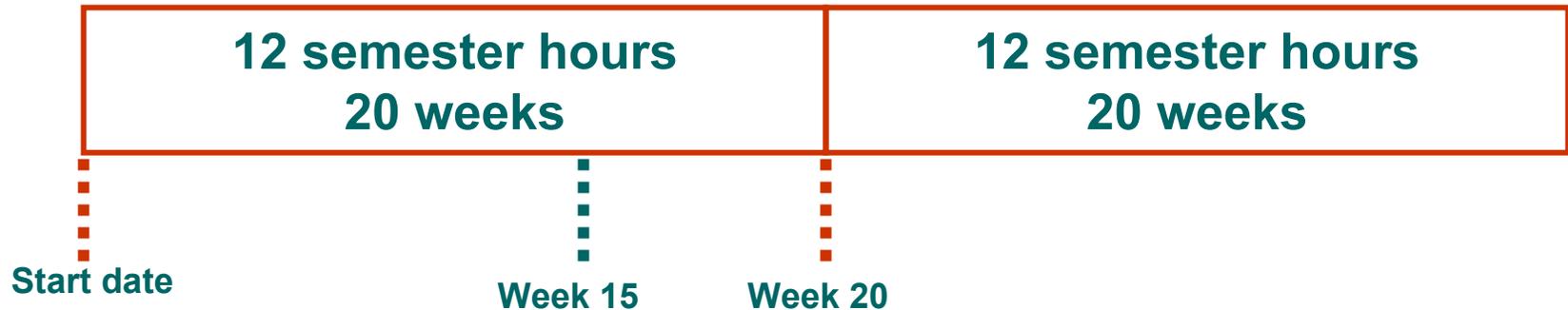
Example – Nonterm Bachelor’s Program (self-paced)

12 semester hours 20 weeks	12 semester hours 20 weeks
-------------------------------	-------------------------------

- 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.

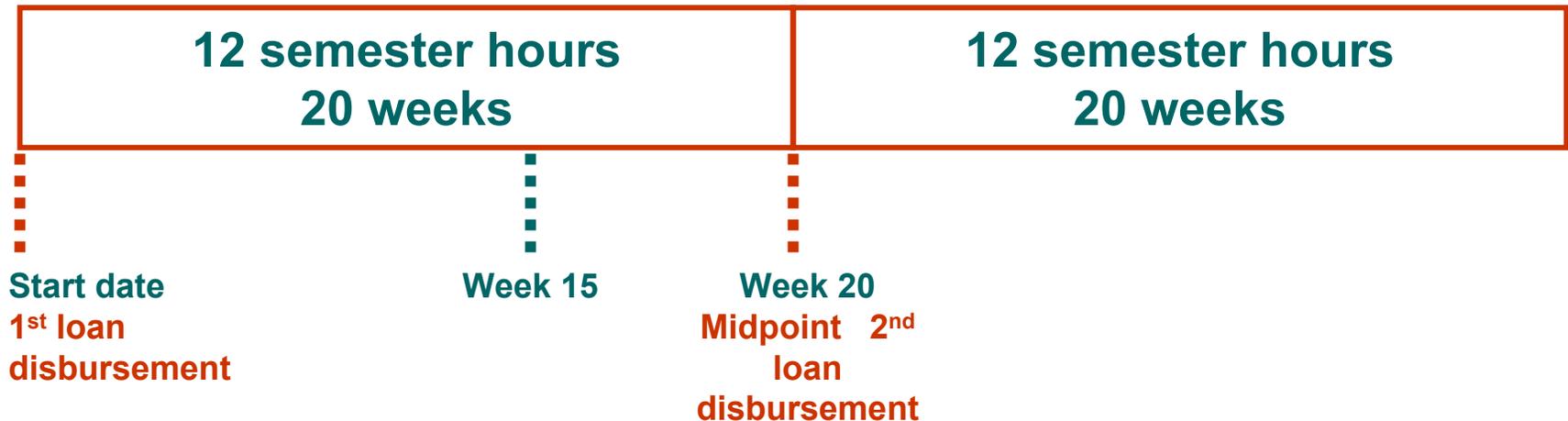
Example – Nonterm Bachelor's Program (self-paced)

loan period before transfer



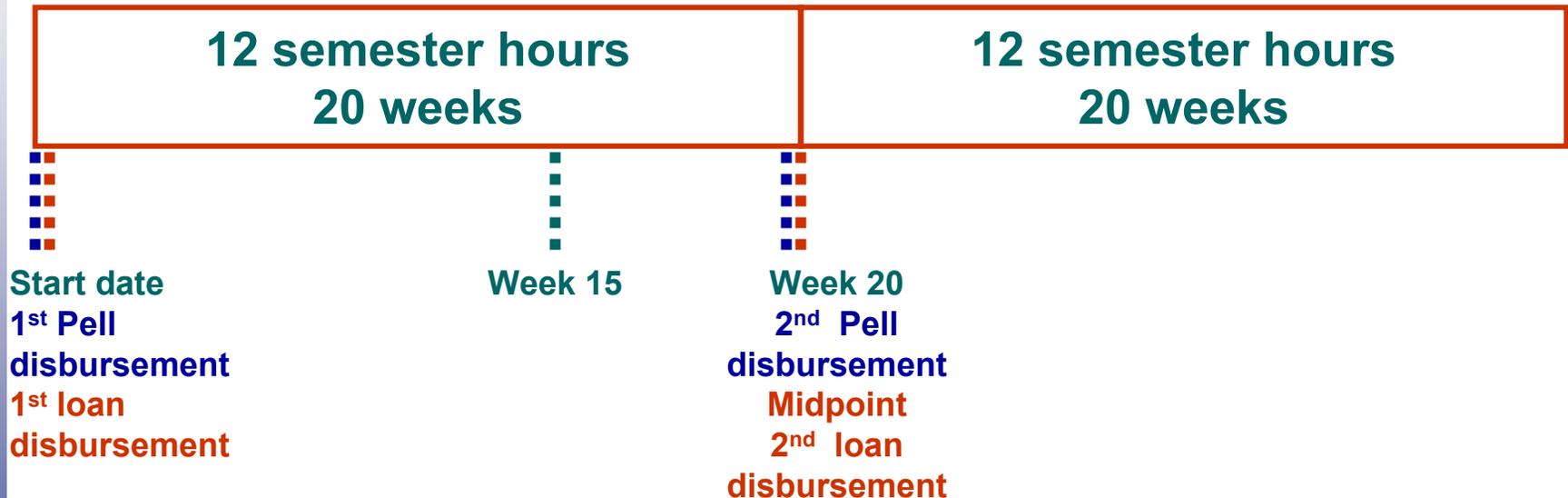
- As a transfer student with an overlapping loan period from the prior enrollment, the student is eligible for an amount determined by subtracting the gross amount received at the prior institution from the loan limit for the new loan.
- Since the program must use BBAY, and institution must certify the 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 20th 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)



- **2nd Pell and loan disbursements coincide.**



Contact Information

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Spring Conference

New York, New York
2004

Toolbox



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
- A segment of a program's academic calendar divided into separate segments
- 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 same dates.**



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**
- **May be the length of a standard term but academic progress not measured with the appropriate credit hours, e.g., 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

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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.**

Pell Formulas

Program Requirements

Federal Pell Grant Program Formulas

- Award Pell “evenly” across defined academic year – both measures
- Consider the weeks of instructional time in the program first, then the credit or clock hours in determining payments for payment periods
- Add incentives for institutions to offer educational programs in reasonable timeframes to ensure a favorable learning environment

Program Requirements

Federal Pell Grant Program Formulas

1 Standard term

- ▼ Credit-hour
- ▼ Fall through spring terms = at least 30 weeks of instructional time
- ▼ Full-time = at least 12 hours for all terms
- ▼ No overlapping terms

2 Standard term

- ▼ Credit-hour
- ▼ Fall through spring terms = less than 30 weeks of instructional time
- ▼ Full-time = at least 12 hours for all terms
- ▼ No overlapping terms



Program Requirements

Federal Pell Grant Program Formulas

- 3 Any term-based credit-hour program including nonstandard-term credit-hour programs**
- 4 Clock-hour and nonterm credit-hour programs**
- 5 Correspondence programs**



Additional Case Studies



Additional Case #1

Points Illustrated

- **Clock-hour example**
- **Payment periods only in 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 2nd loan disbursement**
- **Options on loan periods**



Additional Case #1

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 #1

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 #1

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 #1

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 #1

Example – Nonterm Undergraduate Certificate Program

- **Payment for a payment period calculation for third payment period**

Step 1

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

Step 2

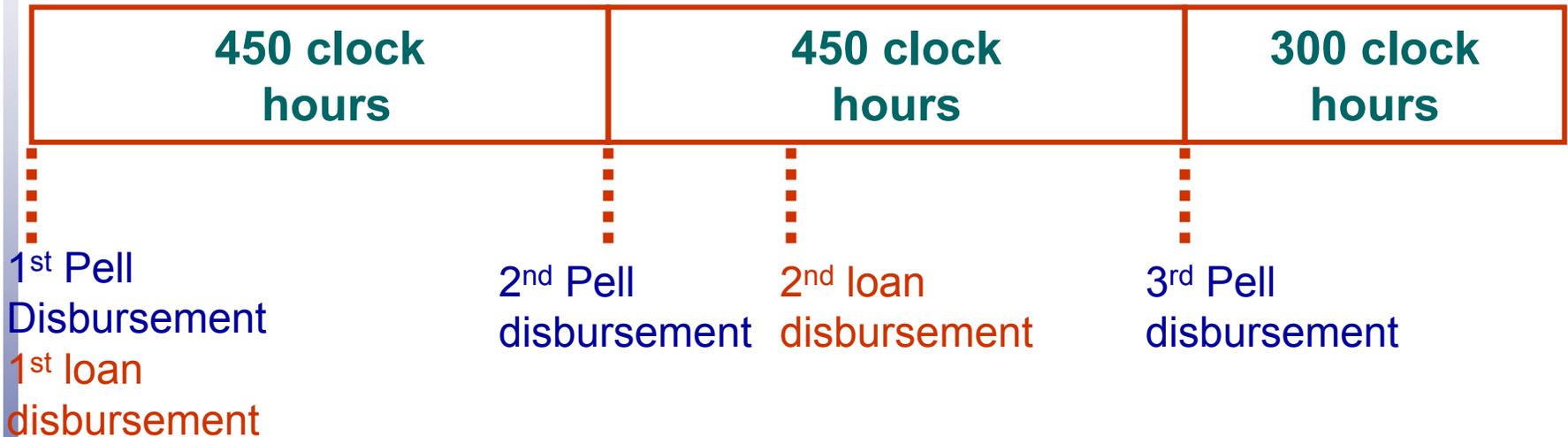
$$\frac{23}{30} \times \$1,000 = \$766.66$$

Step 3

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

Additional Case #1

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 #2

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 #2

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 #2

Example – Nonterm Undergraduate Certificate Program

15 quarter hours 15 weeks	15 quarter hours 15 weeks
------------------------------	------------------------------

- 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



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

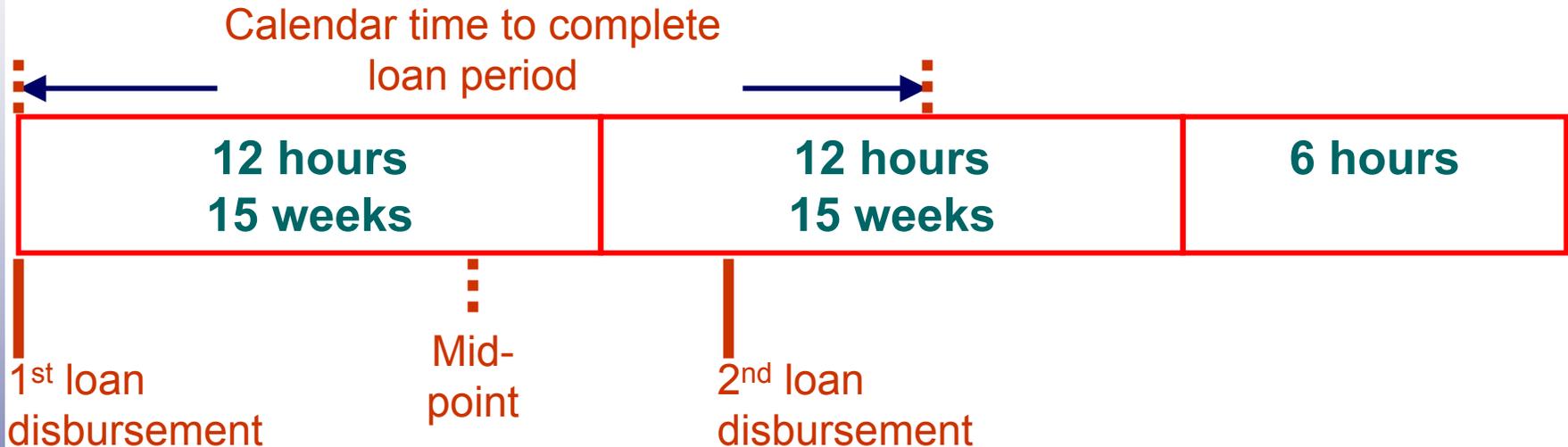
12 hours 15 weeks	12 hours 15 weeks	6 hours
----------------------	----------------------	---------

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

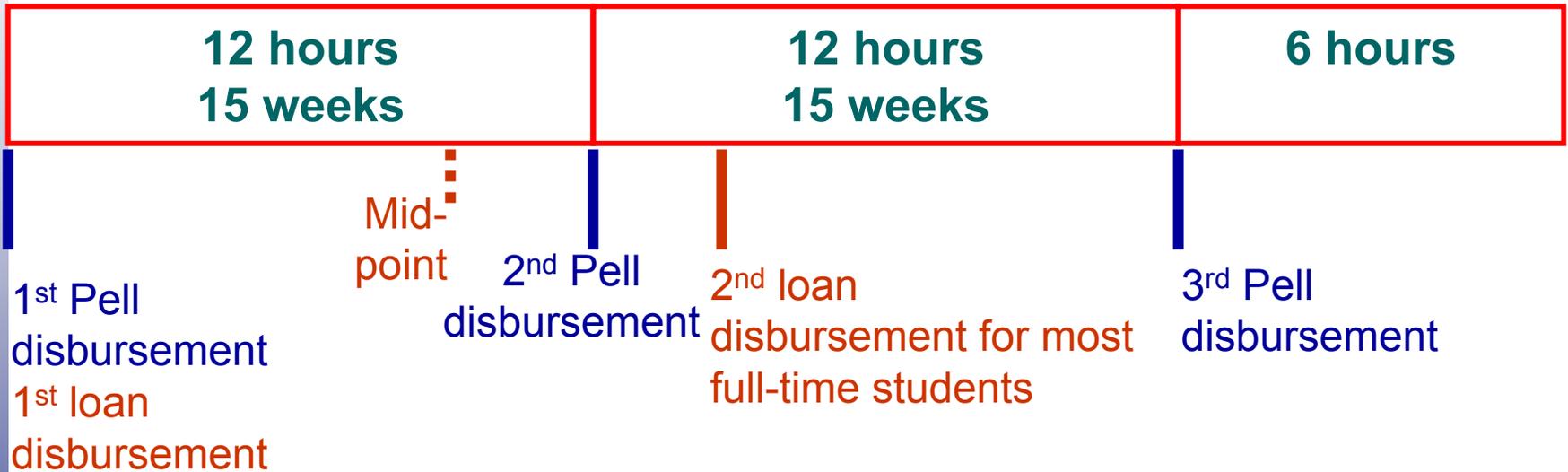
Example – Nonterm Undergraduate Certificate Program



- **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

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 st Pell disbursement				2 nd Pell disbursement 20 h, 20 w		3 rd Pell disbursement 40 h, 38 w		4 th Pell disbursement 50 h, 46 w

- 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)

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

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

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

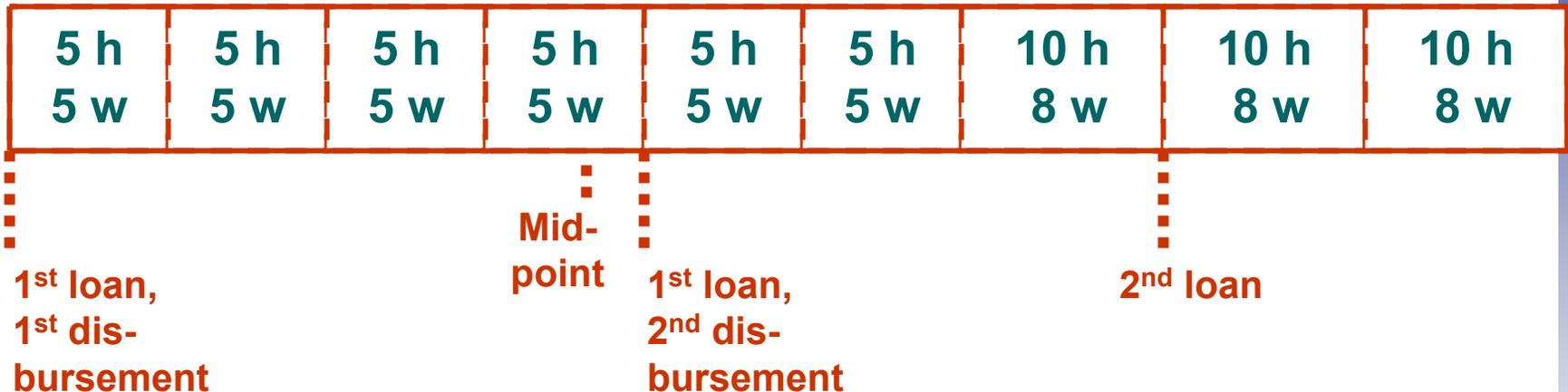
Step 3

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

- **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
			Mid- point					Midpoint
1 st loan, 1 st dis- bursement				1 st loan, 2 nd dis- bursement			2 nd loan, 1 st dis- bursement	2 nd loan, 2 nd 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

5 h 5 w	10 h 8 w	10 h 8 w	10 h 8 w					
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1st Pell
1st loan,
1st dis-
bursement

2nd Pell
20 h, 20 w
1st loan,
2nd dis-
bursement

3rd Pell
40 h, 38 w
2nd loan,
1st dis-
bursement

4th Pell
50 h, 46 w
2nd loan,
2nd dis-
bursement

- Loan disbursements line up with Pell in this case.

Additional Case #4

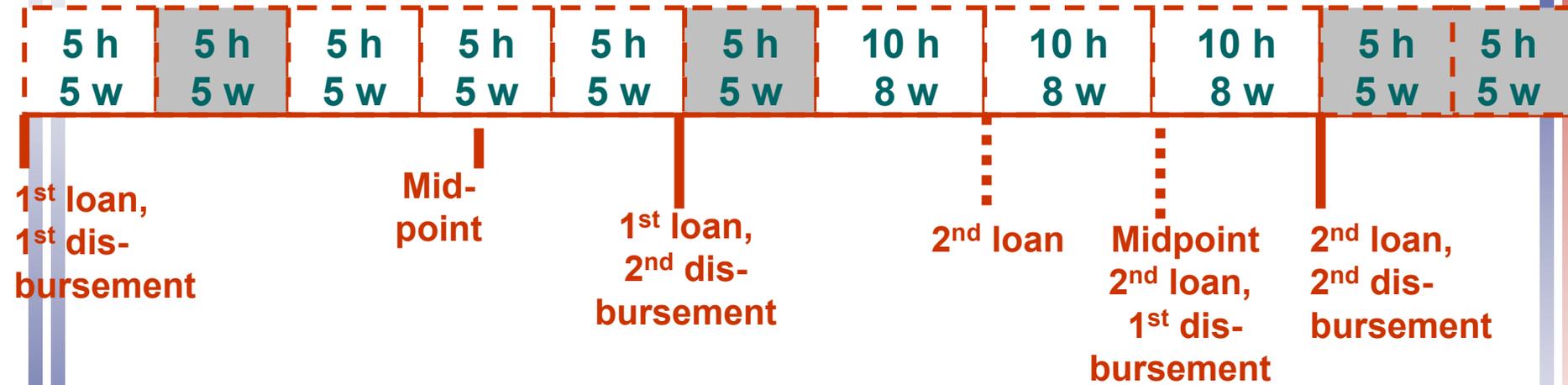
Example – Nonterm Undergraduate Certificate Program

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 st Pell				2 nd Pell 20 h, 20 w				3 rd Pell 40 h, 36 w	4 th 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

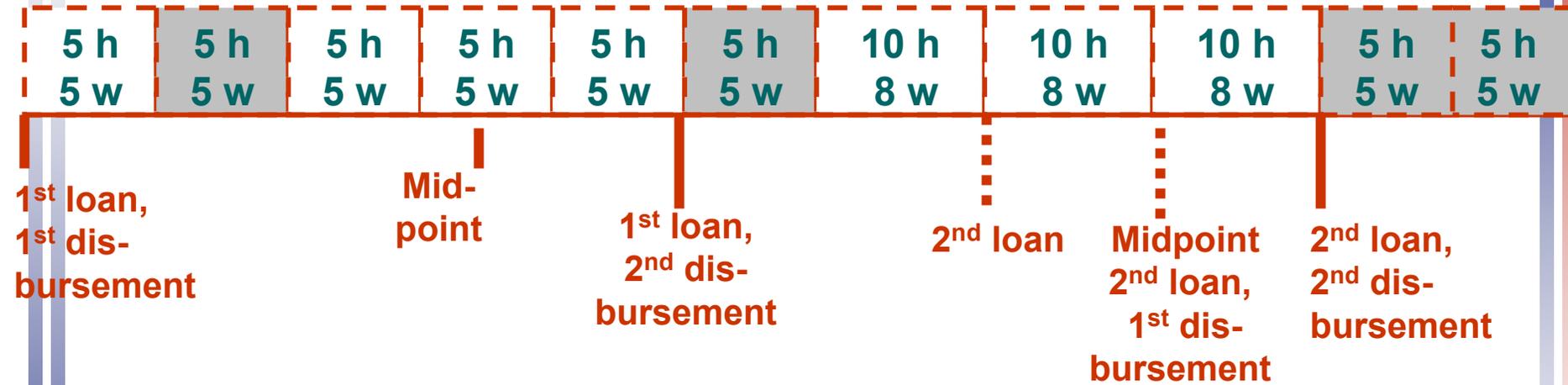
Example – Nonterm Undergraduate Certificate Program



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

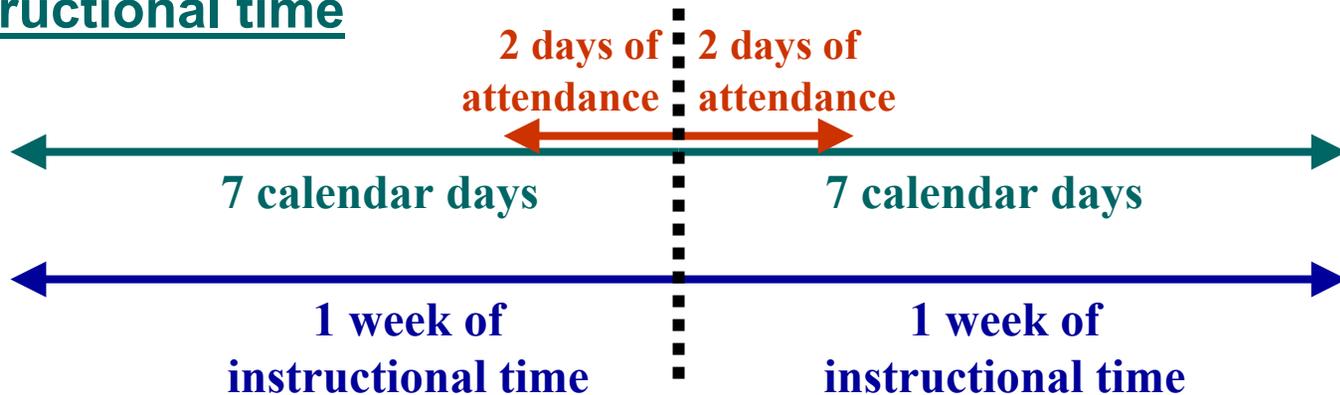
Additional Case #5

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
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Weeks of instructional time

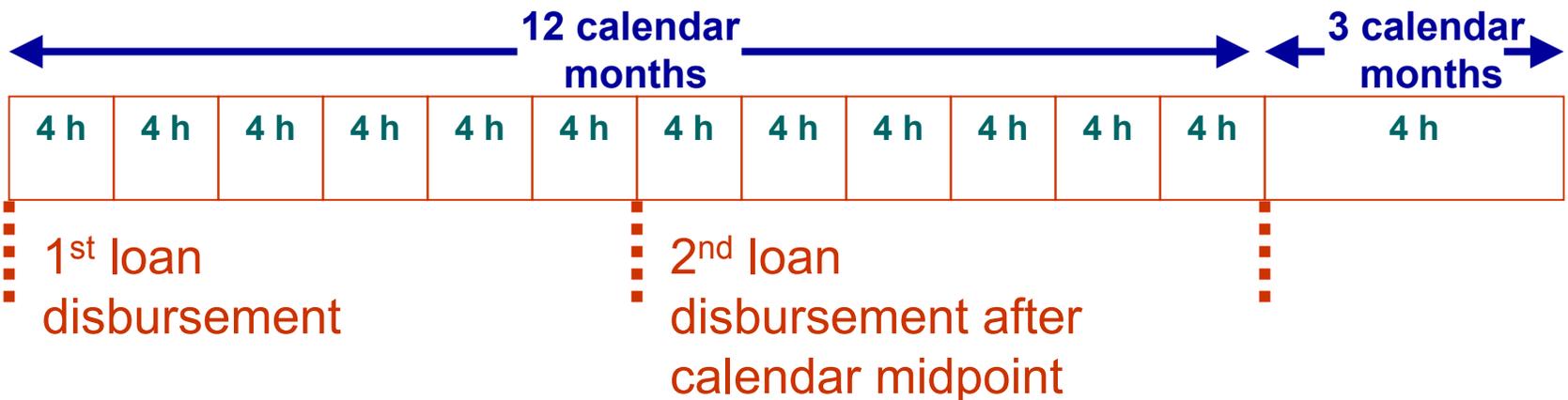
- 4 consecutive days of attendance each month = 2 weeks of instructional time



- 13th module has 3 weeks of instructional time.

Additional Case #5

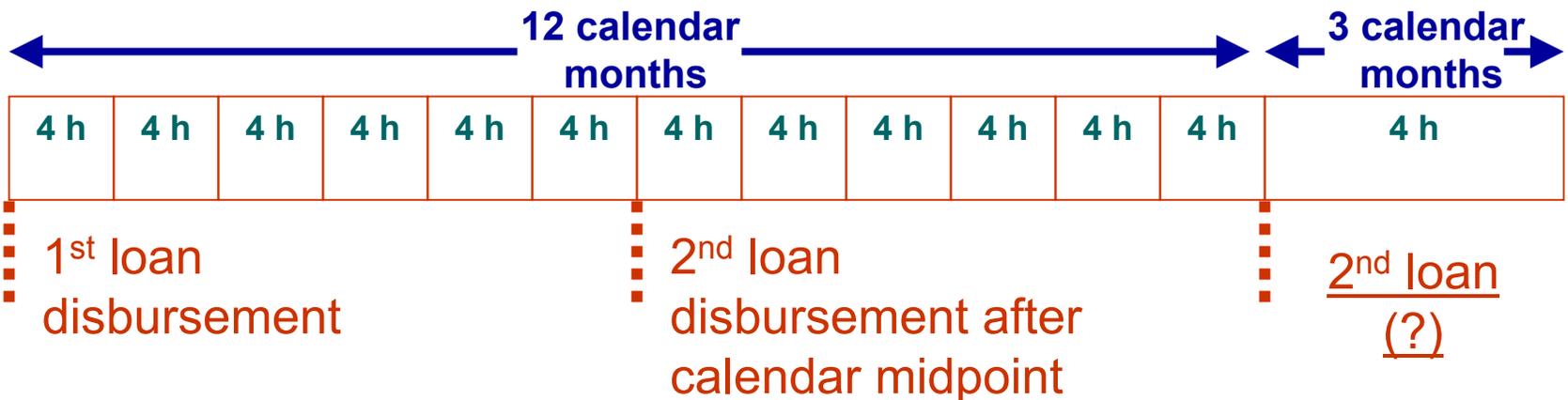
Example – Nonterm Masters Degree



- 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	9 weeks 3 cr: 3 cr: 3 cr	10 weeks 9 credits	3 wks 3 cr
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- 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	9 weeks 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 st Disbursement		Mid- point	Loan, 2 nd 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	9 weeks 3 cr: 3 cr: 3 cr	10 weeks 9 credits	3 wks 3 cr
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- 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	9 weeks 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

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

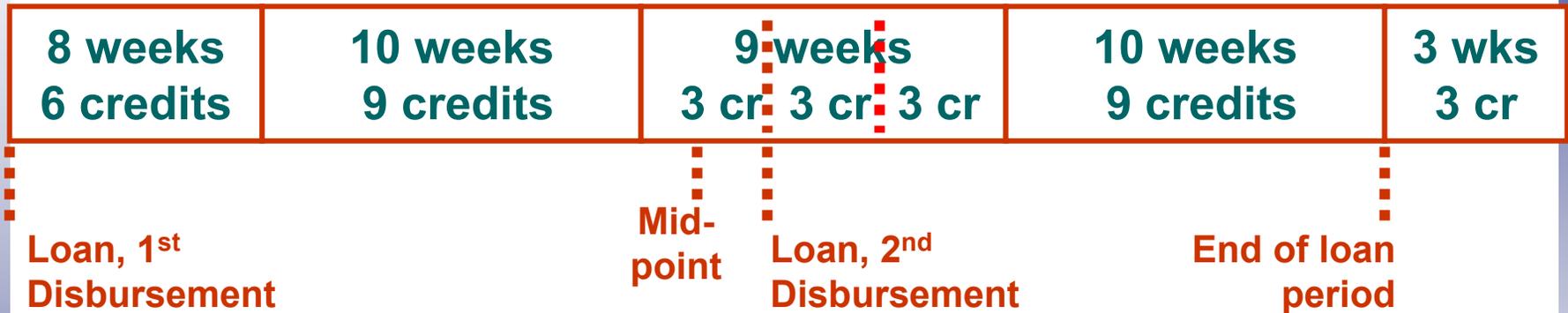
End of loan period

- 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

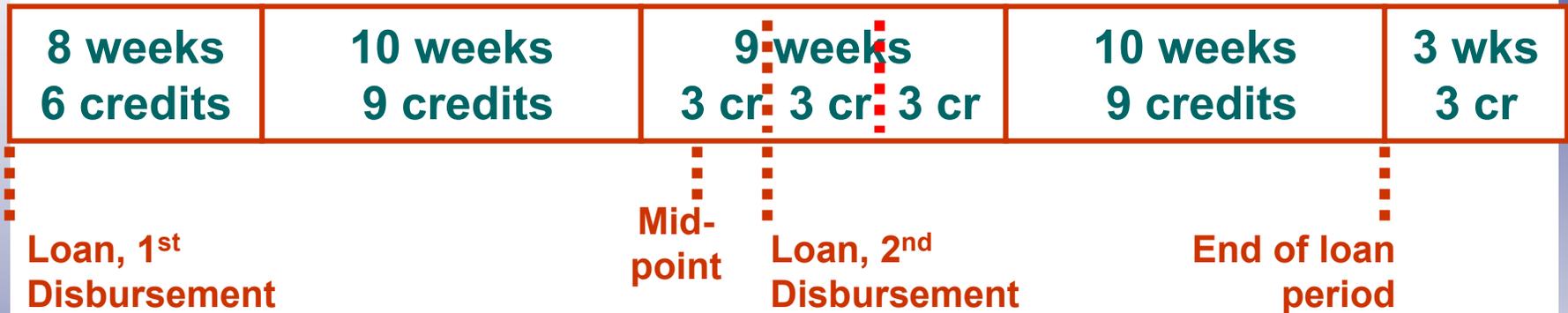


- As in Option 1, the second disbursement of the loan cannot be made until the end of the first module of the third term when half the semester hours of the loan period (17 semester hours) have been successfully completed and the loan period calendar midpoint is passed.
- The remaining balance of the 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	9 weeks 3 cr: 3 cr: 3 cr	10 weeks 9 credits	3 wks 3 cr
----------------------	-----------------------	--	-----------------------	---------------

- 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

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 1 st loan period	Mid- point		Week 31 2 nd Loan	Mid- point
				End of 2 nd loan period

- 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

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 1 st loan period	Mid- point		Week 31 2 nd Loan	Mid- point
				End of 2 nd loan period

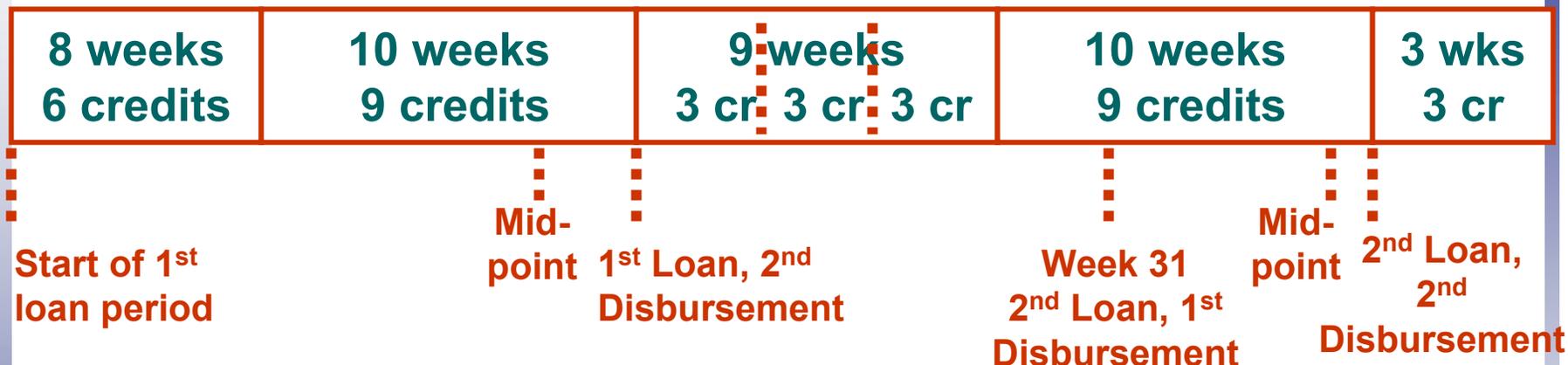
- For the second loan period, the loan limit is prorated by the hours remaining in the program compared to the defined academic year:

12/24

Additional Case #6

Option 3

Example – Undergraduate Certificate Program

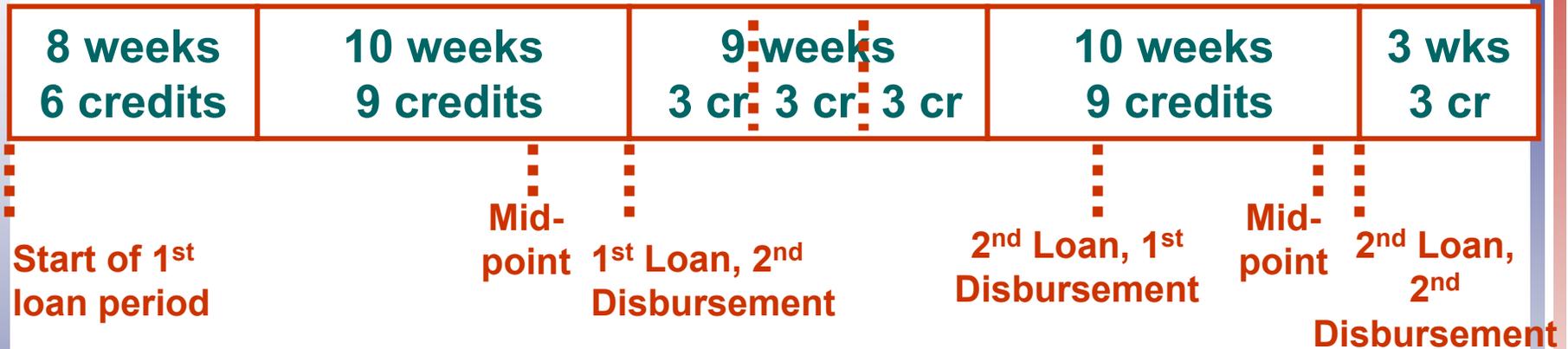


- The second disbursement of the first loan cannot be made until the end of the first module of the third term when half the semester hours of the loan period (12 semester hours) have been successfully completed and the loan period calendar midpoint is passed.

Additional Case #6

Option 3

Example – Undergraduate Certificate Program

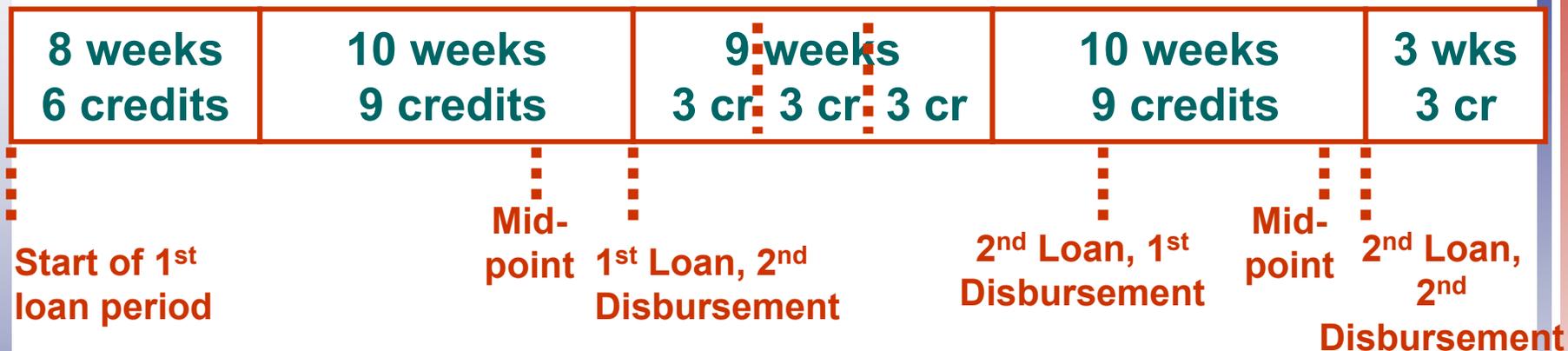


- The second loan would have a first disbursement after the 30th week of instructional time. The second disbursement would be made after the student completes 6 additional hours beyond the first loan period and passed the calendar midpoint of the second loan period.

Additional Case #6

Option 3

Example – Undergraduate Certificate Program

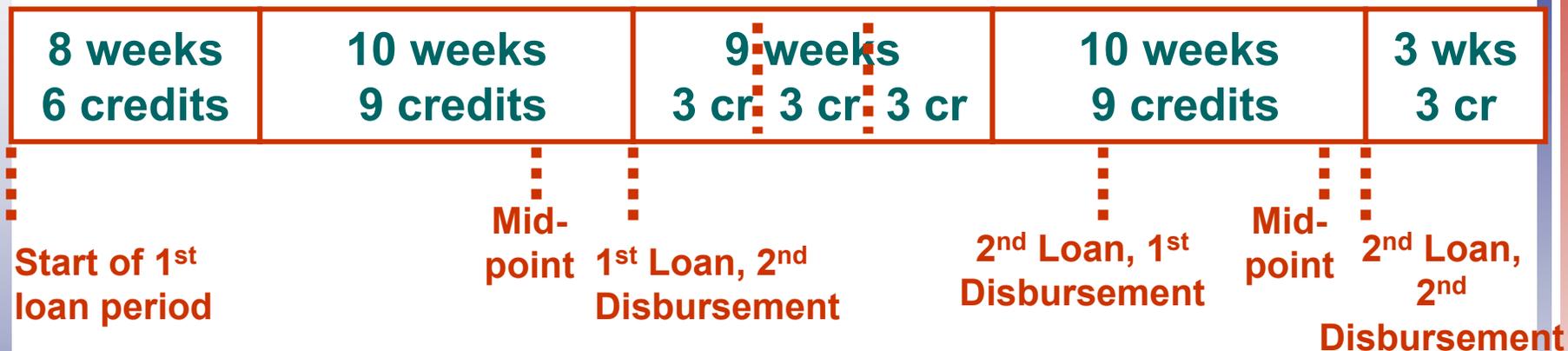


- Costs to be included in loan periods depends on whether the school charged up-front or by term.
- In Option 3, if costs are by the term, then the direct costs that are charged in the loan period include the fourth term but not the fifth term in the 1st loan period. The indirect costs for the 1st loan 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.