

# Academic Calendar, Payment Periods & Disbursements

*Award limits are generally connected to a period of time and to credit or clock-hours attended. For instance, all of the programs except Federal Work-Study have a maximum amount that can be awarded for an academic year or award year. Measurement of time is important for another reason—in most cases, awards from the Federal Student Aid (FSA) programs must be paid in at least two installments. For most programs, the amount and timing of the payments is based on the academic terms or payment periods in the program.*

## ACADEMIC YEAR REQUIREMENTS

Every eligible program, including graduate programs, must have a defined academic year. The academic year is used to determine the student's eligibility for Pell Grant and Stafford Loan awards.

A school may have different academic years for different academic programs. For example, a school may choose to define the academic year for a term-based program differently from a nonterm program. In some cases the definition *must* be different, such as in the case of a clock-hour program and a credit-hour program. For FSA purposes, the academic year is defined in weeks of instructional time and for undergraduate programs in credit or clock-hours. The program's academic year does not have to coincide with a program's academic calendar.

A school may treat two versions of the same academic program (day and night, for example) as separate programs and define different academic years for each version. If your school establishes separate versions of a program, with different academic years, but allows individual students to take courses from both versions, your school must be able to demonstrate which program the student is actually enrolled in. Generally, to be considered enrolled in a particular program or version of a program, a student must be taking at least 50 percent of his or her coursework in that program.

Although a school may have different academic years for different programs, it must use the same academic year definition for **all** FSA awards for students enrolled in a particular program, and for all other FSA program purposes.

## CHAPTER 1 HIGHLIGHTS

### Academic Year requirements

#### Academic calendars & terms

#### Payment Periods

#### Grant and Perkins Loan programs

- Standard and nonstandard terms
- Clock-hour and nonterm credit-hour

#### Direct Loan program

- Standard terms and substantially equal nonstandard terms
- Clock-hour, nonterm credit-hour, and nonstandard terms not substantially equal in length

#### "Successfully complete"

#### "Substantially equal" terms

#### Clock-hour/Credit-hour conversion

#### Direct Assessment payment periods

#### Disbursement issues

#### Payment period completion requirements

#### Timing of disbursements

#### Related topics

Payment periods when student re-enters a program after withdrawing—see Volume 5, Chapter 2.

Annual loan limit progression—see Volume 3, Chapter 5.

## Citations

Award Year: 34 CFR 600.2  
 Academic Year: 34 CFR 668.3  
 Payment Period: 34 CFR 668.4  
 Weeks of instructional time: 34 CFR 668.3(b)  
 Weeks of instructional time are used in the Pell, and Stafford calculations (Chapters 3 and 6 of this Volume).

Note that the Department has not set a regulatory standard for the number of hours of instructional time that make up one day of instruction. This has been left to the reasonable interpretation of schools and their accrediting agencies.

## Reductions in academic year length

Schools that provide 2- or 4-year associate or baccalaureate degree programs may apply to ED if they want to establish a full academic year of less than 30 weeks of instructional time. ED is permitted to grant a reduction for good cause to no less than 26 weeks of instructional time. For further details on submitting such a request, see 34 CFR 668.3 (c) & HEOA Section 481.

## *Weeks of instructional time in an academic year*

An academic year for a credit-hour or direct assessment program must be defined as at least 30 weeks of instructional time, and for a clock-hour program, at least 26 weeks of instructional time.

The number of weeks of instructional time is based on the period that begins on the first day of classes in the academic year and ends on the last day of classes or examinations. For all FSA programs, a week of instructional time is any period of 7 consecutive days in which at least 1 day of regularly scheduled instruction, examination, or (after the last day of classes) at least 1 scheduled day of study for examinations occurs. Instructional time does not include periods of orientation, counseling, homework, vacation, or other activity not related to class preparation or examination. Therefore, the weeks of instructional time may be less than the number of calendar weeks that elapse between the first day of classes and the last day of classes or examinations.

## *Credit or clock-hours in an academic year*

The law and regulations set the following minimum standards for coursework earned by a full-time student in an academic year in an *undergraduate* educational program (including direct assessment programs):

- 24 semester or trimester credit-hours or 36 quarter credit-hours for a program measured in credit-hours; or
- 900 clock-hours for a program measured in clock-hours.

There is no minimum hours component to the definition of an academic year for *graduate and professional* programs. For purposes of Direct Loans, a loan period certified for an academic year in a graduate or professional program would include the weeks of instructional time in the academic year and the hours a full-time student is expected to complete in those weeks. See Chapter 5 for more details on loan limits.

## *Awards are affected when a program does not meet one of the academic year standards*

The FSA academic year that a school defines for a program has to meet the regulatory minimums for both clock or credit-hours AND weeks of instructional time. In some instances, the academic year may not coincide with the academic calendar of the school. These cases may affect Pell and loan disbursements, and, in Direct Loans, annual loan limits and annual loan limit progression.

For example, awards would be affected if a program is an academic year in length in credit or clock-hours but not in weeks of instructional time. Also, for a program longer than an academic year in length, awards would be affected if the completion of the credit or clock-hours in the program's academic year does not coincide with completing the weeks of instructional time in the academic year.

## Counting weeks of instructional time

August						
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

September						
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

October						
				1	2	
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

November						
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

December						
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

This graphic illustrates how you would count weeks of instructional time in a 16-week term where classes are held Monday through Friday. In this hypothetical term\*, August 1st is a Sunday, and classes begin on August 23rd and end December 3rd, with examinations held December 6th-10th.

Note that the school holds no classes on Labor Day (September 6th) on this calendar, Veterans Day (November 12th), and Thanksgiving break (November 24th-26th). The circles indicate the points at which each of the weeks of instructional time begin. There are 16 weeks of instructional time.

Remember: If a week in the term has no days of instruction, examination, or (after the last day of classes) study for examination, that week does NOT count as a week of instructional time. For example, a week comprised entirely of vacation days is not a week of instructional time.

\*Note that this example is not meant to illustrate any specific calendar year.

## Typical length of standard terms

For additional information on this topic, see the preamble to the General Provisions regulations published on November 29, 1996 (Federal Register, Volume 61, No. 231, Page 60581).

## Credit hour definition

34 CFR 600.2

DCL GEN-11-06

A credit hour is now formally defined, for Title IV aid purposes, as an amount of work that **reasonably approximates** not less than:

- 1) one hour of classroom or direct faculty instruction and a minimum of two hours of out of class student work each week for approximately fifteen weeks for a semester or trimester hour, or ten to twelve weeks for one quarter hour of credit (or the equivalent amount of work over a different amount of time); or
- 2) at least an equivalent amount of work as required in #1 above for other academic activities such as laboratory work, internships, practica, studio work, or other academic work leading to the award of credit-hours.

Note that the classroom/direct faculty instruction time and out of class student work requirement in #1 does not mean you must have a certain number of hours of those specific types of instruction every week; it is an average required over the length of the course, and may be institutionally established equivalencies that **reasonably approximate** the minimum standard using different measures of student work.

You may set a higher standard that requires more student work per credit hour, and you may use a measure or metric different from this definition for academic and non-federal aid purposes.

If the program in question is using the clock-hour to credit hour conversion formula, then the above guidance does not apply to the definition of a credit hour (see later in this chapter for full discussion).

## ACADEMIC CALENDARS & TERMS

Schools offer programs with many kinds of academic calendars that differ from the traditional Fall-Spring school year. For purposes of the FSA programs, there are three basic types of academic calendars: standard term, nonstandard term, and nonterm.

Generally, a term is a period in which all classes are scheduled to begin and end within a set time frame, and academic progress is measured in credit-hours. However, if these periods overlap within a program, they may not be treated as a term-based program for FSA purposes. Term-based programs can have either standard terms or nonstandard terms.

### *Standard terms: semesters, trimesters, and quarters*

Semesters and trimesters are terms that are generally 14 to 17 weeks long. An academic calendar that uses semesters traditionally has two terms, in the fall and spring, and a trimester academic calendar traditionally has three terms, in the fall, spring, and summer. Academic progress is measured in semester credit-hours, and full-time is at least 12 semester credits.

Similarly, quarter terms are approximately 10 to 12 weeks in length and the academic calendar includes three quarters in the fall, winter, spring, and often a summer term. Academic progress is measured in quarter credit-hours, and full-time is at least 12 quarter credits.

You may combine shorter terms or modules to meet the requirements of a standard term such as a semester. For example: a program is offered in 8 nonstandard terms, each 6 weeks in length, and students earn 6 quarter credits in each term. You may choose to combine each consecutive pair of nonstandard terms and consider the program to be offered in 4 quarters.

In certain limited cases for academic programs offered in standard terms, a short nonstandard term may be treated as part of one of the standard terms, and the combined terms may be considered to be a single standard term. For example, a program is offered in a calendar consisting of two 15-week semesters and a 4-week intersession. To consider the program as consisting only of semesters, the intersession may be treated as part of one of the two semesters as long as the same treatment is applied for all FSA purposes to all students enrolled in the program. In addition, hours taken in the intersession must count towards a student's enrollment status for the combined term and costs for the intersession must be appropriately included in the cost of attendance.

If you choose not to combine a nonstandard term in this manner, the program must be treated as a nonterm program for Direct Loans, and a Formula 3 program for Pell and TEACH Grants. The fact that you did not combine the term does not negate the requirement that a student must be considered for FSA aid if enrolled and eligible in the term.

### Nonstandard terms

Nonstandard terms are terms (where all coursework is expected to begin and end within a set period of time) that are not semester, trimester, or quarter terms. In some cases, the terms may be of unequal length, though it is also possible for programs with terms of equal length to be considered nonstandard. For instance, a school could offer a program with six consecutive 5-week modules, with each module counting as a nonstandard term.

Unlike standard terms, the length of the term is not necessarily associated with the type of credit-hours awarded. Some nonstandard terms are the length of a semester (14-17 weeks) but award quarter credits. Others are the length of a quarter (10-12 weeks) but award semester credits.

### Nonterm characteristics

If a program measures progress in clock-hours, it is always treated as a nonterm program. A program that measures progress in credit-hours is considered to be using a nonterm calendar if it has:

- courses that do not begin and end within a set period of time;
- courses that overlap terms;
- self-paced and independent study courses that overlap terms; or
- sequential courses that do not begin and end within a term.

### Programs that must be treated as clock hour for FSA aid

You must calculate FSA aid using the methods for clock-hour programs for a program in certain instances. You can find a complete discussion of these requirements in Volume 2, Chapter 2 (Section 2.2.6 of the HTML version).

### Credits and nonstandard terms

Remember, just because progress in a program is measured in semester or quarter credits, this does not necessarily mean that the program is offered in semester or quarter terms. Also, even though a school may label a term as a quarter, semester, or trimester, it may be considered a nonstandard term for Federal Student Aid purposes if it does not conform to the Federal Student Aid standards for a semester, trimester, or quarter.

### Combining terms examples

See the example at the end of this section for guidance on combining concurrent and consecutive terms.

### Programs that must be treated as clock hour

34 CFR 668.8(k),(l)

### Exception to new clock hour requirements for current students

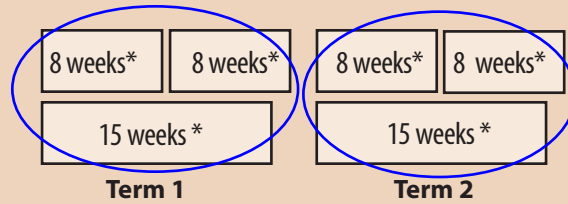
34 CFR 668.8(k),(l)

For students enrolled continuously in both the 2010-11 and 2011-12 award years, in programs subject to the new credit vs. clock-hour calculation requirements and the elements of (and when to use) the credit to clock-hour conversion formula, you may choose to either:

- apply the pertinent regulations as they existed prior to Oct 29, 2010, as described in the 2010-11 FSA Handbook, Volume 3 until these students complete the program; or
- apply the amended guidance as described in the 2011-12 FSA Handbook, Volume 3 for all students enrolled in payment periods assigned to the 2011-12 and subsequent award years.

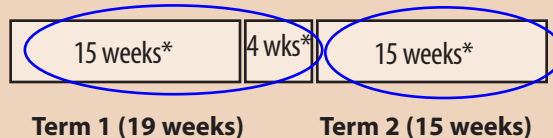
## Combining concurrent terms

Clark University offers a program in both 15-week terms and 8-week terms. Clark University combined two 8-week terms with a 15-week term to make each semester; each semester provides 16 weeks of instructional time\*.



## Combining consecutive terms

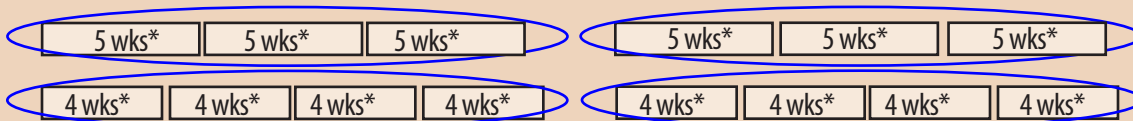
Sanders College offers a separate degree program in education with a short 4-week\* term between two 15-week\* semesters. The terms don't overlap. Sanders College has defined the academic year for this program as 24 semester hours and 34 weeks of instructional time. Sanders College could combine the short term with one of the standard terms and for purposes of FSA programs treat the program as being offered in two semesters:



Sanders College can also choose not to combine the terms. In this case, the program would have a 4-week term and two semesters. For certain FSA program requirements, this may mean you will treat all terms in a nonstandard term manner, or as part of a nonterm program. For more details, see discussion on previous pages.

## Treatment of modules

A school may choose to group modules together and treat the entire period as a term. (For example, grouping three five-week\* modules together may create a 15-week\* semester; or grouping four one-month modules into a 16-week semester would be acceptable.)



On the other hand, programs that are offered in modules may sometimes be counted as programs measured in nonstandard terms. For example, in a program that offers six 5-week modules, each module could be treated as a nonstandard term. In addition, a school may choose to consider a program that consists of consecutive modules as a nonterm program. Whatever academic calendar your school adopts for a program, you must apply it to all students enrolled in that program and document the program's treatment in your policies and procedures manual.

\*Weeks in these examples are weeks of instructional time, as defined earlier in this chapter.



## PAYMENT PERIODS

The definition of a payment period is applicable to all FSA programs except FWS. The common definition is integral to requirements for the administration of FSA funds. For example, FSA program disbursements (except FWS payments) must be made on a payment period basis. Another example is that a student's satisfactory academic progress evaluation is required to correspond with the end of a payment period.

For clock-hour programs, the payment period is defined not only in clock-hours but also in weeks of instructional time. A student must successfully complete the clock-hours and weeks of instructional time in a payment period to progress to the next payment period.

For Direct Loans, the payment period for clock-hour programs, nonterm credit-hour programs and nonstandard term programs with terms not substantially equal in length are defined in clock or credit-hours and weeks of instructional time (as has been the case for the other FSA programs). Previously for such programs, second disbursements in loan periods were based on the calendar midpoint of the academic year. A student must successfully complete the clock-hours and weeks of instructional time in a payment period to progress to the next payment period (as has been the case for annual loan limit progression and for grant and Perkins loan payment period progression in clock-hour and nonterm credit-hour programs).

For FSA purposes, you will use either "term-based" payment periods (the payment period is the term), or payment periods based on the completion of credit or clock-hours and weeks of instructional time. The payment period you use depends on the kind of academic calendar your school uses, as described below, and the FSA program for which you are disbursing funds.

### *Programs using standard terms or substantially equal nonstandard terms (term-based)*

For credit-hour programs that use standard terms, or that use nonstandard terms that are substantially equal in length (see sidebar), the payment period is the term itself.

### *Programs with nonstandard terms not substantially equal in length*

For purposes of Pell Grants, TEACH, FSEOGs, and Perkins Loans, if the program uses nonstandard terms, the payment period is the term.

For Direct Loans, if a credit-hour program has nonstandard terms that are not substantially equal in length, use the nonterm payment periods described in the following (under "Clock-hour programs and nonterm programs").

## Payment periods

→ Definition of payment periods  
34 CFR 668.4

## Two payment period limit in an academic year or program

Unless you are using terms as payment periods under FSA rules, there are no more than two payment periods in the lesser of the program, the academic year, or the remainder of the program.

You may make multiple disbursements within a single payment period, however, schools should note that making multiple disbursements within a payment period does not create a new or additional payment period.

## "Successfully Completes"

34 CFR 668.4(h)(1),(2)

A student "successfully completes" credit or clock-hours if your school considers the student to have passed the coursework associated with those hours.

## "Substantially Equal"

34 CFR 668.4(h)(1),(2)

For purposes of measuring payment periods in programs offered in nonstandard terms, "substantially equal" means that no term in the program is more than 2 weeks of instructional time longer than any other term in that program. "Not substantially equal in length" means nonstandard terms that have at least 1 term more than 2 weeks of instructional time longer than another in the same program.

### Direct Loan payment periods for graduate/professional students (clock-hour, nonterm, etc.)

For a graduate or professional student in a clock-hour or nonterm program, or a program with terms not substantially equal in length, the DL payment period is 1/2 of what a full-time student would be expected to complete, in both weeks of instructional time and credit or clock-hours. This policy also relates to annual loan limit progression for graduate or professional students (for more on loan limits, see Chapter 5 of this Volume).

### Unable to determine completion of hours in payment period

34 CFR 668.4(c)(3)

If your school is tracking progress by clock or nonterm credit-hours, and is unable to determine when a student has successfully completed half of the credit or clock-hours in a program, academic year, or remainder of a program, the student is considered to have begun the second payment period of the program, academic year, or remainder of a program at the later of the date (identified by the school) that the student has successfully completed:

1. half of the academic coursework in the program, academic year, or the remainder of the program; or
2. half of the number of weeks of instructional time in the program, academic year, or the remainder of the program.

### Clock-hour programs with terms

The payment periods for clock-hour programs that use terms are determined in the same way as for nonterm clock-hour programs. The student must successfully complete all the clock-hours in the payment period before receiving any more FSA funds. If a student doesn't complete all the hours scheduled for a term, each payment period still contains the number of clock-hours originally scheduled, even if this means that none of the student's succeeding payment periods coincide with the terms.

### Clock-hour and nonterm programs

The following types of programs must use payment periods that are based on the time it takes for the student to successfully complete the credit or clock-hours and weeks of instructional time in the payment period:

- Nonterm credit-hour programs
- Clock-hour programs
- For DL purposes, nonstandard term credit-hour programs with terms not substantially equal in length.

If you are determining the payment periods for a program for which one of the measures (either clock or credit-hours or length of instructional time) is less than an academic year and the other measurement is not, the program is considered less than an academic year in length, and you follow the payment period rules for a program that is less than an academic year.

*If the program is one academic year or less, the academic year or program is divided into two payment periods. The first payment period is the period in which the student successfully completes half of the credit or clock-hours AND half of the weeks of instructional time in the program. The second payment period is the period in which the student completes the remainder of the program.*

*If the program is more than one academic year in length:*

- Use the rule for one academic year (above) for each full academic year in the program.
- For any remaining portion of a program that is half of an academic year or less, the remaining portion is treated as a single payment period.
- For any remaining portion of a program that is more than half of an academic year but less than a full academic year, the remaining portion is divided into two payment periods and the first payment period is the period in which the student successfully completes half of the credit or clock-hours AND ½ of the weeks of instructional time in the remaining portion.



### Nonterm Example 1: Clock-hour program

A student enrolls in a clock-hour program with an academic year (AY) of 900 clock hours and 26 weeks of instructional time. The program is 900 clock hours and 24 weeks of instructional time in length and consists of 6 successive graded courses. Each course has 150 clock hours and is completed over 4 weeks of instructional time. Our student successfully completes all 6 courses except the second course that the student immediately repeats and passes.

In this case the scheduled payment periods are identical for the student's Pell Grant and Stafford loan and are  $\frac{1}{2}$  of the length of the program in clock hours and weeks of instructional time: 450 clock hours and 12 weeks of instructional time. However, the first payment period is extended since the first 450 clock hours attended were not successfully completed. The student does not complete the first payment period until after attending for 600 clock hours and 15 weeks of instructional time due to the need to successfully complete the 450 clock hours in the payment period. As a result, the second disbursement date must be rescheduled, and the school will need to report the rescheduled disbursement date for the second disbursement to COD for Pell and Direct Loans or, if appropriate, the FFEL lender.

#### Payment periods

450 clock hours AND 12 weeks of instruction		
150 hours earned.	150 hours failed. No hours earned. Payment period extended.	150 hours earned by passing repeat of 2 <sup>nd</sup> course.
		3 weeks of instruction & 150 hours earned. Complete 1 <sup>st</sup> payment period.

First disbursement

450 clock hours AND 12 weeks of instruction		
150 hours earned.	150 hours earned.	150 hours earned. Program completed.

Second disbursement

### Nonterm Example 2: Work completed fast in 2<sup>nd</sup> year

Another program with an academic year of 24 semester hours and 30 weeks of instructional time has 48 semester hours and 60 weeks of instructional time. Students in the program are expected to complete the first 24 hours over 36 weeks of instructional time, and the final 24 semester hours in 24 weeks of instructional time. The student completes each of hours 1-12 and 13-24 in 18 weeks of instructional time and each of hours of 25-36 and 37-48 in 12 weeks of instructional time.

For the grant and Perkins Loan programs, by definition, all four payment periods are 1/2 of the defined academic year: 12 hours and 15 weeks of instructional time.

#### Pell Grant: Payment periods

12 semester hours AND 15 weeks of instruction	12 semester hours AND 15 weeks of instruction	12 semester hours AND 15 weeks of instruction	12 semester hours AND 15 weeks of instruction
15 weeks of instruction attended	15 weeks of instruction attended	15 weeks of instruction attended	15 weeks of instruction attended
12 hours completed	12 hours completed	12 hours completed	12 hours completed
<p>1<sup>st</sup> Pell</p> <p>1<sup>st</sup> payment period completed after student has completed 18 weeks of instruction and earned 12 hours (3 weeks of instruction toward the 2<sup>nd</sup> payment period)</p>	<p>2<sup>nd</sup> Pell</p> <p>2<sup>nd</sup> payment period completed after student has completed 18 weeks of instruction and earned 12 hours (6 weeks toward the 1st payment period of 2<sup>nd</sup> Pell)</p>	<p>2<sup>nd</sup> Pell</p> <p>1<sup>st</sup> payment period completed after student has completed 15 weeks of instruction and earned 12 hours (3 weeks toward the 2<sup>nd</sup> payment period)</p>	<p>2<sup>nd</sup> Pell</p> <p>2<sup>nd</sup> payment period completed after student has completed 12 weeks of instruction and earned 12 hours</p>

1<sup>st</sup> disbursement – 1<sup>st</sup> Pell

2<sup>nd</sup> disbursement – 1<sup>st</sup> Pell In 19<sup>th</sup> week of instruction

1<sup>st</sup> disbursement – 2<sup>nd</sup> Pell In 37<sup>th</sup> week of instruction

2<sup>nd</sup> disbursement – 2<sup>nd</sup> Pell In 49<sup>th</sup> week of instruction

For Stafford/PLUS, the first loan must be certified for 36 weeks of instructional time to ensure the loan period covers both measures of the FSA academic year. The first loan period will have two payment periods of 12 hours and 18 weeks.

The second loan period, for the balance of the program, will have the same number of semester hours (24), but will be certified for fewer weeks of instructional time (24). Thus, the second loan period is divided into two payment periods of 12 hours and 12 weeks of instructional time. There is no proration of the annual loan limits since the remaining balance of the semester hours equals the semester hours of the academic year.

## Nonterm Example 2, continued

### Stafford: Payment periods

12 semester hours AND 18 weeks of instruction	12 semester hours AND 18 weeks of instruction	12 semester hours AND 12 weeks of instruction	12 semester hours AND 12 weeks of instruction
18 weeks of instruction attended	18 weeks of instruction attended	12 weeks of instruction attended	12 weeks of instruction attended
12 hours completed	12 hours completed	12 hours completed	12 hours completed
<p>1<sup>st</sup> loan 1<sup>st</sup> payment period completed after student has completed 18 weeks of instruction and earned 12 hours</p>	<p>2<sup>nd</sup> payment period completed after student has completed 18 weeks of instruction and earned 12 hours</p>	<p>2<sup>nd</sup> loan 1<sup>st</sup> payment period completed after student has completed 12 weeks of instruction and earned 12 hours</p>	<p>2<sup>nd</sup> payment period completed after student has completed 12 weeks of instruction and earned 12 hours</p>

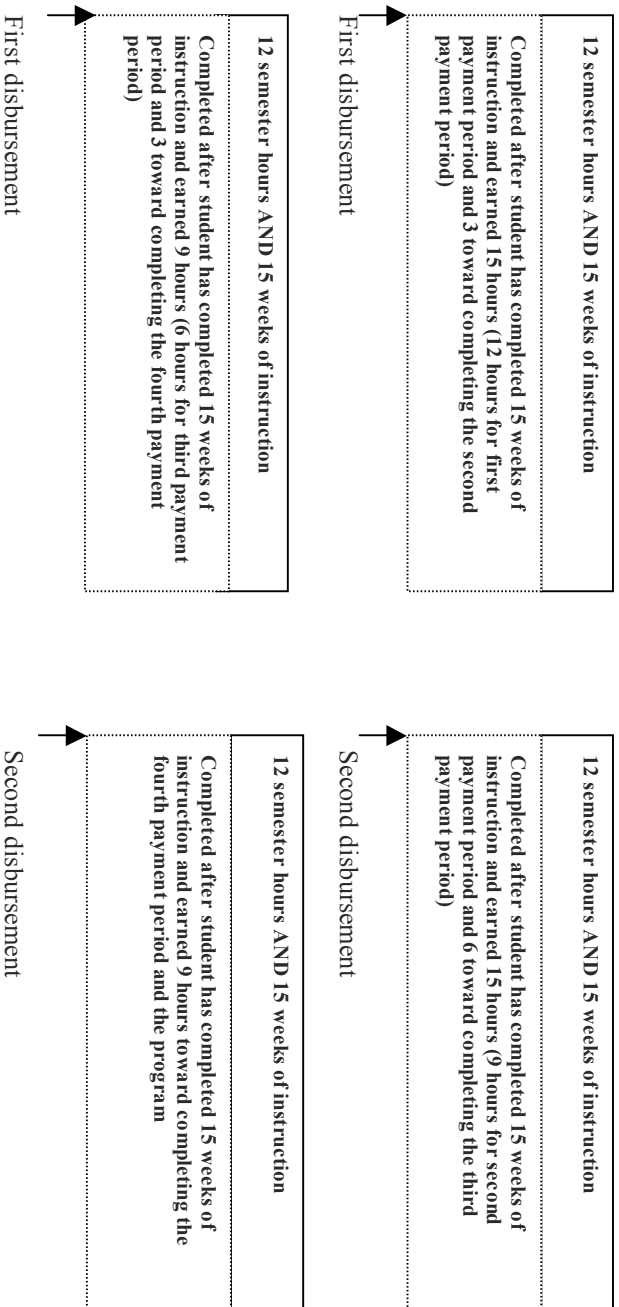
<p>1<sup>st</sup> disbursement - 1<sup>st</sup> loan</p>	<p>2<sup>nd</sup> disbursement - 1<sup>st</sup> loan In 19<sup>th</sup> week of instruction</p>	<p>1<sup>st</sup> disbursement - 2<sup>nd</sup> loan In 37<sup>th</sup> week of instruction</p>	<p>2<sup>nd</sup> disbursement - 2<sup>nd</sup> loan In 49<sup>th</sup> week of instruction</p>
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### Nonterm Example 3: More hours earned in the first academic year

A nonterm, two-year program of 48 semester hours and 60 weeks of instructional time has an academic year of 24 semester hours and 30 weeks of instructional time. Students are expected to complete the first 30 semester hours over 30 weeks of instructional time in the first period of enrollment. They are then expected to complete 18 semester hours in the last 30 weeks instructional, 9 hours in each half of 15 weeks of instructional time.

For the grant and Perkins Loan programs, the payment periods are half of the weeks and half the hours of the FSA academic year: 12 hours and 15 weeks each.

#### Pell Grant: Payment periods

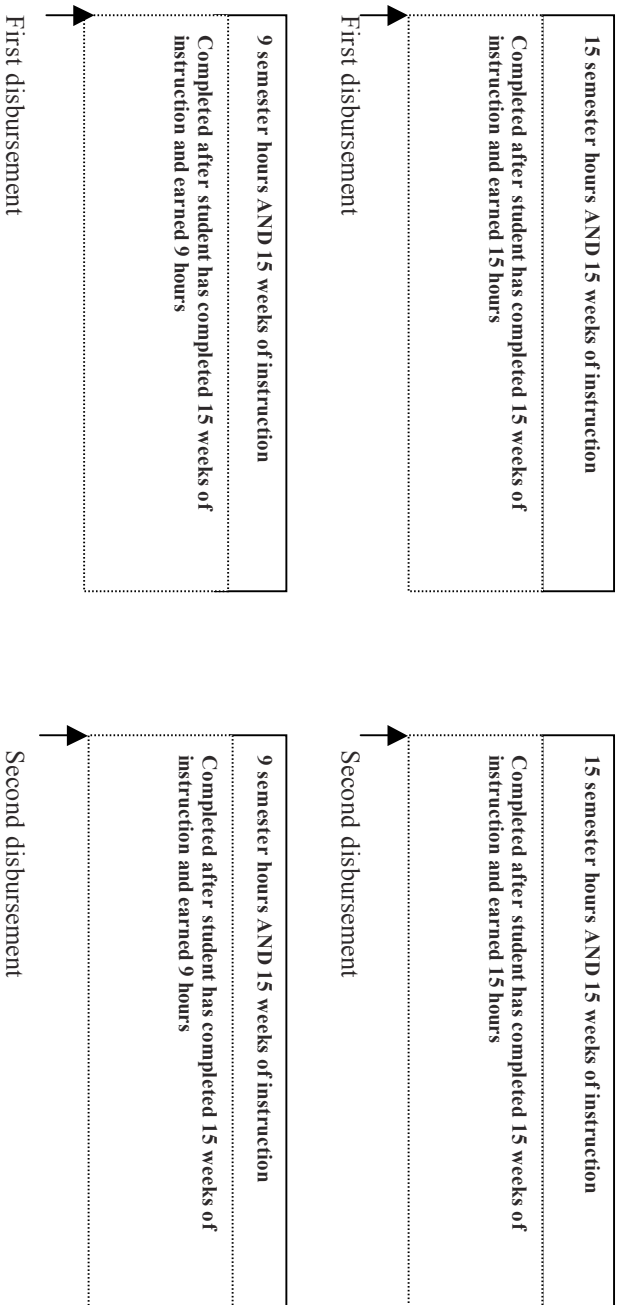


For Stafford/PL US, you will certify a loan for the first academic year using start and end dates reflecting the first 30 weeks of instructional time since a student would complete the hours of an academic year within that time. Note that where 6 semester hours in the first period of enrollment would be considered part of the third payment period for grants/Perkins, for Stafford/PLUS, they would be considered as part of the initial BBAV loan period. Thus, for Stafford/PL US, the second loan period is the remaining balance of the program: 18 hours and 30 weeks of instructional time.

### Nonterm Example 3, continued

For the first loan period, the payment periods are 15 hours and 15 weeks of instructional time, i.e., half of the weeks of instructional time and half of the hours the student is expected to complete in the loan period. For the second loan period, the remaining balance of the program is less than an academic year in length based on the hours; however, both hours and weeks of instructional time are greater than 1/2 of the academic year. Therefore, there are two equal payment periods of 9 hours and 15 weeks of instructional time. Note that the annual loan limits must be prorated for this second period of enrollment by 18/24 based on the semester hours in the loan period and the hours in the defined academic year.

#### Stafford: Payment periods

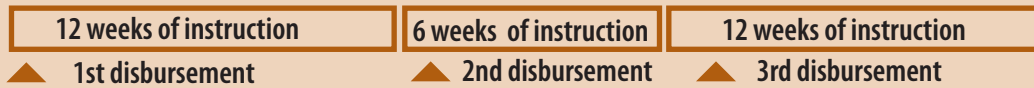


## Nonstandard Term Example: Terms not substantially equal

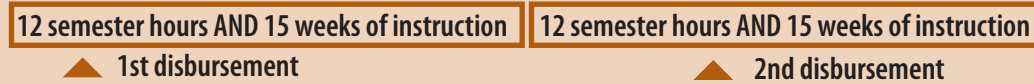
For a nonstandard term program, you may have to use different payment periods for Stafford/PLUS loans than the ones you use for FSA grants and Perkins loans. In this example, we show how the payment periods for a Pell Grant and a Stafford Loan can differ in a program that has nonstandard terms that are not substantially equal in length. In this program, the payment periods for Pell Grants are the terms, while the payment periods for the Stafford Loan are the nonterm payment periods. A student earns at least 23 semester hours at the end of the 6-week term.

**Academic Year =  
24 semester hours, 30 weeks of instructional time**

**Pell Grant: Payment periods are the nonstandard terms (3 disbursements)**



**Stafford: Payment periods are determined by credit-hours and weeks (2 disbursements)**

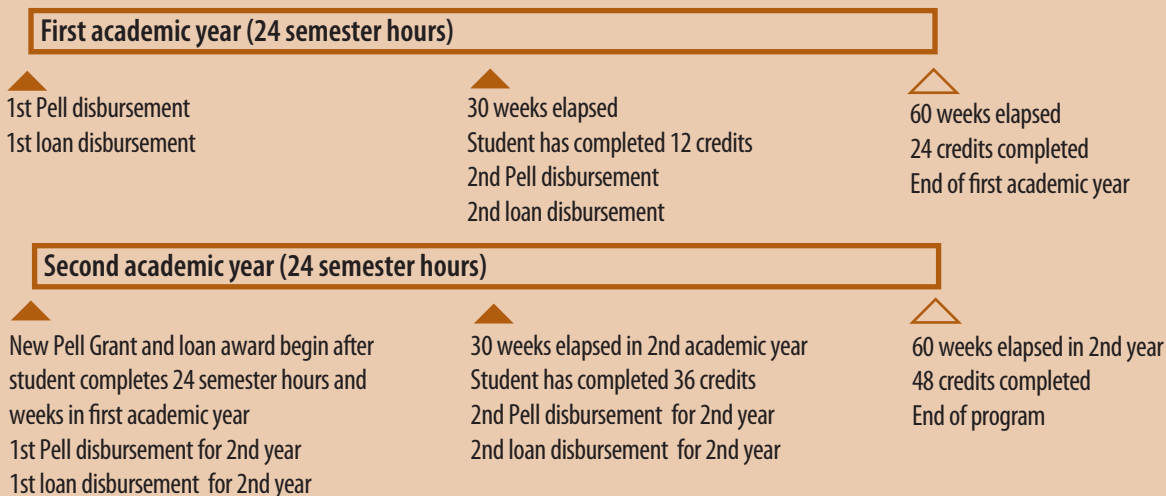




### Example: Disbursement for part-time student in a nonterm program

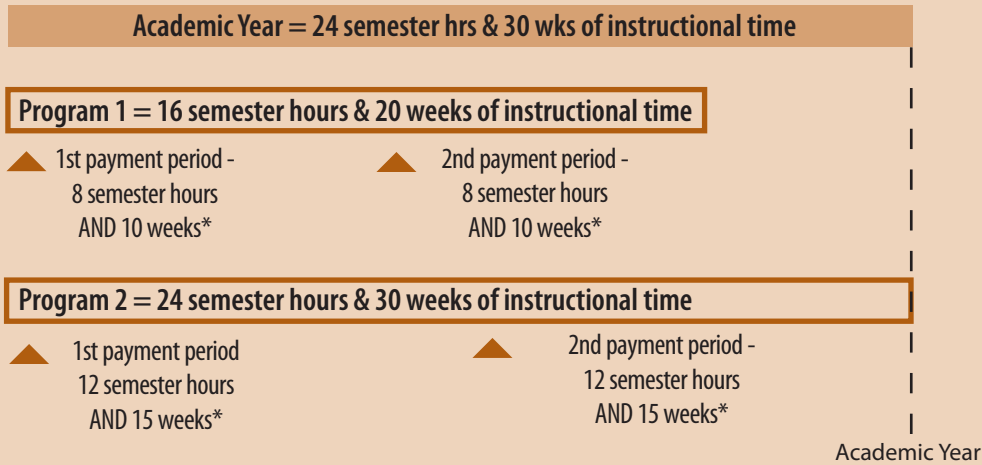
The illustration shows the disbursements for a half-time student enrolled in a program of 48 semester credits that a full-time student completes in 60 weeks of instructional time. For this program, the school has defined the academic year as 24 semester credits and 30 weeks of instructional time.

Under the regulations, this half-time student would receive second disbursements after completing half of the credit-hours AND half of the weeks of instructional time in the academic year. Because the student in the example is a half-time student, it takes the student 30 weeks of instructional time to successfully complete 12 credit-hours. The student is eligible for a new loan and a new Pell Grant once the student has successfully completed 24 credit-hours and 60 weeks.



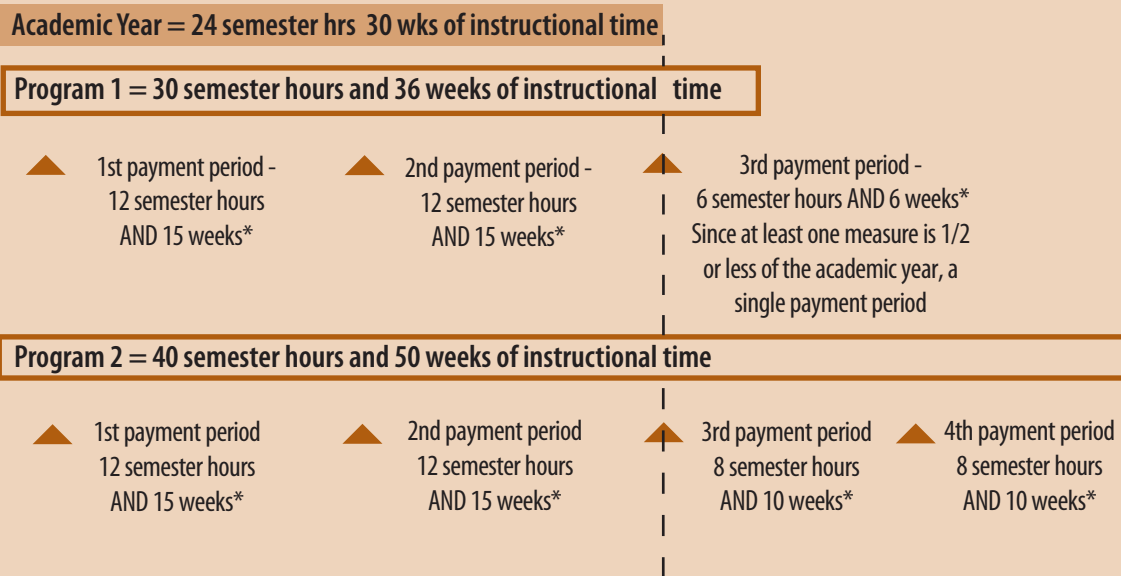
## Nonterm Programs—One Academic Year or Less

In both of these examples, the school defines the academic year for the program as 24 semester hours and 30 weeks of instructional time. The first program is less than an academic year; the second program is a full academic year.



## Nonterm Programs—More than an Academic Year

In both of these examples, the school defines the academic year for the program as 24 semester hours and 30 weeks of instructional time. The first program is an academic year with a remaining portion less than 1/2 an academic year; the second program is an academic year with a remaining portion greater than 1/2 an academic year.



\*Weeks of instructional time.

### *Progression based on completion of hours and weeks (rather than term-based progression)*

As described in the previous section, there are two cases where you must use credit or clock-hours and weeks of instructional time to determine the length of the payment period:

- clock-hour and nonterm credit-hour programs; and,
- for Direct Loans, programs with terms not substantially equal in length.

For these programs, each subsequent payment period cannot begin until the student successfully completes the credit or clock-hours and weeks of instruction in the previous payment period.

Except for a second or subsequent loan period in Direct Loans, if a student completes additional weeks of instructional time or hours while completing the other measure of a payment period, these additional weeks or hours count towards completing the next payment period. For Direct Loans, the first payment period of a second or subsequent loan period includes only the weeks of instructional time and hours that begin on the first calendar day of the new loan period.

### **Clock-hour payment period progression and weeks of instructional time**

Payment period progression in clock-hour programs requires that the student complete both the clock-hours and weeks of instructional time.

### **Completion requirements**

Payment periods: 34 CFR 668.4

Pell Grants: 34 CFR 690.75(a)(3)

Direct Loans: 34 CFR 685.301(b) and (b)(6)

TEACH: 34 CFR 686.11

Excused absences: 34 CFR 668.164(b)(3)

## **Excused absences in clock-hour programs**

In a clock-hour program, you are allowed to count a limited number of excused absences when deciding whether the student has completed the hours in a payment period. An excused absence may only be counted if the student is excused from hours that were actually scheduled, were missed, and do not have to be made up for the student to receive the degree or certificate for the program.

For instance, a student in a program that has 450-clock-hour payment periods might miss 20 clock-hours and only have attended 430 clock-hours at the point where other students that did not miss any clock-hours had received 450 clock-hours of instruction. If your school has an excused absences policy, the 20 missed clock-hours are considered excused, and this student could be paid the next disbursement.

To be counted for FSA purposes, excused absences must be permitted in your school's written policies. Under FSA regulations, no more than 10% of the clock-hours in a payment period may be considered excused absences. If your school's *accrediting agency* or the *state agency that legally authorizes your school to operate* allows fewer hours to be counted as excused absences, you must follow the stricter standard rather than the FSA standard.

## **Direct Assessment program payment periods**

Because Direct Assessment programs don't use credit or clock-hours as measures of learning, you must establish a method to reasonably equate the Direct Assessment program (or Direct Assessment portion of any program) to credit or clock-hours for the purpose of determining the payment periods in the program. You must provide a reasonable written description that supports your claim that the program or portion of a program is equivalent to a specific number of credit or clock-hours (note that any credits awarded for "life experience" are not counted for FSA purposes).

Once you have established credit or clock-hour equivalencies, Direct Assessment program payment periods are measured in the same manner as other programs, according to the payment period rules described earlier in this chapter.

34 CFR 668.10

<b>Disbursement by Payment Period Required</b> (except as provided in the discussion following this chart)		
<b>Program Type</b>	<b>Direct Loan</b>	<b>Pell, TEACH, FSEOG, &amp; Perkins Loan</b>
Credit-hour programs offered in standard terms & nonstandard term programs offered in terms that are substantially equal in length.	Term	Term
Credit-hour programs offered in nonstandard-terms that are not substantially equal in length. <sup>2</sup>	The payment period is the <b>successful completion</b> <sup>1</sup> of: <ul style="list-style-type: none"> <li>• half of the weeks of instructional time in the academic year/program less than an academic year; <b>and</b></li> <li>• half of the credit-hours in the academic year/program less than an academic year.</li> </ul> For the remainder of a program equal to or less than half of an academic year, the payment period is the remainder of the program.	Term
Clock-hour programs and nonterm credit-hour programs.	The payment period is the <b>successful completion</b> <sup>1</sup> of: <ul style="list-style-type: none"> <li>• half of the weeks of instructional time in the academic year/program less than an academic year; <b>and</b></li> <li>• half of the clock/credit-hours in the academic year/program less than an academic year.</li> </ul> For the remainder of a program equal to or less than half of an academic year, the payment period is the remainder of the program.	The payment period is the <b>successful completion</b> <sup>1</sup> of: <ul style="list-style-type: none"> <li>• half of the weeks of instructional time in the academic year/program less than an academic year; <b>and</b></li> <li>• half of the clock/credit-hours in the academic year/program less than an academic year.</li> </ul> For the remainder of a program equal to or less than half of an academic year, the payment period is the remainder of the program.

<sup>1</sup> **Successful completion** means that the student has earned a passing grade or otherwise received credit for the credits or clock-hours in the payment period.  
<sup>2</sup> If a program is offered in a combination of standard and nonstandard terms and the program does not qualify to use a "SAY," then for Direct Loan purposes, the program is subject to the disbursement requirements that apply to nonstandard programs that are not substantially equal in length.

**Direct Loan Disbursements within a single term/payment period**

Unless it qualifies for the special rule based on low cohort default rates (see below), a school must generally make two disbursements of a Direct Loan that is certified or originated for a single term or a single payment period:

- For credit-hour programs offered in standard terms or nonstandard terms that are substantially equal in length with no term less than 9 weeks of instructional time in length (SE9W, see p. 3-26 for more on SE9W), the second disbursement may not be paid until the calendar midpoint between the first and last scheduled days of class in the loan period.
- For all other programs, including clock-hour and nonterm credit-hour programs, and nonstandard term programs with terms that are not substantially equal or with terms that are substantially equal and less than 9 weeks of instructional time in length, for a remainder of a program equal to or less than 1/2 an academic year (or the term if the terms are substantially equal) the second disbursement may not be paid until the student successfully completes 1/2 of the weeks of instructional time in the payment period, and half of the clock or credit-hours in the payment period.

**Special rule:** Schools with cohort default rates of less than 10% for each of the 3 most recent fiscal years for which data are available, may disburse, in a single installment, loans that are made for: 1 semester, 1 trimester, 1 quarter or loans made for a 4-month period or less for one nonstandard or nonterm loan period. Note that a program offered in substantially equal terms at least nine weeks in length may not disburse in a single installment for a term if the term is longer than four months. (In the case of loans made to students in study abroad programs, the home school's default rate must be less than 5 percent for the most recent fiscal year for which data are available to qualify for this special rule.)

**Pell or TEACH disbursements within a single term**

If a school uses Formula 3 to calculate a Pell Grant or TEACH Grant, the student's total payment for a payment period may exceed 50 percent of the student's annual award. However, the disbursements of the student's Pell or TEACH Grant in the payment period cannot exceed 50 percent of the student's annual award until the student completes in the payment period at least half of the weeks of instructional time in the academic year.

## Review of completion

### *Term-based programs using credit-hours*

For a credit-hour term program, there is no requirement that a student successfully complete all of the coursework to receive payment in the next term. For instance, a student could receive a Stafford disbursement in the Spring term after failing several courses in the Fall term, provided that the student was still making satisfactory progress under the school's policy. (However, if the program uses nonstandard terms that are not substantially equal in length, you must use the nonterm-based rules for Stafford/PLUS disbursements, below.)

### *Pell, Perkins Loans, FSEOG and TEACH Grants in clock-hour or nonterm programs*

For a credit-hour program without terms or a clock-hour program, a school may disburse a Pell, Perkins Loans, FSEOG or TEACH grant only after it determines that the student has successfully completed the credits or clock-hours and weeks of instructional time in the prior payment period.

### *Stafford/PLUS loans in clock-hour, nonterm, and certain nonstandard term programs*

If an educational program does not use terms to measure academic progress for FSA purposes, the school may not make the second loan disbursement until the student successfully completes the weeks of instructional time **and** the credit or clock-hours in the payment period. These coursework completion requirements apply to clock hour and nonterm programs, and programs with nonstandard terms that are not substantially equal in length.

**Disbursement timing citations**

Disbursement by payment period:

34 CFR 668.164(b),

HEA Sec. 428G(a)

Early disbursements: 34 CFR 668.164(f)

30-day delay for 1st-time Stafford borrowers:

34 CFR 685.303(b)(3)

Disbursement of 2nd & subsequent

disbursements:

34 CFR 685.301(b)(3)

**TIMING OF DISBURSEMENTS—GENERAL RULES**

Except for FWS wages, FSA disbursements are made on a payment period basis. The timing of disbursements is especially important for Pell and TEACH Grants and Stafford/PLUS loan funds, because you must report disbursement dates with the Department (through COD) and/or private lenders.

*Basic rules for early and delayed disbursements*

In general, the earliest that a school may disburse FSA funds by crediting the student's account or by paying directly to the student or parent is 10 days before the first day of classes for that payment period.

For credit-hour nonterm and clock-hour programs, the earliest a school may disburse FSA funds (other than FWS wages) is the later of:

- 10 days before the first day of classes for that payment period; or
- the date the student completed the previous payment period for which he or she received FSA funds.

This disbursement timing limitation is also applicable to Stafford and PLUS disbursements in credit-hour programs with non-standard terms that are not substantially equal in length. In some cases, as we'll discuss, other restrictions apply.

If a student is in the first year of undergraduate study and is a first-time Stafford borrower, your school may not disburse the first installment of the Stafford loan until 30 calendar days after the student's program of study begins. You are not required to delay disbursement for such students if you have a cohort default rate of less than 10 percent for each of the three most recent years for which data is available, or if you are a home institution originating a loan to cover the cost of attendance in a study abroad program and have a cohort default rate of less than 5 percent for the single most recent year for which data is available.

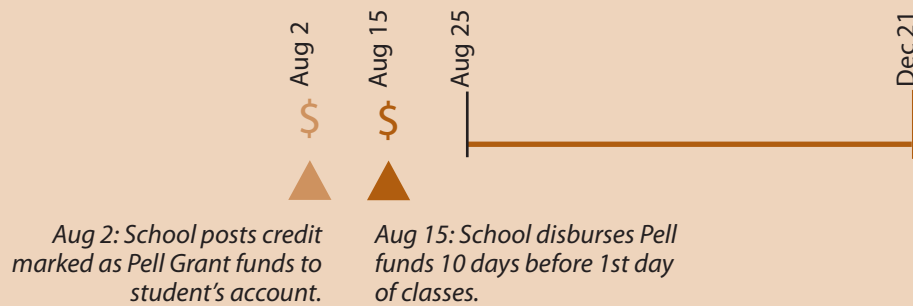
If a student is scheduled to begin class in a module of a term-based program that starts after the first day of classes for the semester, you may not make the initial disbursement until 10 days before the start of the first module in which the student is scheduled to begin attendance. Also, if you post a credit to a student's account before the earliest date permitted by regulation, the date the FSA funds are considered to be disbursed is the earliest date permitted by regulation.

**Disbursement by payment periods**

The Cash Management Regulations specify that a school must disburse all FSA grant and loan funds on a payment period basis. For all types of programs, FSA funds are disbursed using the payment period definitions in 34 CFR 668.4.



## Early disbursement & advance credit to account



The earliest a school may disburse Pell funds is 10 calendar days before the first day of class in the semester (August 15 is the example).

If you post a credit to a student's account before the earliest date permitted by regulation (August 2nd vs. August 15 in the example), for FSA purposes, the date the Pell is considered to be disbursed is the earliest date permitted by regulation: August 15.

## Disbursement rules for terms made up of modules

When a student is attending a modular program, but won't attend the first module, the date when classes begin for making disbursements is the starting date of the first module that the student will actually attend.

The earliest the school can pay a student who is scheduled to begin attendance in the second of three 5-week modules that make up the payment period is 10 days before the first day of the second module. (Or 30 days after the second module begins, if the student is a first-time, first-year borrower and the school does not meet the requirements for a waiver in 34 CFR 685.303(b)(4).)

**Module Example:** A 1-year program with no terms awards 24 credit-hours, which are taught in a series of six 4-hour modules. The school groups the modules into two 12-hour payment periods. The first payment period takes 15 weeks to complete. The student cannot progress to the second payment period until the student successfully completes 12 credit-hours and the 15 weeks of instruction have elapsed. If the student fails the first 4-hour module, he or she will still need to successfully complete three modules (for a total of 12 credits) to progress to the next payment period.

### *Retroactive disbursements for completed periods*

Your school must pay a student retroactively for any completed payment periods within the award year if the student was eligible for payment in those periods. Thus, in the case of a Pell Grant, if you don't receive a valid SAR/ISIR for a student until the spring term, but the student was also enrolled and eligible for a disbursement in the previous fall term, that student must be paid retroactively for the fall term.

If you are paying a Pell or TEACH Grant for a completed term in which no disbursement has been made, the *grant must be based on the hours completed by the student for that term*. If the student had enrolled full time at the beginning of the fall term but dropped to half-time status by the end of the term, the retroactive disbursement must be based on half-time status. At a term school, all completed coursework counts towards enrollment status, including earned F's and incompletes that have not converted to "F" grades because the student failed to complete the course work. (This requirement does not apply to any other FSA program.)

*To include an earlier period of eligibility when originating a Stafford Loan, the student would have had to complete at least a half-time courseload in that period.* For instance, you could include the Fall term and its costs when originating a loan for the student in the Spring, if your school's half-time standard is 6 credit-hours and the student received a "B" and an incomplete in two 3-hour courses taken that Fall.

In the case of loans disbursed on a payment period basis, if a student attended the previous payment period but did not maintain eligibility for a Stafford Loan, you may not include the previous payment period or its costs in the loan period.

A school can make the retroactive disbursements in one lump sum.

### *Multiple disbursements within a payment period*

FSA regulations generally permit schools to pay FSA funds at such times and in such installments *within* each payment period as will best meet students' needs. This gives schools the ability to apportion the payment if doing so will be in the best interest of the student. For example, if a payment period is particularly long, a school might choose to pay in multiple installments to the extent program requirements permit to ensure that a student will have funds to pay rent later in the payment period.

Also bear in mind that FSA funds must be provided to students in a timely manner to best assist them in paying their educational expenses. Consequently, a school may not delay the disbursement of funds until after the 60% point, for example, to avoid the administrative burden of performing a Return of Title IV Funds calculation and the requirements that go along with it, or to prevent the student from having to return funds upon withdrawal.

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### **Multiple loan disbursements within a payment period**

A school may schedule multiple disbursements *within* a payment period, as long as the disbursements in a loan period are substantially equal.

However, for nonterm and clock-hour programs, a school may not elect to have more than two payment periods per loan.

Schools that use payment periods as the basis for their Return of funds calculations should note that making multiple disbursements within a payment period does not create a new or additional payment period. See **Volume 5** of the FSA Handbook to see how withdrawal calculations handle multiple disbursements.

**Perkins & FSEOG disbursements**

Payment by payment period:  
34 CFR 674.16(b) and 676.16(a)  
Uneven costs/uneven payments:  
34 CFR 674.16(c) and 676.16(b)  
Paying prior to student beginning  
attendance: 34 CFR 674.16(f)  
and 674.16(d)  
Reporting Perkins Loans to credit  
bureau: 34 CFR 674.16(i)

**Submitting disbursement records**

A school must submit disbursement records to the COD system no later than 30 days after making a Pell or Direct Loan disbursement.

**Timing of correspondence program disbursements for Pell and TEACH Grants**

ACG/SMART: 34 CFR 691.66  
Pell: 34 CFR 690.66  
TEACH: 34 CFR 686.25

For nonterm correspondence programs, you make the first disbursement to a student after the student completes 25 percent of the lessons or otherwise completes 25 percent of the work scheduled for the program or academic year, whichever occurs last. You make the second disbursement to a student after the student completes 75 percent of the lessons or otherwise completes 75 percent of the work scheduled for the program or academic year.

For term-based correspondence programs, you make the first disbursement to a student for each payment period after the student completes 50 percent of the lessons or otherwise completes 50 percent of the work scheduled for the term, whichever occurs last.

**TIMING OF FSA GRANT & PERKINS LOAN DISBURSEMENTS***Disbursements in credit-hour term-based programs*

As noted earlier, for a student enrolled in a credit-hour program that uses any type of academic term, for Pell, TEACH, FSEOG, and Perkins Loan program funds, the payment period is the academic term. Under the advance payment method, FSA grants actual disbursement information can be submitted no earlier than 7 calendar days prior to the disbursement date.

*Disbursements in clock-hour and credit-hour nonterm programs*

For clock-hour programs and nonterm credit-hour programs, a student can receive the first disbursement of FSA grant or Perkins Loan funds when the student begins the program or academic year. The student becomes eligible to receive a disbursement of FSA grant funds for the second payment period when the student successfully completes half of the weeks of instructional time AND half of the credit-hours/clock-hours in the academic year or program or the remaining portion of a program that is more than one-half of an academic year but less than a full academic year.

*Timing of grant disbursements within a payment period*

You may time the disbursement of Pell and TEACH Grant funds for a payment period to best meet the needs of students at your school. For instance, some schools credit the student accounts for school charges as soon as is permissible, and then pay the credit balance to students when they begin classes. Other schools wait until the end of the add/drop period to disburse funds, or pay students in monthly installments to help meet living expenses throughout the payment period. (If as opposed to making multiple disbursements within the payment period, your school rations disbursements to students by crediting the entire disbursement for the payment period to the student's account and making periodic disbursements to the student from these funds, it must have the student's voluntary written authorization.)

*Uneven disbursements of FSEOG & Perkins*

A school that is awarding an FSEOG or a Perkins Loan for a full academic year must disburse a portion of the grant or loan during each payment period. In general, to determine the amount of each disbursement, a school will divide this award amount by the number of payment periods the student will attend.

However, if the student incurs uneven costs or receives uneven resources during the year and needs extra funds in a particular payment period, your school may disburse the additional FSEOG or Perkins amounts to the student in whatever manner best meets the student's needs.

## Additional grant disbursement notes

### ***Disbursements exceeding 50 percent of award***

If you use Formula 3 to calculate a Pell or TEACH Grant, the student's total payment for a payment period may exceed 50 percent of the student's annual award. However, the disbursements of the student's Pell or TEACH Grant in the payment period cannot exceed 50 percent of the student's annual award until the student completes in the payment period at least half of the weeks of instructional time in the academic year. Therefore, you generally must make at least two disbursements to the student in the payment period.

You may not withhold funds as an administrative convenience if you wish to make a single disbursement.

### Stafford/PLUS disbursements

Standard terms and terms that are substantially equal in length  
34 CFR 668.4(a) and (c)

Programs without terms, clock-hour programs & terms not substantially equal  
34 CFR 668.4(b), (c), and (h)(1)

### Nonstandard "SE9W" Terms

If a credit-hour program has nonstandard terms, the terms are substantially equal in length, and each term is at least 9 weeks of instructional time in length, then the terms, for annual loan limit progression purposes, are referred to as "SE9W."

The length of terms are measured in weeks of instructional time, as defined in this chapter. Nonstandard terms are substantially equal if no term in the loan period is more than 2 weeks of instructional time longer than any other term in that loan period.

For more detail on SE9W terms, see Chapter 5 of this volume.

### Direct Loans for one payment period

34 CFR 685.301(b)(3)(ii)

### Scheduling Direct Loan disbursements

Please consult the Direct Loan School Guide for further discussion of DL disbursement issues (<http://www.ifap.ed.gov/ifap/byAwardYear.jsp?type=dlsguides>).

## STAFFORD/PLUS DISBURSEMENTS

*Standard terms and substantially equal nonstandard terms at least nine weeks in length (SE9W)*

If the program uses *standard academic terms* (semesters, trimesters, or quarters) or it has *nonstandard terms of substantially equal length*, at least one disbursement must be made in each term in the loan period. A program is considered to have substantially equal terms if no term in the program is more than two weeks of instructional time longer than any other term in the program.

*If there is more than one term in the loan period*, the loan must be disbursed over all terms of the loan period. For example, if a loan period is for an academic year that includes three quarters, the loan must be disbursed in three substantially equal disbursements.

If there is only one term in the loan period, the loan generally must be disbursed in two payments. In a credit-hour program that uses a semester, trimester, or quarter system, or is "SE9W," (see sidebar) the second disbursement may not be made until the student reaches the calendar midpoint between the first and last scheduled days of class of the loan period. For clock-hour and nonterm programs, and nonstandard term programs that are non-SE9W, the school may not make the second disbursement until the student successfully completes half of the credit or clock-hours AND half of the weeks of instructional time in the payment period.

*Clock-hour programs, nonterm credit-hour programs, and programs with non-standard terms that are not substantially equal*

If the program is one academic year or shorter, the loan period is usually the length of the program. (For more information on nonterm loan periods, see Chapter 5.) If the program is longer than an academic year, there will usually be another loan period for any subsequent academic year or remaining portion of an academic year.

For each loan period in these programs:

- The loan must be disbursed in at least two substantially equal amounts, with the first disbursement generally disbursed at or near the beginning of the loan period; and
- The second half of the loan proceeds may not be disbursed until the student has successfully completed half of the coursework and half of the weeks of instructional time in the loan period.

The payment period for the remainder of a program less than or equal to one-half of an academic year is the remainder of the program.

When a Direct Loan is made for one payment period, the loan must be disbursed in two installments, and the second installment may not be disbursed until the student has successfully completed half the number of credit or clock-hours and half the weeks of instructional time in the payment period.



*Exceptions to disbursement rules for schools with low default rates*

Schools with cohort default rates of less than 10 percent for each of the three most recent fiscal years for which data are available, including eligible foreign schools, may disburse, in a single installment, loans that are made for one semester, one trimester, one quarter, or a four-month period. Such schools also are not required to delay the delivery or disbursement of a first disbursement of a loan for 30 days for first-time, first-year undergraduate borrowers.

You may pay a student in an eligible study-abroad program in one disbursement, regardless of the length of the loan period if your school's most recently calculated Stafford Loan default rate is less than 5 percent for the single most recent fiscal year for which data is available.

When a school that qualifies for the cohort default rate exemption offers nonstandard term credit-hour programs with:

- terms not substantially equal in length;
- nonterm credit hour programs; or
- clock-hour programs;

the payment period, for purposes of Direct Loan funds, is the portion of the program to which the cohort default rate exemption applies. For example, if the loan period for a nonterm credit-hour program is three months in length and the institution meets the cohort default rate exemption, the three-month loan period is the payment period and only one disbursement of the loan is required for that period.

**Low cohort default rate exemptions**

Section 428G(a)(3) and (b)(1) of the HEA,  
Direct Loans 34 CFR685.301(b)(8)

**Single disbursements for study-abroad students**

If a borrower is enrolled in a study-abroad program approved for credit by the home school and the home school had a Stafford Loan default rate less than 5 percent in the single most recent fiscal year for which data is available, AND the loan is for one semester, one trimester, one quarter, or a four-month period, the school may make a single disbursement of the loan proceeds.

34 CFR 685.303(b)(4)(i)(B)

34 CFR 685.301(b)(8)(i)(B)

Also see Cohort Default Rate Guide.

### Enrollment status and retaking coursework provisions and limitations

34 CFR 668.2(b)



34 CFR 668.20(d),(f)

### Retaking coursework school policy and operations



Your school may establish a policy that permits or bars students to retake previously passed coursework, for example, to improve grade point average. Based on such policies, the applicable guidance in the Handbook and regulations can be used to determine how to award Title IV aid.

You may wish to consult with your school's registrar to ensure that your school's class repetition policy is properly coordinated and implemented by both offices, including any changes that need to be made to the registrar's policies and operations for enrolling students.

## RETAKING COURSEWORK IN TERM PROGRAMS

Beginning in the 2011-12 award year, you may count towards enrollment status and award Title IV funds to a student who is repeating, for the first time only (i.e. one repetition per class), a previously passed course in a term-based program.

Conversely, you may **not** pay a student for retaking previously passed courses if the student is required to retake those courses because they failed a different course. For example, a student enrolls in four classes in the fall semester, passes three of them, and fails one. The school requires the student to retake the three classes because they failed the one class. The student retakes all four classes in the spring semester. The failed class would be counted towards the student's enrollment status (and could have Title IV aid awarded for it), but the three classes previously passed in the fall would not be counted towards the student's enrollment status and would not be eligible for aid.

In any case, remember that retaken classes may count against satisfactory academic progress, and the student's eligibility is still constrained by all the requirements of satisfactory academic progress, as discussed in Volume 1 of the FSA Handbook. Also, the one-year academic limitation on noncredit and reduced credit remedial coursework still applies, so, for example, a student repeating a remedial course that exceeds the one-year limitation could not have the class included in his or her enrollment status.

If a student who received an incomplete in a course in the prior term is completing the coursework in the subsequent term to erase the incomplete in the prior term, the student is not considered to be enrolled in the course for the subsequent term. Therefore, the hours in the course do not count toward the student's enrollment status for the subsequent term, and the student may not receive FSA funds for retaking the course. However, if a student who received an incomplete in a course in the prior term is retaking the entire course for credit in the subsequent term, the hours in the course count toward the student's enrollment status and the student may receive FSA funds for retaking the course.

Students enrolled in non-term-based programs may **not** receive credit for retaking coursework.

## TRANSFER, RE-ENTRY, & REPEATING COURSEWORK WHEN PROGRESS IS NOT TRACKED BY TERMS

### *Re-entry within 180 days*

A student who withdraws from a clock-hour or credit-hour nonterm program and then re-enters within 180 days is considered to remain in the same payment period when he/she returns and, subject to conditions imposed by ED, is eligible to receive FSA funds for which he/she was eligible prior to withdrawal, including funds that were returned under the R2T4 rules in *Volume 5, Chapter 2*.

### *Re-entry after 180 days and transfer students*

Generally, you must calculate new payment periods for a clock-hour or credit-hour nonterm program for:

- a student who withdraws and then re-enters the same program at the same school *after 180 days*; or
- a student who withdraws from a program and enrolls in a new program at your school, or at another school within *any time period*.

For purposes of calculating payment periods ONLY, the length of the program is the number of credit or clock-hours and weeks of instructional time the student has remaining in the program that he/she re-enters or transfers into. If the remaining hours and weeks constitute half of an academic year or less, the remaining hours constitute one payment period. In this circumstance, the student may be paid for repeating coursework if the student is receiving credit for repeating the course.

However, you may consider a student who transfers from one program to another at your school to remain in the same payment period if all of the following conditions apply:

- the student is continuously enrolled at your school;
- the coursework in the payment period the student is transferring out of is substantially similar to the coursework the student will be taking in the program into which he/she is transferring;
- the payment periods are substantially equal in length in weeks of instruction and credit or clock-hours;
- there are little or no changes in school charges associated with the payment period; and
- the credits from the payment period the student is transferring out of are accepted for credit in the new program.

### **Re-entry within and after 180 days**

34 CFR 668.4(f),(g),(h)

### **Pell Grant Disbursements for Re-entering Students**

For Pell and TEACH Grant disbursements in the award year, if a student enrolled in a clock-hour or nonterm credit-hour educational program re-enters the program within 180 days after initially withdrawing and before the deadline for the award year published, a school may request administrative relief to disburse the student's grant by the earlier of 30 days after the student re-enrolls or the deadline for the award year published in the Federal Register.

### **Repeating after program completion**

Any student who completes an entire nonterm credit-hour or clock-hour program, and later re-enrolls to take that same program again or to take another program, may be paid for repeating coursework regardless of the amount of time between completion of the first program and beginning the program or another program again.

### **Satisfactory progress & repeated coursework**

For satisfactory academic progress purposes, each time a course is taken counts as an attempt; only the first time a passing grade is received is counted as a completion.

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**Transfer students**

685.301(a)(9)(ii)

***Stafford/PLUS payment periods when student transfers to a new school***

If a student transfers into a program at a new school, and the program is not offered in either standard or “SE9W” terms, the new school may originate a loan for the remaining portion of the program or academic year if:

- the new school accepts a student’s credit or clock-hours earned at a prior school, and
- the period of enrollment for the loan at the first school overlaps the period of enrollment at the new school.

The loan at the new school may not exceed the remaining balance of the student’s loan limit at the new school, after the disbursements at the first school are taken into account. In addition, the loan period at the new school must cover the remaining hours and time-frame of the overlapping prior loan period. (See example on next page.)

If the new school *has not accepted any credits on transfer*, the new school must originate a loan for an academic year, or for the remaining balance of a program if less than an academic year. The applicable annual loan limit is the difference between the amount disbursed at the prior institution and the student’s new applicable annual loan limit.

***Stafford/PLUS payment periods for a student starting a new program at same school in same academic year***

When completing a program, when the student’s last loan to complete that program was for coursework less than an academic year in length, and the student then begins a new program at the same school, the school may originate a loan for the remainder of the academic year. In this case the school may originate a loan for an amount that does not exceed the remaining balance of the student’s annual loan limit at the loan level associated with the new program. You must determine the new payment periods for that reduced loan period. The payment periods may not coincide with the payment periods for grants and Perkins Loans.

### Example: Re-entry after 180 days

Joe withdraws after completing 302 clock-hours of a 900-clock-hour program, so there are 148 hours in the payment period that the student did not complete. Joe re-enrolls after 180 days in the same program and receives credit for 100 hours. The program length for purposes of determining the new payment periods and period of enrollment is 800 clock-hours (the remainder of Joe's program), so the new payment periods are 400 hours and 400 hours. The FSA payments would be for 400 hours for both payment periods, not limited to 148 hours for a payment period. If Joe received no credit for previously completed hours, his program length for purposes of determining the payment periods would be 900 clock-hours.

### Transfer student with overlapping loan periods

James transfers on September 15 into Hammett Technical College, which accepts 200 hours from James's prior school towards a 3-year program that has an academic year of 26 weeks and 900 clock-hours.

James says that he received a Stafford Loan at the prior school, but he doesn't remember the exact dates. The financial aid administrator at Hammett checks NSLDS and finds that the loan period began July 15 and was scheduled to end January 15. James earned the 200 clock-hours at the beginning of this loan period, between July 15th and August 30, and Hammett accepted these hours on transfer.

The aid administrator at Hammett may originate a loan for the period during which James is expected to complete at least the remaining 700 hours of Hammett's academic year, September 15 through January 15. During this period, which comprises 20 weeks of instructional time, James will be eligible for his remaining annual loan limit (after deducting the amount received at the prior school).

The 20-week loan period is divided into two payment periods, each comprised of 350 clock-hours and 10 weeks of instructional time. On February 1, James will be able to start a new BBAY and loan period at Hammett with a new annual loan limit. Note that the payment periods for the new BBAY will be 450 clock-hours and 13 weeks of instructional time, and this will continue through the end of the program.

In the case of grants and Perkins Loans, James's initial payments will be half of the program's academic year: 450 clock-hours and 13 weeks of instructional time. Note that the second payment period for the Pell Grant begins three weeks later (in weeks of instructional time) than the second payment period for the Stafford Loan. The difference between the start dates of the Pell and the Stafford payment periods will vary throughout the rest of the program at Hammett. Also note that the last academic year, for purposes of grants and Perkins Loans, will only be 700 clock-hours and 20 weeks of instructional time. Thus, his last two Pell Grant disbursements will be reduced on the basis of payment periods of 350 hours and 10 weeks of instructional time.

