



"NYSFAAA ON BROADWAY"



NYSFAAA XXIX Conference

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Federal Pell Grants

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U.S. Department of Education





Agenda

- Budget
- Legislation
- Recent Dear Colleague Letters
- Negotiated Rulemaking
- Payment Calculations
- Common Payment Problems



Fiscal Year 2008 Budget



Fiscal Year 2008 Budget Proposals

- Increase maximum Pell to \$4,600 effective for 2008-09 award year
 - \$550 increase with mandatory funding
 - \$200 increase per year through 2012 when the maximum award would reach \$5,400



Fiscal Year 2008 Budget Proposals

- Year-round Pell at eligible 2- and 4-year degree-granting institutions
- Limit Pell eligibility to the equivalent of 16 semesters
- Eliminate tuition sensitivity rule



Fiscal Year 2008 Budget Appropriations Status

- 2007 maximum award:
 - \$4,310
- 2008 maximum award Administration proposed:
 - \$4,600 – includes mandatory funds
- 2008 maximum award House passed:
 - \$4,700 – does not include mandatory funds (would add CCRAA \$490)
- 2008 maximum award Senate committee:
 - \$4,310 – does not include mandatory funds (would add CCRAA \$490)



Legislation



Legislation: College Cost Reduction and Access Act

- Made some significant changes in the Federal Pell Grant Program
- In line with budget proposals



Legislation: CCRAA Federal Pell Grants

- Eliminates Federal Pell Grant “tuition sensitivity” as of date of July 1, 2007
- Must recalculate awards back to July 1 using regular Payment and Disbursement Schedules already published in P-07-01

Effective: July 1, 2007



Legislation: CCRAA Federal Pell Grants

- Using mandatory funds, increases Pell Grant award by –
 - \$ 490 for 2008-09 and 2009-10
 - \$ 690 for 2010-11 and 2011-12
 - \$ 1,090 for 2012-13
- Increases applicable to students eligible based on the maximum award for discretionary funds set in an appropriations act
- Does not increase the number of eligible students

Effective: 2008-2009 award year



Legislation: CCRAA Federal Pell Grants

- For 2008-09, if appropriations act sets a \$4,310 maximum award, sets Scheduled Awards:
 - Maximum \$4,800
 - Minimum \$890
- Expect use of mandatory funds with discretionary funds will be transparent to institutions and students

Effective: 2008-2009 award year



Recent Dear Colleague Letters



Recent Dear Colleague Letters

- Expect P-07-02
 - Will provide guidance on the elimination of tuition sensitivity
 - Can also expect an electronic announcement providing instructions—
 - On how to adjust awards and disbursements that were determined using the Alternate Schedules and previously reported to the COD System; and
 - On the Packaging and Pell modules of EDExpress
 - Is already in effect without additional guidance



2006-2007 Negotiated Rulemaking



Negotiated Rulemaking

- Federal Register notice - August 18, 2006
- 2008-2009 and subsequent years
- Regional hearings
- Negotiating committee on General Provisions looked at Pell/ACG/National SMART Grant payment calculations
- Consensus



Negotiated Rulemaking

- NPRM: August 8, 2007
- Comments: due September 7, 2007
- Few commenters on Pell
- Final regulations: by November 1, 2007
- Effective July 1, 2008
- Early implementation



Payment Calculations



Payment Calculations

- Proposed revisions in General Provisions NPRM
- Payment period definition
- Programs eligible for Formula 1
- Payment period calculations for Formulas 4 and 5A
- Payment calculations the same as for Federal Pell Grants



Payment Calculations

- Added educational programs eligible for Formula 1
- Is no change for traditional calendar programs currently eligible to use Formula 1, i.e., programs with
 - two semesters or trimesters, or three quarters, in fall through spring, and
 - at least 12 hours as full-time for all terms in award year



Case Study

Currently Eligible for Formula 1

Fall Semester 16 weeks of i.t.	Spring Semester 15 weeks of i.t.	Summer 10 weeks of i.t.
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- Traditional semester-based academic calendar where full-time is defined as at least 12 semester hours
- Eligibility to use Formula 1 continues



Payment Calculations

- Adds programs eligible for Formula 1 where—
 - Any two semesters or trimesters, or three quarters is at least 30 weeks of instructional time;
 - Program starts in cohorts of students, e.g., monthly;
 - Program is offered exclusively in semesters, trimesters, or quarters; and
 - Students are not enrolled in two or more overlapping terms



Case Study

NPRM Eligible for Formula 1



- The program consists of semesters. A new cohort of students start a new semester on the first workday of each month.
- Remember—
 - If a student is able to register in classes across cohorts at the same time, it is nonterm.
 - If students are restricted to classes in their cohort, it is term-based.



Payment Calculations

- Revised Formula 4 payment calculations (Formula 5A also)
- No change in the eligibility for Formula 4: credit-hour programs without terms and clock-hour programs
- Lesser of two fractions based on the academic year measures



Payment Calculations

Formula 4

Scheduled Award * the lesser of –

Hours in the payment period
Hours in the academic year

OR

*weeks in the payment period
*weeks in the academic year

*Weeks of instructional time



Case Study 1

Payment Calculation

28 quarter hours
28 weeks of instructional time

- A nonterm undergraduate certificate program
- Scheduled classes
- 28 quarter hours over 28 weeks of instructional time



Case Study 1

Payment Calculation

28 quarter hours
28 weeks of instructional time

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



Case Study 1

Payment Calculation

14 hours 14 weeks	14 hours 14 weeks
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- Payment periods = 14 quarter hours and 14 weeks of instructional time



Case Study 1

Payment Calculation

14 hours 14 weeks	14 hours 14 weeks
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- Formula 4 for Pell payment for a payment period calculation
- Student with a Scheduled Award of \$4,000



Case Study 1

Current Payment Calculation

14 hours 14 weeks	14 hours 14 weeks
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- **For Pell full-time students are completing the hours in the program in 24 weeks of instructional time.**

$$28/36 \times 30 = 23.33 \text{ (round up any fraction)}$$

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



Case Study 1

Current Payment Calculation

14 hours 14 weeks	14 hours 14 weeks
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- Payment for a payment period calculation for each payment period in the program

Step 1

Scheduled Award = \$4,000

Step 2

$$\frac{24}{30} \times \$4,000 = \$3,200$$

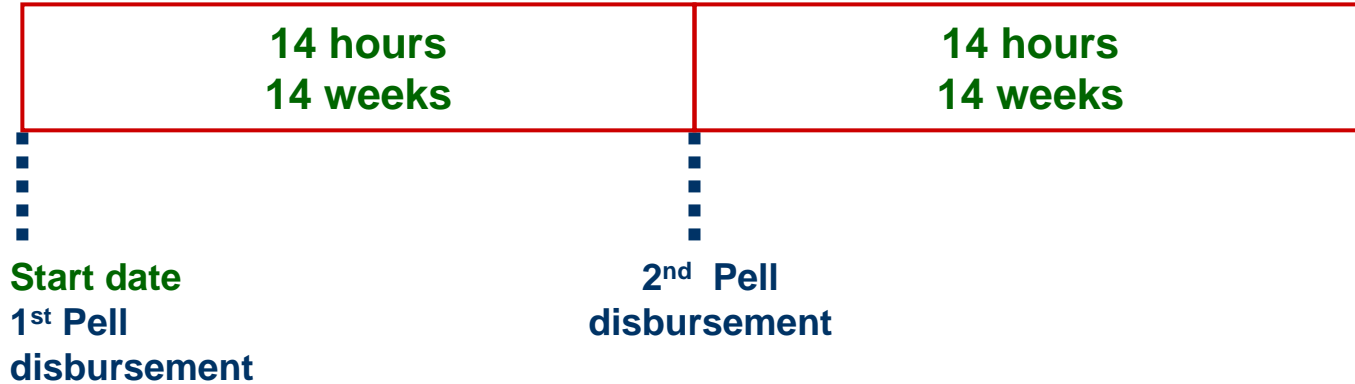
Step 3

$$\frac{14}{36} \times \$3,200 = \$1,244$$



Case Study 1

Current Payment Calculation



- The student receives two Pell disbursements that total \$2,488 out of a \$4,000 Scheduled Award.



Case Study 1

NPRM Payment Calculation

14 hours
14 weeks

14 hours
14 weeks

- Payment for a payment period calculation for each payment period in the program

Step 1

Scheduled Award = \$4,000

Step 2

Lesser of—

$$\frac{14}{36} \times \$4,000 = \$1,555$$

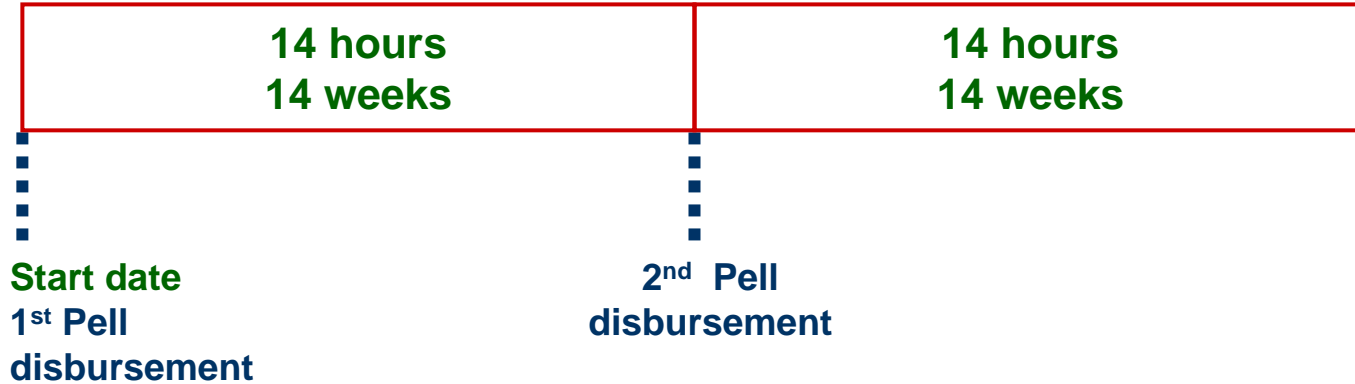
OR

$$\frac{14}{30} \times \$4,000 = \$1,866$$



Case Study 1

NPRM Payment Calculation



- The student receives two Pell disbursements that total \$3,110 out of a \$4,000 Scheduled Award.



Case Study 2

Payment Calculation

- Nonterm Undergraduate Certificate Program
- Academic calendar = students scheduled to complete 1200 clock hours over 30 weeks of instructional time
- Full-time = 24 clock hours per week
- Academic year = 900 clock hours and 26 weeks of instructional time
- Pell Scheduled Award = \$1,000



Case Study 2

Payment Calculation

450 clock hours	450 clock hours	300 clock hours
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- Payment periods
 - 450 clock hours;
 - 450 clock hours; and
 - 300 clock hours



Case Study 2

Current Payment Calculation

- For Pell full-time students are completing the hours in the academic year in 22.5 weeks of instructional time.

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

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



Case Study 2

Current Payment Calculation

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

Step 1

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

Step 2

$$\frac{23}{26} \times \$1,000 = \$884.62$$

Step 3

$$\frac{450}{900} \times \$884.62 = \$442.31$$



Case Study 2

Current Payment Calculation

- Payment for a payment period calculation for third payment period

Step 1

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

Step 2

$$\frac{23}{26} \times \$1,000 = \$884.62$$

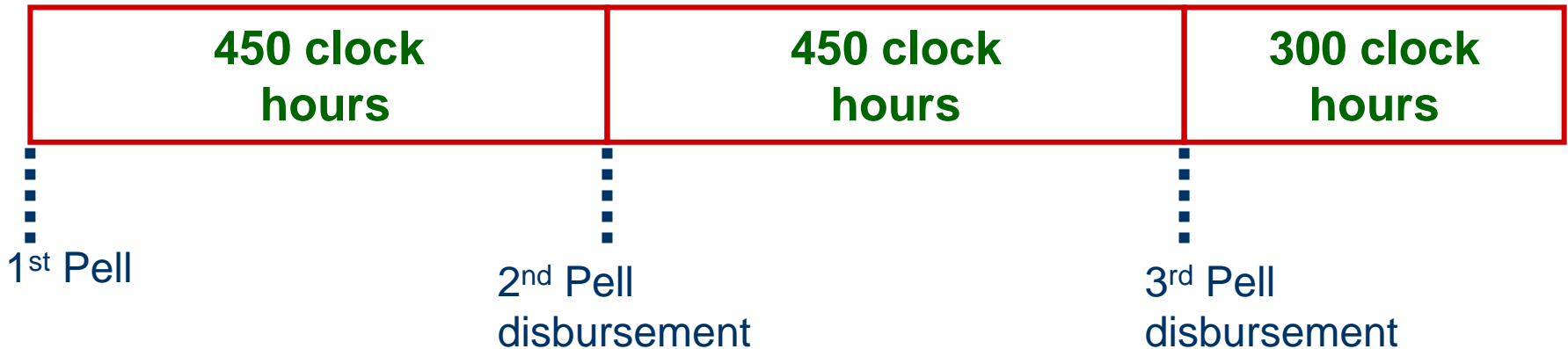
Step 3

$$\frac{300}{900} \times \$884.62 = \$294.87$$



Case Study 2

Current Payment Calculation



- Student receives
 - \$884.62 for the first two payment periods
 - \$115.38, the remaining balance of the Scheduled Award in the third payment period; or, if the third payment period is in a new award year, \$294.87 (assuming same Scheduled Award).



Case Study 2

NPRM Payment Calculation

450 clock hours 13 weeks	450 clock hours 13 weeks	300 clock hrs 4 weeks
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- **Payment periods**
 - 450 clock hours and 13 weeks of instructional time;
 - 450 clock hours and 13 weeks of instructional time; and
 - 300 clock hours 4 weeks of instructional time



Case Study 2

NPRM Payment Calculation

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

Step 1

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

Step 2

The lesser of—

$$\frac{450}{900} \times \$1,000 = \$500$$

OR

$$\frac{13}{26} \times \$1,000 = \$500$$



Case Study 2

NPRM Payment Calculation

- Payment for a payment period calculation for third payment period

Step 1

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

Step 2

The lesser of—

$$\frac{300}{900} \times \$1,000 = \$333.33$$

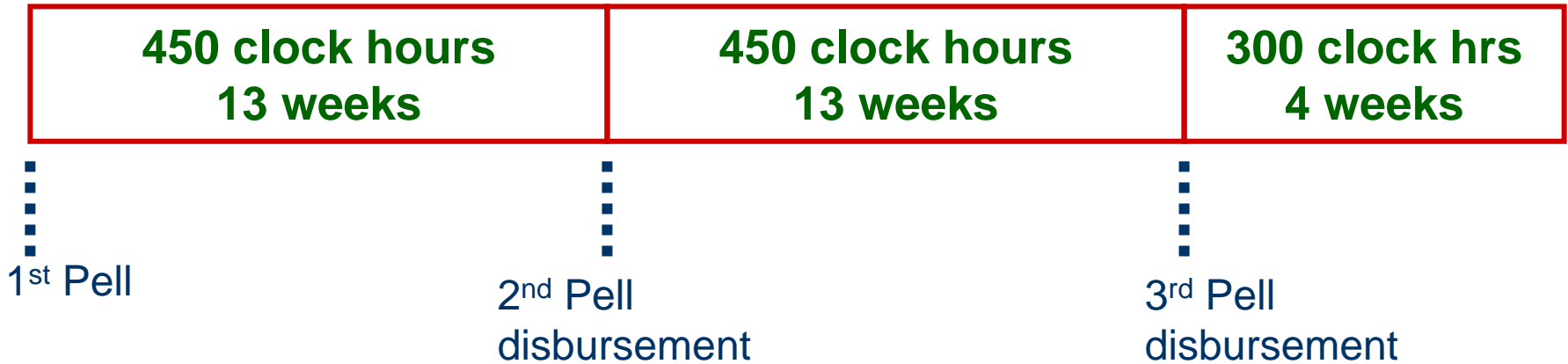
OR

$$\frac{4}{26} \times \$1,000 = \$153.85$$



Case Study 2

NPRM Payment Calculation



- Student receives
 - \$1000 for the first two payment periods
 - \$0 for the third payment period; or, if the third payment period is in a new award year, \$153.85 (assuming same Scheduled Award).



Common Payment Problems



Common Payment Problems

- Must pay eligible less-than-half-time students
- Must pay eligible summer students
- Must pay intersession students



Common Payment Problems

- When prorate in payment calculations, does not reduce the Scheduled or Annual Award
- Do not convert fractions to decimals in payment calculations
- When multiplying a fraction times a number, multiply numerator times number then divide



Common Payment Problems

- For nonterm and clock-hour programs, must determine how long it takes **most full-time students** to complete the **hours in the lesser of the academic year or program** for the numerator of the first step of calculating the payment for the payment period
 - Must apply even if you do not have full-time students
 - Is eliminated as an issue by the proposed changes in NPRM



Common Payment Problems

Initial Calculation

- An **initial calculation** is the first calculation of a student's Federal Pell Grant award.
- The institution must use the current, documented enrollment status (may be a projected status).



Common Payment Problems

Date of Initial Calculation

- Earliest possible date: date of receipt of an EFC from an ED product, such as:
 - SAR or ISIR with an official EFC (processing date)
 - FAA Access EFC
 - FAFSA on the Web EFC



Common Payment Problems

Date of Initial Calculation

- Initial calculation may be prior to, during, or after attendance in classes.
- Valid SAR or valid ISIR is not necessary.
- It is not an initial calculation if use of a non-ED-generated EFC, e.g., a Federal Methodology EFC generated by a private vendor.



Common Payment Problems

Date of Initial Calculation

- If no date documented, the date of the initial calculation is the later of:
 - Processed Date of the initial SAR or ISIR, or
 - The date the student enrolls.
- If date documented for a student, the date of initial calculation is:
 - Date that use an ED-product EFC, or
 - A later date.

Reminder: if packaging other Title IV aid and have an ED-product EFC, also performing a Pell calculation



Common Payment Problems Required Recalculation

- Enrollment status changes between terms (§690.80(b)(1)).
- Student never begins attendance in one or more classes (§690.80(b)(2)(ii)).



Common Payment Problems Required Recalculation

- Lump sum payment according to work completed in prior payment periods (§690.76(b))
 - Must use final enrollment status of prior terms with no disbursements
 - If final enrollment status for the term is different from initial calculation, must recalculate
 - Include in enrollment status only courses completed (includes earned F's and incompletes)
 - Cannot include drops or withdrawals in enrollment status



Common Payment Problems

Institutional Recalculation Options

- Institutional Options for Recalculations for Changes in Enrollment Status
 - Recalculates for all changes in enrollment status during the term
 - Does not recalculate for changes in enrollment status at any time in a term after initial calculation
 - Does not recalculate after a census date



Common Payment Problems

Institutional Recalculation Options

- May have a census date
 - For term
 - By course
 - A student's ultimate census date for the term is the census date of the last course the student attends or is expected to attend
- If a student drops, withdraws from, or adds a class before census date, must recalculate based on any change in enrollment status through that census date



Common Payment Problems Institutional Recalculation Options

- An institution's policy must –
 - Be in writing
 - Be applied consistently to all students
 - Require recalculations for both increases and decreases in awards



Common Payment Problems Calculations

- More detail on these issues
 - 2007-2008 FSA Handbook, Volume 3, pages 3-45 to 3-47
 - <http://www.ifap.ed.gov/presentations/05EACIntSessspellpolicyupdate.html>



Questions?

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