Two Pells in One Award Year

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Agenda

- Two Pell rules starting 2010-11
- Additional provisions
- Operations
- Two Pell myths

Two Pell Rules Starting 2010-2011
Policy goals

- Accelerating completion
- Maximizing the benefit of a second Scheduled Award
  - Must have attended full-time or almost full-time to receive significant benefit
- Applying student achievement and accountability principles for use of funds
  - SAFRA (Student Aid and Fiscal Responsibility Act)

Basics: Eligible student

- Is enrolled at least as a half-time student
- Is enrolled in an eligible program leading to a bachelor’s or associate degree or other recognized educational credential
  - The program must be greater than one academic year in length—in both hours and weeks of instructional time.
  - An exception to the degree or certificate is provided for students with intellectual disabilities.

§690.67
Subpart O of part 68
Basics: Eligible student

- Is enrolled in credit or clock hours attributable to the student’s second academic year in the award year
  - Has successfully earned sufficient hours in the award year that some hours in payment period are attributable to the second academic year in that award year
  - Is a major change from proposed regulations
- Is not required to successfully complete hours attributable to a second academic year to retain payment eligibility

§690.67(a)

Semester progression example

Circumstances

- A traditional semester-based academic calendar has fall and spring semesters and a 12-semester-hour nonstandard summer term.
- Title IV academic year is 24 semester hours and 30 weeks of instructional time.
- In 2010-2011 award year, student
  - Is paid as full-time for fall and spring,
  - Earns 12 hours in the fall and 10 hours in the spring, and
  - Enrolls for 6 hours in the summer.

Semester progression example

- Only consider hours in current award year
  - Do not consider weeks of instructional time or prior award year hours
- Through spring earns 22 hours, after institution determines grades for spring
- Consider 2 hours of summer attributable to first academic year and 4 hours to second academic year
- Is eligible for half-time payment from second Scheduled Award
Clock-hour progression example

Circumstances

• Academic calendar is 1,350 graded clock-hours over 39 weeks of instructional time in the 2010-2011 award year.
• Program has 3 payment periods of 450 clock hours and 13 weeks of instructional time each.
• Title IV academic year is 900 clock hours and 26 weeks of instructional time.
• In 2010-2011 award year, student
  – Is paid first Scheduled Award over the first two payment periods, and
  – Enrolls in the third payment period after passing first 900 clock hours.

Clock-hour progression example

1st P.P. 450 cl hr
2nd P.P. 450 cl hr
3rd P.P. 450 cl hr

2010-11 Award Year

• Only consider hours in current award year
  – Do not consider prior award year hours
• Through second payment period, earns 900 clock hours
• Consider hours of 3rd payment period attributable to the second academic year
• Is eligible for payment from second Scheduled Award for 3rd payment period

Basics: Payment calculations

• Use same amount for both Scheduled Awards in the award year
• Calculate payment for each payment period
• Have been no changes to the formulas to calculate payments
• Consecutively award first Scheduled Award, then second Scheduled Award
Basics: Disbursements

• Begin disbursing from second Scheduled Award in a payment period while paying the balance of first award if student qualifies for second award
• Disburse to eligible students until reach 200 percent of the student’s Scheduled Award for the award year

§690.63(h)

Crossover payment period assignment

• Must assign the payment period to the award year in which the student receives the greater payment
  – If assigned to first award year, must pay with first award year funds
  – If assigned to second award year, must pay with second award year funds

§690.64

Crossover payment period assignment

• Must determine the greater payment based on all requirements that apply
• Must not rely on EFC or Scheduled Award alone
• If only have valid SAR/ISIR for one award year, must rely on that record
• Is higher payment if, for the other award year—
  – No SAR/ISIR
  – Rejected SAR/ISIR without an EFC
  – Incomplete verification
Crossover payment period assignment

• A student is not eligible for second Scheduled Award in the first award year of a crossover payment if the student is not enrolled--
  – At least half-time, or
  – In hours attributable to the second academic year of the first award year.
• The student in these circumstances must be assigned to the second award year of the crossover payment period (first Scheduled Award).

Crossover payment period assignment

• Must reassign if receive information that student would receive greater payment
  – within deadline date for the first award year
    (2010 crossover payment period, September 10, 2010)
• May reassign if information received after initial deadline
  – but not later than the deadline date for administrative relief for the first award year
    (2010 crossover payment period, February 1, 2011)

Crossover payment period assignment

EXAMPLE
• $4,000 Scheduled Award for first award year and $5,000 Scheduled Award for second award year
• Receipt of ISIR with a higher Scheduled Award for second award year after summer term is completed
• Payment as full-time from first award year ($2,000) although student only completed the term as half-time
• Higher payment in the first award year since payment from second award year would be based on half-time, i.e., $1,250 (lump sum payment rule).
  §690.76(b)
Crossover payment period assignment

**2010-11 Award Year**

- **Spring 2011**: $2000 (12 hours)
- **Summer 2011**: $2000 (12 hours)

Initially assigned to 2010-11 due to non-receipt of 2011-12 ISIR

- **Summer 2011**: $1250 (6 hours)
- **Summer 2011**: $2500 (12 hours)

2011-12 Award Year

• Should assign Summer to 2010-11 award year due to greater benefit

Crossover payment period assignment

**2010-11 Award Year**

- **Spring 2011**: $2000 (12 hours)
- **Summer 2011**: $2000 (12 hours)

Initially assigned to 2010-11 due to non-receipt of 2011-12 ISIR

- **Summer 2011**: $2500 (12 hours)
- **Summer 2011**: $2500 (12 hours)

2011-12 Award Year

• Should assign Summer to 2011-12 award year due to greater benefit

Crossover payment period: Packaging

• Must use same EFC, COA, and need for all Title IV programs except Pell
• For Pell, use EFC for the award year from which the student will be paid
• Treat Pell as estimated financial assistance (EFA) for other Title IV, regardless of which award year it comes from
EXAMPLE

- Summer term normally assigned as last payment period of award year for other Title IV aid.
- Student is paid 2011 summer Pell from 2011-2012 ISIR.
  - Use 2011-2012 ISIR/EFC for Pell
  - Use 2010-2011 ISIR/EFC for packaging all other aid
- Amount of Pell received is applied as EFA to determine need for other Title IV.
- In COD reporting, Pell reported in 2011-2012, and DL reported in 2010-2011.

Circumstances

- Academic calendar: traditional semester-based with fall and spring semesters and a 12-semester-hour nonstandard summer term.
- Title IV academic year: 24 semester hours and 30 weeks of instructional time.
- Formula 1 payment calculations

Term example

- $4,000 Scheduled Award for 2010-2011
- Summer and fall completes the hours of the first academic year
- Spring receives payment from second Scheduled Award after institution determines student earns hours for fall
### 2011-12 Award Year

- **Summer 2011**
  - ¾ time (9 hr)
  - $1,875
- **Fall 2011**
  - Full-time (12 hr)
  - $2,500
- **Spring 2012**
  - Full-time (12 hr)
  - $2,500
- **Summer 2012**
  - Full-time (12 hr)
  - $2,500

### Term example

- $5,000 Scheduled Award for 2011-2012
- Summer 2011 reassigned
- Spring, enrolls in 9 hours attributable to second academic year
- Spring, receives payment from first and second Scheduled Awards
  - $625 1st award
  - $1,875 2nd award

### 2012-13 Award Year

- **Fall 2012**
  - ¾ time (9 hr)
  - $1,500
- **Spring 2013**
  - Full-time (12 hr)
  - $2,000
- **Summer 2013**
  - Full-time (12 hr)
  - $2,000

### Term example

- $4,000 Scheduled Award for 2012-2013
- Spring, does not complete first academic year
- Summer with 9 hours attributable to second academic year
- For summer payment of $500 from balance of first award and $1,500 from second award
- May need to assign summer to 2013-2014 if a higher payment

### Clock-hour example

**Circumstances**

- Academic calendar: nonterm, clock-hour program
- 1,800 clock-hour program over 52 weeks of instructional time
- Title IV academic year: 900 clock hours and 26 weeks of instructional time.
- Four payment periods
- Formula 4 payment calculations
**Clock-hour example**

- **2010-11 Award Year**
  - $4,000 Scheduled Award for 2010-2011
  - $2,000 disbursement from second Scheduled Award in 3rd payment period
  - 3rd payment period of program, a crossover payment period

- **2011-12 Award Year**
  - $5,000 Scheduled Award for 2011-2012
  - Reassignment of 3rd payment period
  - Report $4,000 disbursed for 2010-2011 to COD (a $2,000 reduction)
  - Report $2,500 disbursement in 3rd payment period for 2011-2012

**Additional Provisions Starting in 2010-2011**
Transfer student

- Transfer students and determination of hours completed
- Final regulations: two options
  - Assumption method
    - Based on disbursements received
    - Do not consider hours earned at other institutions to be conflicting information
  - Hours-earned method
    - Based on actual hours earned in award year
- Method at option of institution: apply on a student-by-student basis or to all students

§690.67(b)

Transfer student: Assumption method

- Assume completed first academic year if received all of first Scheduled Award at prior institution(s)
- If less than first Scheduled Award was disbursed, calculate hours assumed to have been completed:

\[
\frac{\text{Amount disbursed at prior institution}}{\text{Amount of Scheduled Award at prior institution}} \times \text{Hours in current institution's academic year} = \text{Hours considered completed}^* 
\]

*Round down any fraction unless current institution uses partial hours.

EXAMPLE – credit hour

- Fall transfer student received $1,000 of $4,000 Scheduled Award for summer at prior institution.
- Current institution, without a summer term, defines academic year, in part, as 24 semester hours.
- Hours in award year considered to have earned for prior attendance:

\[
\frac{\$1,000 \text{ disbursed at prior institution}}{\$4,000 \text{ Scheduled Award at prior institution}} \times 24 \text{ hours in current institution's academic year} = 6 \text{ hours considered completed} 
\]
Transfer student: Assumption method

EXAMPLE – clock hour
• Transfer student received $3,000 of $4,000 Scheduled Award at prior institution.
• Current institution defines academic year, in part, as 900 clock hours.
• Hours in award year assumed to have been earned for prior attendance:

\[
\frac{3,000 \text{ disbursed at prior institution}}{4,000 \text{ Scheduled Award at prior institution}} \times 900 \text{ clock hours in current institution's academic year} = 675 \text{ clock hours considered completed}
\]

Transfer student: Assumption method

• Round down any fractions of a credit or clock hour
• If courses are offered in fractions of a credit or clock hour, may retain fractions
• Example
  – Using the assumption method, a transfer student is considered to have earned 12.7 credits in the award year at a prior institution.
  – If the student's program is offered in courses of 2.5 credit hours, the institution may consider the student to have 12.7 credits or 12 credits.
  – If the program is offered in 3-hour courses, the student would have 12 credits.

Transfer student: Hours-earned method

• The institution may determine the credit or clock hours actually earned at other institutions.
• The institution must have information that includes the time periods when the credit or clock hours were earned.
• Any hours earned are applicable. For example, hours—
  – Need not be earned in an eligible program, or
  – Be accepted on transfer.
• Does not include nonapplicable credit or clock hours that are not earned.
An institution must attribute to the current award year any credit or clock hours earned at other institutions that were earned in a summer crossover payment period.

This requirement applies even though the current institution does not have a summer payment period.

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**EXAMPLE – credit hour**

- Current institution defines academic year, in part, as 24 semester hours.
- Student's transcript shows earned 6 hours in the summer term and 12 hours in the fall semester at another institution.
- Transfer student received $2,000 of $4,000 Scheduled Award at prior institution and no payment for summer from the current award year.
- At the current institution, the student is considered to have earned 18 semester hours in the award year: 6 from summer and 12 from fall.

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**EXAMPLE – clock hour**

- Current institution defines academic year, in part, as 900 clock hours.
- Transfer student received $3,000 of $4,000 Scheduled Award at prior institution from the current award year.
- Transcript shows student earned 600 clock hours in the period from June 15 to September 30.
- At the current institution, the student is considered to have earned 600 clock hours in the award year since the institution confirmed that the first payment period was a crossover payment period.
Transfer student: Additional points

• No requirement to apply additional information to disbursements for prior payment period in award year if receive additional information on a transfer student
• For example—
  – Assumption method: a reduction in payment is reported late to NSLDS
  – Hours-earned method: a transcript is received and student earned additional hours

Nonapplicable hours

• In determining eligibility for a second Scheduled Award in an award year, may not use hours based on:
  – Advanced Placement (AP) programs
  – International Baccalaureate (IB) programs
  – Testing out, life experience, or similar competency measures
• Are not earned by attendance in the award year
• Applies to both transfer students and nontransfer students

§690.67(d)

Nonapplicable hours

• Count equivalencies of reduced credit and noncredit remedial coursework toward determining eligibility for a second Scheduled Award in an award year
• Do not count any equivalent hours in excess of the 30 semester hours, 45 quarter credits, or 900 clock hours unless they are equivalent hours of ESL coursework
Special circumstances

- May waive requirement to be enrolling in hours attributable to the second academic year in the award year to pay from second Scheduled Award
- Must be due to circumstances beyond the student’s control
- Must be determined and documented on individual basis

§690.67(c)

Special circumstances

- May include circumstances such as—
  – Illness, or
  – Classes not offered
- Does not include circumstances such as—
  – Withdrawing to avoid a grade, or
  – Failing to register for offered class

Operations
- Added new field in COD Common Record
  - Additional Eligibility Indicator (AEI)
- Set AEI to “true” when awarding funds from the student’s second Scheduled Award
- Track the 200 percent limit in COD
- With AEI set to “true,” no POP MRR, but concurrent enrollment MRR can still be triggered if enrollment dates within 30 days

**CROSSROADS Conference**

**COD**

- Additional Eligibility Indicator Checkbox

**AEI: COD screen**

**CROSSROADS Conference**

**Crossover reporting**

- Circumstance
  - Must change award years due to requirement to pay largest payment
- COD
  - Reduce any disbursement from the lesser year and report disbursement in the higher award year
- G-5
  - May need to deal with a negative account balance–usually only at the end of an award year
- Institutional accounting
  - Ensure that institutional accounting records accurately reflect changes in a student’s awards and credit balances

**CROSSROADS Conference**
Availability of funds

• 2010-11 Pell funds were available May 25, 2010.
• Funds will be available earlier for future award years.
• If funds are not yet available for the second award year of the crossover payment period, you may disburse funds from the first award year and make the necessary adjustments once funds are available for the second award year.

Pell Myths and Two Pells Myths

None of the following are true:

• An institution can ignore payment periods, for example, crossovers or intersessions, and is not required to pay eligible students in those payment periods.
• An institution is not required to implement Pell and Two Pells requirements due to software deficiencies or the necessity to perform manual interventions.
• Only students who are first-time Pell recipients after July 1, 2008 are eligible for Two Pells.
• An institution is not required to make Pell disbursements for a summer term.
None of the following are true:

• An institution can choose to pay only the remaining first award in the payment period without making a full payment that includes funds from a second Scheduled Award for student who is eligible.
• An institution must review credits earned in a prior award year to determine eligibility for a second Scheduled Award.
• Determining the hours earned for Two Pells eligibility only applies to crossover payment periods.
• Academic year is the equivalent of grade level.

None of the following are true:

• A student must earn the hours of the first academic year in an award year to be eligible for payment from a second Scheduled Award.
• Half-time is always 6 credits when determining eligibility for a second Scheduled Award.
• When determining program eligibility for Two Pells, if the program is one academic year in length, but SAP allows a student to attempt up to 150 percent of the hours of a program, the student can be eligible for a second Scheduled Award since the student can take more hours than the hours in the academic year.

None of the following are true:

• A student must be half-time in the summer to get Pell from a first Scheduled Award.
• An institution is not required to disburse Pell for a less-than-half-time student when a student is eligible for payment from a first Scheduled Award, such as for a summer term.
• Pell uses headers and trailers.
## Contacts

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