

Clock Hours

**Understanding Clock Hours:
"Back to the Basics"**

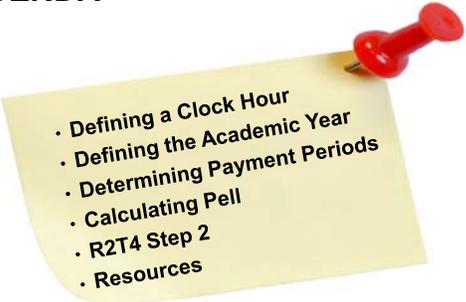


2014 MASFAP Spring Conference

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AGENDA



- Defining a Clock Hour
- Defining the Academic Year
- Determining Payment Periods
- Calculating Pell
- R2T4 Step 2
- Resources

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Definition (34 CFR 600.2)

- Clock hour: a period of time consisting of -
 - (1) A 50 to 60-minute class, lecture, or recitation in a 60-minute period;
 - (2) A 50 to 60-minute faculty supervised laboratory, shop training, or internship in a 60-minute period;
 - (3) Sixty minutes of preparation in a correspondence course
- A clock hour is based on an actual hour of attendance, though each hour may include a 10-minute break.

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What Hours Count?

- A clock hour is based on an actual hour of attendance
- Each hour may include a 10-minute break
- Outside work does not count in the number of clock hours



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Eligible Programs

- Programs must provide training that prepares student for gainful employment in a recognized occupation and contain a *minimum* of:
 - 15 weeks instruction; 600 clock hours, 16 semester, 24 quarter hours
 - 10 weeks of instruction; 300 clock hours, 8 semester, 12 quarter hours
 - Graduate or professional program or admit only students with equivalent of an associate degree
 - 10 weeks instruction; 300-599 clock hours,
 - 70% completion/placement rate; in existence for one year (eligible for Direct Loans only)

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Academic Year

- Must be defined for each eligible program
 - May be the same for all programs
 - Credit hour and clock hour programs will have different academic years
 - May be different for some or all programs
- Must contain at least 900 clock hours and 26 weeks of instructional time
 - A week of instructional time is any 7 consecutive days in which at least one day of instruction occurs
 - Need not correspond to a "calendar" week



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Your School's Academic Year



- Is the Academic Year defined in your P&P manual?
- You'll need to revisit the definition so your credit hour programs and your clock hour programs have the required components

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Payment Periods

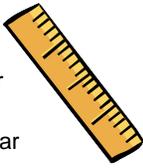


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Defining Payment Periods

- Based on the academic year definition of the program and the defined length of the program, in clock hours and weeks of instructional time
- Rules for:
 - Programs equal to or shorter than an academic year, *in either* clock hours or weeks
 - Programs longer than an academic year



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Defining Payment Periods

- Programs equal to or shorter than an academic year
 - Divide the program/academic year in half
 - First payment period equals half the clock hours and half the weeks
 - Second payment period equals the other half of the clock hours and weeks
 - Example 1: Program of 900 clock hours and 30 weeks will have two payment periods of 450 clock hours and 15 weeks
 - Example 2: Program of 750 clock hours and 24 weeks will have two payment periods of 375 clock hours and 12 weeks

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Defining Payment Periods

- Programs longer than an academic year with remaining period equal to or less than half an academic year
 - Use rule for one academic year for each full academic year in the program
 - Final portion is one payment period with remaining clock hours and weeks

Program: 1230 clock hours/41 weeks; AY 900 hours/30 weeks (attend 30 hrs. wk.)

PP1: 450 clock hrs/15 wks	PP2: 450 clock hrs/15 wks	PP3: 330 clock hrs/11 wks
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Program: 1050 clock hours/42 weeks; AY 900 hours/36 weeks (attend 25 hrs. wk.)

PP1: 450 clock hrs/18 wks	PP2: 450 clock hrs/18 wks	PP3: 150 clock hrs/6 wks
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Defining Payment Periods

- Programs longer than an academic year with remaining period greater than 1/2 an academic year
 - Use the rule for one academic year for each full academic year in the program
 - Remaining portion is divided into two equal payment periods, each with 1/2 the remaining hours/weeks

Program: 1600 clock hours/46 weeks; AY 900 hours/26 weeks (attend 35 hr. wk.)

PP1: 450 clock hrs/13 wks	PP2: 450 clock hrs/13 wks	PP3: 350 clock hrs/10 wks	PP4: 350 clock hrs/10 wks
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Program: 1440 clock hours/54 weeks; AY 900 hours/34 weeks (attend 27 hrs. wk.)

PP1: 450 clock hrs/17 wks	PP2: 450 clock hrs/17 wks	PP3: 270 clock hrs/10 wks	PP4: 270 clock hrs/10 wks
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Defining Payment Periods

- Schools cannot create more payment periods for a program than what's specified in the regulations
- These rules for defining lengths of payment periods *do not change* based on conditions such as
 - Student progress through the program
 - Terms for credit hour programs
 - The award year in which the payment period falls

However, there are two exceptions.....

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Defining Payment Periods

- Exception #1 - *Transfer Students*
 - If you accept transfer hours, the hours/weeks remaining for the student to complete the program at your school make up the program length, and payment periods are defined accordingly
 - Example: Student transfers 300 hours into an 1170 hour program; this leaves 870 hours remaining. Program will be treated as one shorter than an academic year and will have two payment periods, each with 435 hours and the number of weeks to complete those hours

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Defining Payment Periods

- Exception #2 – *Second Year Loans*
 - If program is longer than an academic year, the 2nd year loan must be prorated by the hours student has remaining to complete *at the end of the first academic year*
 - Example: Student enrolled in 1650 program and attended more hours than scheduled so at the end of the first academic year in weeks, student had completed 1000 hours rather than 900. Year 2 loan would be prorated based on 650 remaining hours
 - Payment periods would be determined according to normal rules, in this case, 325 hour payment periods; Note, it will not line up with Pell payment periods

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Defining Payment Periods

- Three **BIG DIFFERENCES** for clock hour programs
 - For Title IV purposes, **there are NO TERMS;**
 - Clock hour payment periods may not line up with the terms for credit-hour programs
 - Example: 750 clock hour/24 week program will have 2 payment periods, each with 375 clock hours and 12 weeks. The first payment period will end 12 weeks into the first "term", and the 2nd payment period will overlap "terms" 1 & 2

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Defining Payment Periods

- A payment period ends only when an **individual student successfully completes** the clock hours AND the weeks in the payment period
 - "Successfully completes" means the student has attended and passed the coursework associated with the clock hours/weeks in the payment period
 - Students may complete payment periods at different times, for instance due to absences or failing coursework



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Defining Payment Periods

- If programs have individual courses within a payment period and a student fails a course, the student will take longer to complete the payment period

450 clock hours and 15 weeks of instruction			
150 hr. course	150 hr. course	150 hr. course	150 hr. course
Successfully completes the course	Fails the course; fails to successfully complete 150 hrs.	Repeats failed course & passes or passes a different course of 150 hrs.	Successfully completes the course

Scheduled to complete payment period (blue arrow pointing to the end of the 3rd course)

Actually completes payment period (red arrow pointing to the end of the 4th course)

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Excused Absences 34 CFR 668.164(b)(3)

- Optional
- Separate from attendance and SAP policies
- Written policy permitting excused absences
- An absence that a student does not have to make up
- Excused absences cannot exceed the lesser of --
 - Accrediting agency policy on excused absences
 - State licensing agency policy on excused absences **OR**
 - 10% of the clock hours in a payment period
- Example
 - 45 hours in a 450 hour payment period can be counted as excused absences (would count as completed hours)

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Cross-Over Payment Periods

- Defined as any payment period that begins prior to July 1 and ends on/after July 1
- Process for defining length of payment periods **DOES NOT CHANGE** if the program or payment period crosses over award years
- Number and length of payment periods as originally determined remain the same even when payment periods fall into different award years

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Cross-Over Payment Periods

1200 Clock-Hour/32 Week Program
900 Clock-Hour/26 Week A/Y

450 hrs/13 wks | 450 hrs/13 wks | 300 hrs/6 wks

2012-13 award year | 2013-14 award year

March 2013 | July 1

Payment period that crosses over still retains the original length

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Payment Period Disbursements

- As with term-based programs, may make the first disbursement up to 10 days prior to the first day of the 1st payment period
- Subsequent disbursements cannot be made until the student *successfully completes the clock hours and the weeks* in the previous payment period



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Payment Period Disbursements

- Disbursements made by clock hour payment period
- Cannot choose to have more payment periods than those defined in regulation
 - Can make multiple *installments* of a disbursement within a payment period to best meet needs of the student; however, does not create more payment periods nor does it change amount student is eligible to receive for the payment period
- Cannot delay making disbursement until the student has completed at least 60% of the payment period in order to avoid having to return funds from an R2T4 calculation

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Pell Grant Calculations



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Calculation of Pell

- Always use Pell Formula 4 for clock-hour programs
- Five steps in the formula
 1. Determine enrollment status
 2. Calculate Pell COA
 3. Determine annual award
 4. Determine appropriate payment periods
 5. Calculate aid amount for the payment period



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Calculation of Pell

- Step 1: Determine Enrollment Status
 - Unlike credit-hour programs that have different payment charts based on enrollment status (full-time, ¾ time etc.), you will always use the full-time Pell payment chart for clock-hour programs, even if a student is attending at a “part-time” schedule (night classes, morning-only classes)
 - Student must be enrolled at least half-time for loan eligibility (12 clock hrs a week)
 - If enrolled less than half-time, some COA components must be removed

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Calculation of Pell

- Step 2: Pell Cost of Attendance
 - Always use the cost for a full-time student for a full-academic year (as you define it)
 - If program shorter than an academic year, prorate Pell COA up to what it would be for a full academic year
 - If program is longer than a full academic year and the COA is for the entire program, prorate Pell COA down to what it would be for a full academic year



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Clock Hours

Calculation of Pell

All examples will use an A/Y definition of **900/30**

Example #1: Program 1200 clock hours/40 weeks
 Payment periods: 450/15; 450/15; 300/10

Clock hrs. in the payment period (450) (300)
 Clock hrs. in the A/Y (900)
 OR
 Weeks in the payment period (15) (10)
 Weeks in the A/Y (30)

Both fractions are the same for all 3 payment periods, so can use either fraction

Scheduled award: \$5645

PP1: $\$5645 \times 450/900 = \2822.5
 PP2: $\$5645 \times 450/900 = \2822.5
 PP3: $\$5645 \times 300/900 = \1881.67

Calculation of Pell

All examples will use an A/Y definition of **900/30**

Example #2: Program 720 clock hours/28 weeks
 Payment periods: 360/14; 360/14

Clock hrs. in the payment period (360)
 Clock hrs. in the A/Y (900) = 0.4
 OR
 Weeks in the payment period (14)
 Weeks in the A/Y (30) = 0.46

Clock hours are lesser

Scheduled award: \$3900

PP1: $\$3900 \times 360/900 = \1560
 PP2: $\$3900 \times 360/900 = \1560

Calculation of Pell

All examples will use an A/Y definition of **900/30**

Example #3: Program 1650 clock hours/48 weeks
 Payment periods: 450/15; 450/15; 375/9; 375/9

Clock hrs. in the payment period (375)
 Clock hrs. in the A/Y (900) = 0.416
 OR
 Weeks in the payment period (9)
 Weeks in the A/Y (30) = 0.3

Clock hours/weeks are same for 1st two payment periods

Scheduled award: \$5645

PP1: $\$5645 \times 450/900 = \2822.5
 PP2: $\$5645 \times 450/900 = \2822.5

Weeks are lesser for last 2 payment periods

PP3: $\$5645 \times 9/30 = \1693.5
 PP4: $\$5645 \times 9/30 = \1693.5

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Clock Hours

Calculation of Pell

- Will a student always receive Pell each payment period? **It depends on:**
 - Pell LEU (600%)
 - Number of payment periods in program and remaining eligibility in award year
 - Crossover payment periods and eligibility in new award year

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Final Step: COD

- Send origination records electronically to COD
- Send actual disbursement records electronically to COD
 - No funds in G5 until COD accepts the records
 - Disbursement date must reflect actual date of disbursement
- Resolve all rejects!! (see COD Technical Reference, Volume II, Section 4: Edits)

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R2T4 Step 2 – Clock Hours



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Clock Hours R2T4 Calculation

- Step 2:
Hours Scheduled to complete by the Withdrawal date

Total Hours in the Period

=

Percentage of Title IV Aid Earned

STEP 2: Percentage of Title IV Aid Earned

Withdrawal date: / /

H. Determine the percentage of the period completed:
Divide the clock hours scheduled to have been completed as of the withdrawal date in the period by the total clock hours in the period.

÷ = . %

Hours scheduled to complete Total hours in period

▶ If this percentage is greater than 60%, enter 100% in Box H and proceed to Step 3.

▶ If this percentage is less than or equal to 60%, enter that percentage in Box H, and proceed to Step 3.

H. . %

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Resources

- FSA Handbook
 - Volume 3, Chapter 1: Academic Year Definition, Payment Period Definition
 - Volume 3, Chapter 3: Pell Calculations
 - Volume 3, Chapter 5: Direct Loans
 - Volume 5, Chapter 1: R2T4
- Federal Register - 10/29/10 (Program Integrity Regulations)
- FAQs on program integrity website:
 - <http://www2.ed.gov/policy/highered/reg/heardulemaking/2009/integrity-qa.html>

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QUESTIONS?

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Training Feedback

To ensure quality training we ask all participants to please fill out an online session evaluation

- Go to <http://s.zoomerang.com/s/DavidBartlett>
 - Evaluation form is specific to David Bartlett
- This feedback tool will provide a means to educate and inform areas for improvement and support an effective process for “listening” to our customers
- Additional concerns about training can be directed to joann.borel@ed.gov

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